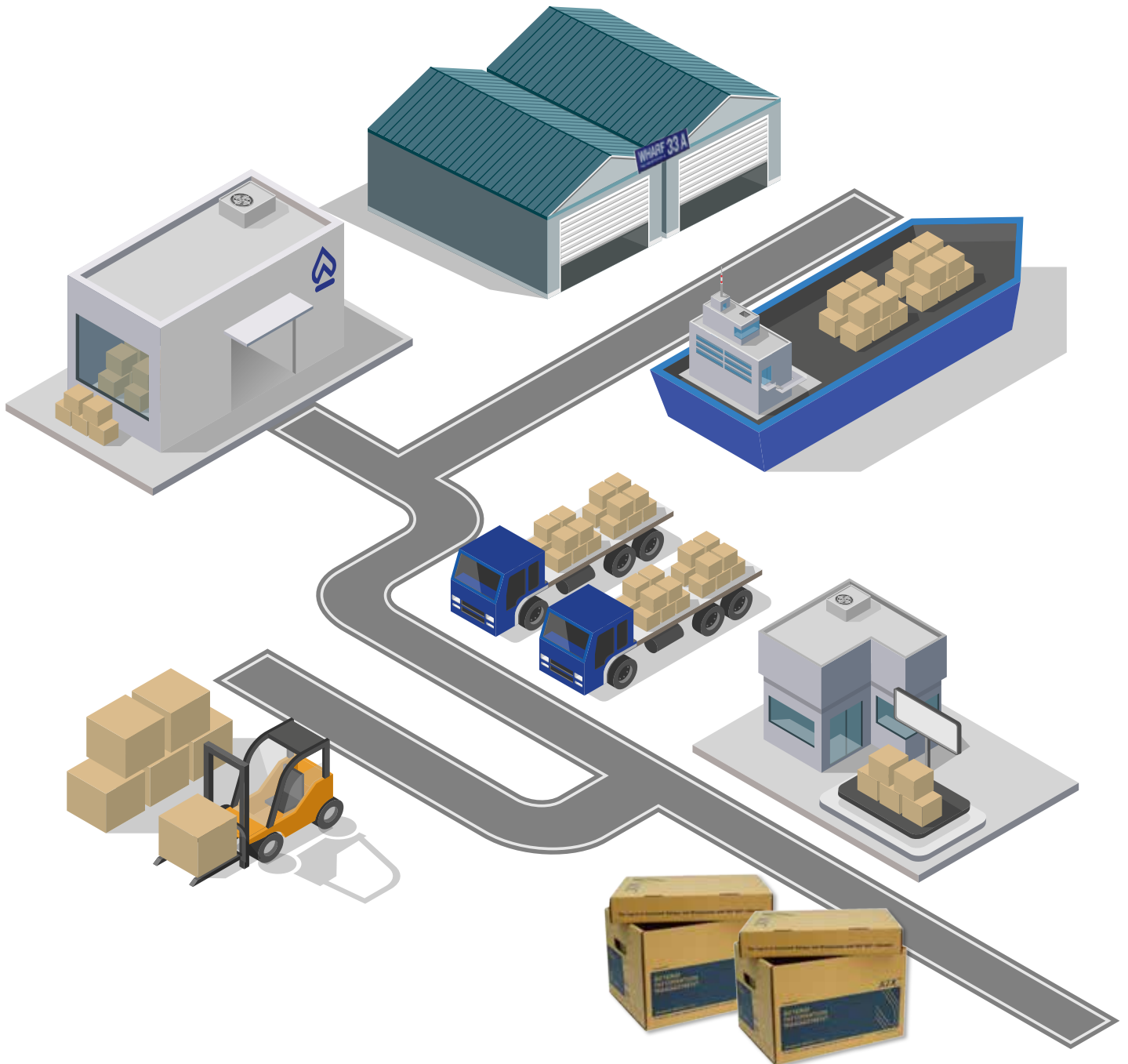


บริษัท กรุงเทพโสภณ จำกัด (มหาชน)  
KRUNGDEHP SOPHON PUBLIC COMPANY LIMITED



Annual Report **2020**  
รายงานประจำปี **2563**

**TOP** of MIND

# วิสัยทัศน์ พันธกิจ และค่านิยม Vision and Mission Statement

**วิสัยทัศน์กลุ่มบริษัท** “กรุงเทพโสภณ” TOP OF MIND ลูกค้าเลือกเราเป็นอันดับแรก  
**TOP of MIND is the Vision Statement to the** Krungdhep Sophon PCL group of companies:

- สำหรับลูกค้า ลูกค้ามองเห็นบริษัท เป็นผู้ที่ช่วยให้ลูกค้าสามารถเพิ่มยอดขาย โดยที่บริษัทเข้าไปช่วยในเรื่องการบริหารต้นทุนและกระบวนการ ในการออกแบบ Solution ที่ดีเยี่ยมโดยผ่านระบบ IT
- สำหรับพนักงาน บริษัทมุ่งเน้นการพัฒนาศักยภาพภายในตัวบุคคล โดยใช้จุดแข็งเป็นหลัก “Strength Development Program”

**บริษัทได้แบ่งวัตถุประสงค์ ออกเป็น 3 วัตถุประสงค์หลักตามกลุ่มบริษัทดังนี้**

- บริษัท กรุงเทพโสภณ จำกัด (มหาชน) สร้างมูลค่าเพิ่มให้แก่ลูกค้า โดยการให้บริการแบบเบ็ดเสร็จ ผ่านกลุ่มบริษัท และเกิดผลประโยชน์สูงสุดแก่ผู้มีส่วนได้เสียในการลงทุนของผู้มีส่วนได้เสียทั้งหมด
- บริษัท เคดับบลิวซี โลจิสติกส์ จำกัด รักษาและประยุกต์การให้บริการคลังสินค้าและท่าเรือโดยมีการให้บริการที่เป็นเลิศแก่ลูกค้า
- บริษัท กรุงเทพคลังเอกสาร จำกัด เป็นผู้เชี่ยวชาญในการบริหารจัดการข้อมูล การให้บริการในเชิงสร้างมูลค่าเพิ่มแก่ลูกค้าโดยไม่ให้เกิดความผิดพลาดจากลูกค้า

**ค่านิยมของกลุ่ม บริษัท กรุงเทพโสภณ จำกัด (มหาชน) มีดังนี้**

- **Service Excellence ด้วยการนำนวัตกรรมทางเทคโนโลยี และการออกแบบรูปแบบธุรกิจใหม่ๆมาใช้**
  1. ใช้ประโยชน์จากเทคโนโลยีอย่างเต็มประสิทธิภาพในการนำมาเชื่อมโยงกับงานเพื่อให้บรรลุเป้าหมายและเพิ่มมูลค่าให้กับบริการ
  2. แสวงหาโอกาสในการปรับปรุง และริเริ่มการเปลี่ยนแปลงวิธีการทำงาน เพื่อให้เกิดผลลัพธ์ที่ดีกว่าเดิม
- **Professional Teamwork ความร่วมมือเป็นปึกแผ่น ผ่านทุกช่องทางที่ลูกค้าได้พบและเข้าถึง**
  1. แสดงออกซึ่งความรับผิดชอบในหน้าที่ รวมทั้งผลลัพธ์ ที่เกิดขึ้นจากการทำงาน เพื่อให้งานสำเร็จลุล่วงและบรรลุเป้าหมาย
  2. ประสานและให้ความร่วมมือในการทำงานต่อทุกหน่วยงานเพื่อให้งานสำเร็จและเกิดความราบรื่นในการทำงาน
  3. แสดงออกซึ่งจรรยาบรรณในการทำงาน และให้เกียรติเพื่อนร่วมงาน
- **Employee Development พัฒนาศักยภาพ ของแต่ละบุคคลอย่างสูงสุด**
  1. แสดงให้เห็นถึงความใฝ่รู้ และความมุ่งมั่นในการพัฒนาตนเองอย่างต่อเนื่องเพื่อให้สามารถปฏิบัติงานได้ตามเป้าหมายที่ตั้งไว้
  2. ยินดีรับ และ อาสาทำงานอื่นๆที่หลากหลาย ทั้งภายในและภายนอกหน่วยงานที่รับผิดชอบเพื่อเปิดโอกาสให้ตนเองค้นพบ และได้ใช้ความรู้ความสามารถอย่างเต็มศักยภาพ
- **Customer Orientation ลูกค้าต้องไม่ผิดหวัง**
  1. ค้นหาความต้องการของลูกค้า โดยคำนึงถึงปัญหาที่จะเกิดขึ้น จัดข้อร้องเรียน และตอบสนองความต้องการของลูกค้าได้เหนือความคาดหมาย
  2. ให้บริการที่มีคุณค่าต่อลูกค้า และตัดสินใจได้ตามข้อตกลงที่มีร่วมกัน
  3. ปรับปรุงและพัฒนา การให้บริการแก่ลูกค้าอย่างต่อเนื่อง เพื่อสร้างความมั่นใจ และประทับใจต่อลูกค้า

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.

# Chairman Message

## Dear Shareholders,

The Revenue of your company increased by 5.86% to Baht 392.7 million while the profits shrank by 18.66% to Baht 83.1 million. We were penalized Baht 19 million by a major customer, a financial institution, for failure to thoroughly verify the identity of several staff who were sent to them for inputting data. We are contesting the penalty and noted the amount in our financial accounts.

The fourth document storage warehouse was completed and opened for service in September 2020. So-far the occupancy rate has been satisfactory and in line with the plan.

We started a new strong room storage warehouse to meet the increasing demand. We expect to open this in the third quarter of 2021.

The 2020 Covid 19 worldwide recession was caused by imposing a partial or complete lockdown along with social distancing to contain the spread of the pandemic. This prevented people with money being able to go out and spend. The industries that suffered most were entertainment, sporting events, tourism, hotels, restaurants, pubs, bars, shops and transportation. As people, businesses and governments moved on line for work, social relationships, education, shopping and entertainment, the hardware and the devices that supported these engagements boomed. The software that supported people's daily needs for shopping, working, social relationships, medical services and entertainment saw exponential growth. Digitalization quickened as more and more people and businesses become familiar with using digital devices and software.

Those who were already digital disruptors, and those who quickly transformed to serve the new environment became even more successful. The share prices of these oversea companies increased more than 50% in one year. Some even exceeded 100%.

For the masses 2020 was a dismal year. So far the many who have lost their jobs, the many more whose income has fallen, and those with struggling businesses, are now forced to live on increasing government handouts and assistance. Almost every government has in turn increased their borrowing substantially. The IMF and the World Bank have also granted additional loans to the poorer countries to prevent social upheaval.

So long as those with money are not spending, companies will reduce their investments and the rates of interest will remain low or even negative, then there is no problem. When vaccination programmer have been completed and people can go out and spend money again, investment will return and inflation will rise at least temporarily, so will interest rates, then most governments will not be able to service the interest payment on their loans and they will then have to borrow even more money. If so, would the rate of interest increase quikly then? Then what would happen? Hopefully the income generated by the the spending released, will be sufficient to cover the interest costs and reduce some of the government debt. Compared to the pandemic that would be a new, less serious problem for the world to tackle later this year.

The Thai economy is likely to improve gradually in 2021 after negative growth of about 7% in 2020 as more people around the world become vaccinated and the rate of infection declines.

Also, exports are likely to improve because the major economies will continue to support their poor as well as their weak industries. Substantial improvement will have to wait until people can travel internationally again, as Thailand is heavily dependent on tourism.

Longer term improvement will need more investment in human capacity building to allow most people to participate more effectively in an increasingly digital and technological world.

Sustainable growth will need the Thai Government to follow the examples of the successful leading global companies in tackling the much needed digital transformation, to greatly improve productivity and reduce the size of the government, while at the same time providing better and more personalized services to people and businesses.

Krundhep Sophon will continue to focus on and improve the quality of its core business of warehousing, document storage and helping customers to outsource their back room activities. We will continue to invest in the improvement of our processes and developing people so that we will continue to transform digitally and be relevant to our customers. We will continue to beware of the risks of being disrupted.

On behalf of the Board of Directors, I would like to thank you, our shareholders, for your continuous support. We are also grateful for the trust our customers, vendors, suppliers, banker and various stakeholders place in us. The lifeblood of our company is our managers and our staff and we are grateful to them for their commitment and loyalty.

Finally, please allow me to express our appreciation to Mrs. Acharaporn Hemakom for her gracious and diligent service to the board of directors and the company. She served on the board for 8 years, four of which were as a member of the audit committee and more recently as chairperson of the risk committee, also for about four years. In addition to this, she was acting president of the company for about 7 months. She has decided not to stand for re-election and we would like to wish her good health and happiness for the future.



(Mr. Chote Sophonpanich)  
Chairman

# 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 2020, the Audit Committee held 4 meetings. The meetings attended by the Senior Management, Audit Committee and meetings with the company's without management attending the meeting 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 2020 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 2020 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 2020 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 2020.

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 2020, 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

<b>Name</b>	: Krungdhep Sophon Public Company Limited
<b>Types of Business</b>	: The Company consists of 3 businesses which are land development, warehouse business and document warehouse business.
<b>Principal Office</b>	: 185 Rajburana Road, Kwaeng Bangpakok, Khet Rajburana, Bangkok 10140
<b>Registration No</b>	: 0107537002435
<b>Homepage</b>	: <a href="http://www.kwc.co.th">www.kwc.co.th</a>
<b>Telephone</b>	: 0-2871-3191-5 Dial 1
<b>Facsimile</b>	: 0-2427-0964
<b>Registered Capital</b>	: As of December 31, 2020. registered capital is 60,000,000 Baht, divided into ordinary shares of 6,000,000, 10 Baht each
<b>Paid-Up Capital</b>	: As of December 31, 2020. registered capital is 60,000,000 Baht, divided into ordinary shares of 6,000,000, 10 Baht each

## General information about juristic persons in which the company holds 10% of direct shares

### KWC Logistics Company Limited

<b>Name</b>	: KWC Logistics Company Limited
<b>Types of Business</b>	: warehouse and wharf business with over an area of 27000 m <sup>2</sup>
<b>Principal Office</b>	: 185 Rajburana Road, Kwaeng Bangpakok, Khet Rajburana, Bangkok 10140
<b>Warehouse Location:</b>	: 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
<b>Registration No</b>	: 0105534087373
<b>Homepage</b>	: <a href="http://www.kwclogistics.in.th">www.kwclogistics.in.th</a>
<b>Telephone</b>	: 0-2871-3191-5 Dial 2
<b>Facsimile</b>	: 0-2427-0964
<b>Registered Capital</b>	: As of December 31, 2020. registered capital is 5,500,000 Baht, divided into ordinary shares of 50,000 and preferred shares of 5,000 Baht, 100 Baht each
<b>Paid-Up Capital</b>	: As of December 31, 2020. 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

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	: www.kdc.co.th
Telephone	: 0-2871-3191-5 Dial 3
Facsimile	: 0-2427-0964
Registered Capital	: As of December 31, 2020. 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, 2020. 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	: 0-2009-9000
Facsimile	: 0-2009-9991

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

Address	: 518/3 Maneeya Center North Building, 7 <sup>th</sup> Floor, Ploenchit Road, Lumpini, Patumwan, Bangkok 10330
Telephone	: 0-2250-0634, 0-2252-2860, 0-2254-8386-7
Facsimile	: 0-2254-1210, 0-2255-2518

#### Legal Advisor : WORASET AND PARTNERS CO., LTD

Address	: 4 Napha Place Building, Room B4, B8, B9 Pracha Rat 2 Road Khwaeng Bang Sue, Khet Bang Sue, Bangkok 10800
Telephone	: 02-780-2995
Facsimile	: -

#### Internal Audit Advisor : DHARMNITI INTERNAL AUDIT CO., LTD

Address	: 178 Dharmniti Building 5 <sup>th</sup> Fl., Soi Permsap (Prachachuen 20) Prachachuen Rd., Bangsue, Bangkok 10800, Thailand
Telephone	: 0-2596-0500 Dial 520, 521
Facsimile	: 0-2596-0539

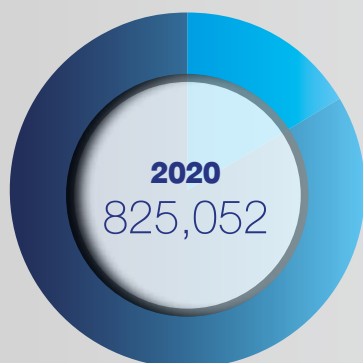
#### Other Important Information

-None-

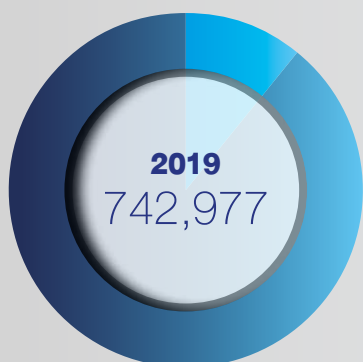
# Financial Statement

## Summary

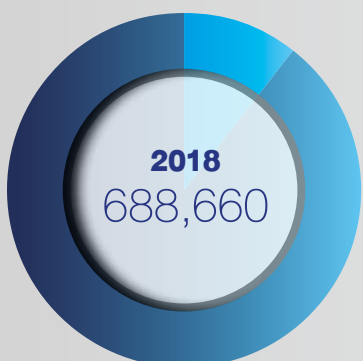
**Total Assets**  
(Unit : Thousand Baht)



689,566 84% 135,486 16%



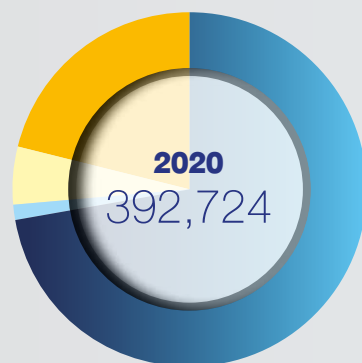
662,123 89% 80,854 11%



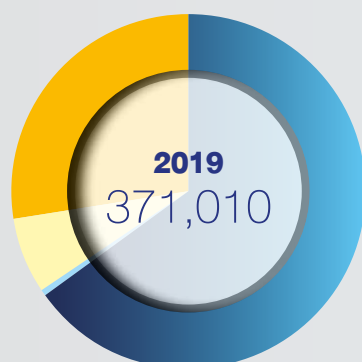
615,401 89% 73,259 11%

Shareholder's Equity  
Total Liabilities

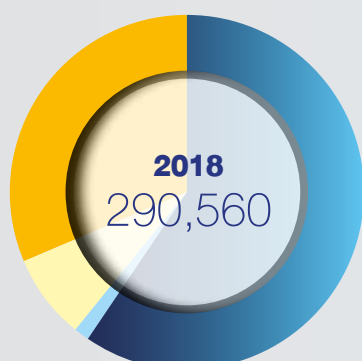
**Total Revenues**  
(Unit : Thousand Baht)



287,931 73% 515 0% 21,127 5% 83,151 21%



243,066 66% 25 0% 25,693 7% 102,226 28%



175,631 60% 41 0% 23,034 8% 91,854 32%

Total Expenses  
Net Profit  
Income Tax Expense  
Financial Cost

(Unit : Thousand Baht)

Items	2020	%	2019	%	2018	%
Current Assets	191,893	23	265,889	36	250,218	36
Quick Assets	112,943	14	205,250	28	194,012	28
Non-Current Assets	579,228	70	438,931	59	409,058	59
<b>Total Assets</b>	<b>825,052</b>	<b>100</b>	<b>742,977</b>	<b>100</b>	<b>688,660</b>	<b>100</b>
Shareholder's Equity	80,124	10	42,290	6	42,752	6
<b>Total Revenues</b>	<b>135,486</b>	<b>16</b>	<b>80,854</b>	<b>11</b>	<b>73,259</b>	<b>11</b>
<b>Total Expenses</b>	<b>689,566</b>	<b>84</b>	<b>662,123</b>	<b>89</b>	<b>615,401</b>	<b>89</b>
<b>Financial Cost</b>	<b>392,724</b>	<b>100</b>	<b>371,010</b>	<b>100</b>	<b>290,560</b>	<b>100</b>
Total Expenses	287,931	73	243,066	66	175,631	60
Financial Cost	515	0	25	0	41	0
Income Tax Expense	21,127	5	25,693	7	23,034	8
<b>Net Profit</b>	<b>83,151</b>	<b>21</b>	<b>102,226</b>	<b>28</b>	<b>91,854</b>	<b>32</b>

Financial Ratio	Unit	2020	2019	2018
<b>1. Liquidity Ratio</b>				
Current Ratio : CR	Times	2.39	6.29	5.85
Quick Ratio : QR	Times	1.41	4.85	4.54
<b>2. Profitability Ratio</b>				
Gross Margin : GM	%	26.68	34.49	39.55
Net Profit Margin : NP	%	21.17	27.55	31.61
Return on Equity : ROE	%	12.06	15.44	14.93
<b>3. Performance of Operation Ratio</b>				
Return on Asset : ROA	%	10.08	13.76	13.34
Return on Fixed Asset : ROFA	%	14.36	23.29	22.46
Asset Turnover : ATO	Times	0.48	0.50	0.42
<b>4. Debt Service and Dividend Paid-out Ratio</b>				
Debt to Equity : D/E	Times	0.20	0.12	0.12
Interest Coverage : IC	Times	201	5,119	2,818
Dividend Paid Out : DP	%	68.55	55.76	58.79
<b>5. Per Share's Information</b>				
Book Value per share : BVS	Baht	114.93	110.35	102.57
Earning per share : EPS	Baht	13.86	17.04	15.31
Dividend per share : DVS	Baht	9.50*	9.50	9.00
<b>6. Growth Ratio</b>				
Asset Growth	%	11.05	7.89	(0.82)
Revenue Growth	%	5.85	27.69	10.17
<b>7. Collection Performance</b>				
Receivable Turnover	Times	5.91	6.71	5.69
Average day of Collection	Days	61.79	54.42	64.20

\* Depend on an approval of Shareholders

# Risk Factors

**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.

**13. Covid-19 Pandemic :** Corona Virus Disease or COVID-19 Pandemic has entirely and directly affected the global economic system, particularly, high impact on domestic economics, most of the customer turnover not as planned, limited scope of customer services, and carefulness requirement for contagiousness and transmission whether being derived from any parts, and daily life. The Company has managed the internal risks, and the issuance of the work at home policy for the employees, addition of work space for social distancing whereas the employees have been classified into two teams, and separation of work place. In part of the executive team, the online meeting has been held for closely and continuously following up news and assessing the situations for reducing virus pandemic and coping with Covid-19 situation inside the organization, and work process of the customer service officers.

**14. Personal Data Protection Act (PDPA) :** According to the said Act, the Company has considered on the significance of the contingent risk prevention by preparing the personal data protection policy, appointing the working group and determining the personal data protection officer in governing the operating process related to the personal data to ensure that the Company has the standard operating and auditing process for managing the personal data.

# 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 Bukkalo 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, 2020
KWC Logistics Co., Ltd.	Thailand	Logistics	99.9996 of Baht 5.5 MB registered capital
Krungdhep Document Co.,Ltd.	Thailand	Document storage	99.9991 of Baht 100 registered capital

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

## 1. Income Structure

The income structure, not include other revenue of the company in accordance with the Consolidated Financial Statements ended as of December 31, 2018 to 2020 are detailed as follows:

(Unit : Million Baht)

Group of Business	Operation by	Percentage of Shareholding	Income (year)					
			2020	%	2019	%	2018	%
Logistics	KWC Logistics Co., Ltd.	99.9996	49,309	11.05	53,674	12.79	50,303	14.80
Document Storage	Krungdhep Document Co., Ltd.	99.9991	339,665	76.13	312,437	74.43	236,050	69.42
Investment	Krungdhep Sophon Public Company Limited	100.00	57,206	12.82	53,638	12.78	53,638	15.78
Total			446,180	100.00	419,749	100.00	339,991	100.00

Source : Consolidated Financial Statements of the Company

Note : \* KWC Logistics Co., Ltd shareholding structure as of December 31, 2020 in table 1.

**Table 1 :** Percentage of holding in KWC Logistics Co., Ltd. by type of share as of 31 December 2020

Shareholding in accordance with the list of shareholders (Bor.Or.Jor 5)	Quantity of Shareholdings				Total	
	Ordinary Shares	%	Preferred Shares	%	Number of 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 2020.

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
<b>Total</b>	<b>50,000</b>	<b>5,000</b>	<b>55,000</b>	<b>100.00</b>
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%)**	-	495,000	495,000	90.00
- Dividend co-receive after paid to Preferred share's holder	49,998	5,000	54,998	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 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 that has our strengths such as An outsourcing service in document and data management for the customers in the customer organization is provided in the way of applying the expertise, efficient system and cost management to ensure the customer focus on their main organizational tasks under certification of Quality Standard ISO 9001-2015, and Safety Standard ISO/IEC 27001 for the customer confidence on our service.

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

Document storage/management and Computer Back-up media and electronic management service has become well known due to market understanding acceptance 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 platform with customers as renters without investment, and additional related services that meet customers' needs. The Company has also invested in the building for digital service, and the big strong room building for storing documents and contributing to the document management which is emphasized by the customers who are the large-scale organizations.

# Assets Using for Business Operation

## 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 35,408,768 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 115,759,494 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 (Phase2) 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.

- (F) Document Storage Building No. 4 with the area of 10,000 Square Meter including rackings valued at 146,000,000 Baht started to operate from September 2020.

## Legal Disputes

As of December 31, 2020 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 2020 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	355,800	5.93
5	Mr. Charn Sophonpanich	Thai	239,023	3.98
6	Mr. Chai Sophonpanich	Thai	178,202	2.97
7	Mr. Chatr Sophonpanich	Thai	174,260	2.90
8	Khunying Chodchoy Sophonpanich	Thai	167,040	2.78
9	Mr. Rabin Sophonpanich	Thai	152,440	2.54
10	Pol.Gen. Prasert Rujirawong	Thai	140,000	2.33
<b>Total</b>			<b>3,382,112</b>	<b>56.35</b>

Shareholders who hold shares more than 0.5% = 31 persons (78.08% of the total issued shares)

Shareholders who hold shares less than 0.5% = 298 persons (21.90% of the total issued shares)

**Remark :** <sup>(1)</sup>Wattanachote Co., Ltd. Holds 15.73% of the paid-up capital and has shareholders in Wattanachote Co., Ltd. as follows:

	<u>Shares</u>	<u>% Of Paid Capital</u>
1. Mrs.Kitiya Sophonpanich	236,160	28.80
2. Mrs.Chotiya Ahuya	198,163	24.17
3. Ms.Supana Sophonpanich	189,007	23.05
4. BCAP Asset Management	122,742	14.97
5. Smart Investment Holdings Pte. Ltd.	72,673	8.86
6. Mr.Cherdchu Sophonpanich	895	0.11
7. Mr.Chan Sophonpanich	360	0.04

# 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 (%)
2563	9.50*	13.86	68.55
2562	9.50	17.04	55.76
2561	9.00	15.31	58.78

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

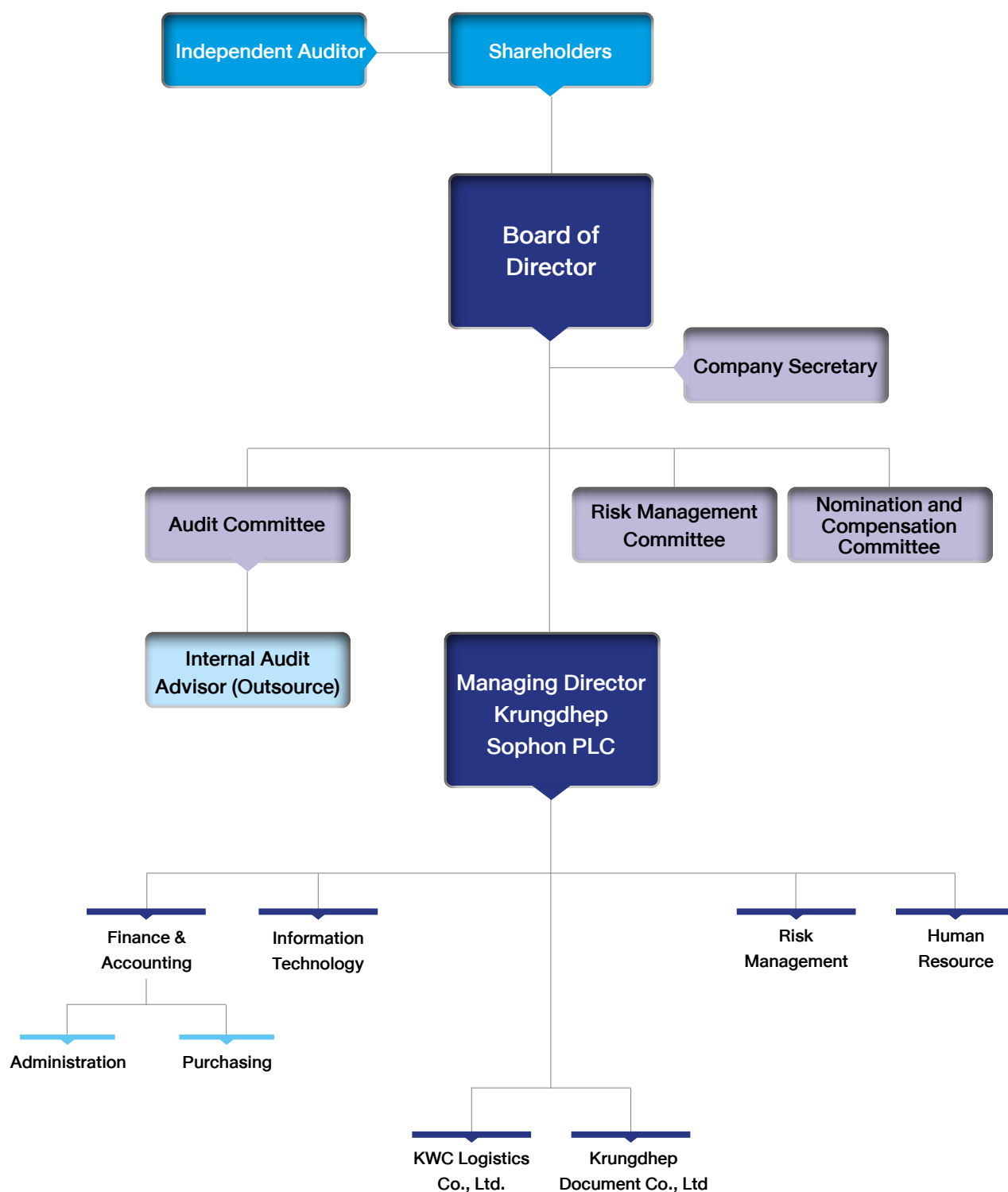
There are few key factors that the Company use to consider the the dividend payment to the shareholders of the Company and its subsidiary units. They are the condition and efficiency of the cash flow and liquidity of the Company and its subsidiary units, and the need of usage of such cash for generation 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, 2020 the Board of Directors of Krungdhep Sophon Public Company Limited is composed of 9 Members as follows:

No	Name of Directors	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	8
4	Mrs. Acharaporn Hemakom Independent Director and Chairman of the Risk Management Committee	9	8
5	Mr. Ovarth 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	8
7	Mr. Somsak Jaitrong Executive Director and Member of the Nomination and Compensation Committee	9	8
8	Mr. Lau Ting Fai Director	9	1*
9	Mr. Charnchai Lamyordmakpol Director, Managing Director	9	9

\*Due to the COVID-19 situation Causing unable to travel from abroad to attend the meeting

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

Two directors jointly sign and seal of the company . Mr. Ovarth 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 Krungdhep 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.

### Duties and Responsibilities of the Chairman of the Board

1. The Chairman of the Board or the person entrusted by the Chairman of the Board has duty to call the Board of Directors' Meeting by sending an invitation to the meeting at least 7 (seven) days (5 working days) in advance before the meeting date.
2. Play a role in mutually determining the meeting agenda with the Chief Executive Officer and the President to supervise the important matters to be filled as the agenda of the Board of Directors' Meeting.

3. Preside over the Board of Directors' Meeting and being a casting vote in the Board of Directors' Meeting.
4. Have the duty to efficiently control the meeting, adequately allocate the time for the Management to present data, support, and give the directors the opportunity to independently inquire and comment and control the discussion issue.
5. Promote the directors to perform their duties under the scope of authorities, duties, and responsibilities of the Board of Directors, and the related laws, and comply with the Corporate Governance Code, for instance, abstaining the resolution voting and leave the meeting room, upon consideration on the agenda of which the directors have the conflict of interests.
6. Control to ensure that the duty performance of the Board of Directors is efficiently taken place and achieves the main organizational objectives and goals.
7. Encourage the directors to attend the Shareholders' Meeting and preside over the Chairman of the Meeting to efficiently control the meeting and reply the queries of the shareholders.
8. Supervise to ensure that all directors are involved in promoting to have the organizational culture with ethics and good corporate governance.
9. Strengthen good relationship between the executive directors and the non-executive directors, and between the Board of Directors and the Management.

#### **Duties and Responsibilities of the Managing Director**

1. Establish the goals, policies, strategic plans, business plans, visions, and missions, and propose to the executive directors before proposing the Board of Directors, and carry out to attain the approved goals.
2. Govern and take responsibility on the Company's management and perform routine works in the ordinary course of business for the Company's benefit according to the objectives, articles of association, and work regulations, performance report, plans established by the Board of Directors' Meeting, and/or the Shareholders' Meeting under the relevant laws, and the scope of authority defined by the Board of Directors.
3. Command and issue the work regulations, rules, announcements, orders, and records to ensure the work performance according to the Board of Directors' policies.
4. Govern and monitor the operation of the management and the employees for complying with the policies, the set of regulations, and the work performance with the principle of good governance in doing the business and the business direction acquired from the Board of Directors.
5. Promote and develop the employee's knowledge, competence, and potential to enhance the organizational potential.
6. Consider nominating to appoint the consultants required for the Company's operations.
7. Have authority to recruit, appoint, remove, punish and dismiss the employees who are inferior to the department manager.
8. Seek for the business opportunities in terms of investment banking, investment, business consultant, and new businesses to increase revenues to the Company and the employees.
9. Consider approving the operating expenses / investment funds based on the financial limit approved and assigned by the Board of Directors.
10. Systemize the reliable accounting and financial and auditing reports, and supervise to ensure the assessment process for the adequacy of the internal control, risk management, financial reporting, and monitoring to ensure the effective compliance.
11. Solve the business problems and settle the conflict of interests inside the Company.

## 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
4	Mr. Deacha Sumeerang	Risk Management Manager

### 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.

### Topmost Person in Charge of the Accounting and Finance Line

The Board of Directors has appointed Mr. Charoen Fongsataporn, who has knowledge and competency in accounting and finance to assume the Financial Controller Position to hold the topmost executive position in the Accounting and Finance Line (as per the details of profile presented in the Annual Report, Page 197) and have the following duties and responsibilities.

1. Establish and review the work plan, manpower plan, workforce development plan, and budget according to the Company's policy, and develop and improve the work method of the Department to be efficient, as well as communicate to the staffs for acknowledgement and observance.
2. Select the personnel with the suitable knowledge, competency, and experiences for the position to work, and develop workforce to have knowledge and competency for efficient work performance, as well as prepare workforce in replacement to be ready and adequate for the departmental workload in each period of time.
3. Judge, allocate, and assign works which are consistent and suitable for workload and the staff's qualification to the staffs.

4. Follow up, screen, audit, and control the work performance, give counsels and advices to, and solve the problems for the staffs to ensure the efficient success of work and achievement of the setting target, as well as continuously report the follow-up and progress result for the departmental work performance to the superior for acknowledgement, and suggest the useful opinions to the superior for the decision support.
5. Justly appraise the performance and consider feat or penalty of the staff according to the criteria determined by the Company.
6. Attend the executive level meeting, the Board of Directors' meeting and other meetings as entrusted by the superior and determined by the Company, and properly and completely report the superior and transfer to the staffs for acknowledgement.
7. Efficiently contact and coordinate with both internal and external persons and work units to perform work to achieve the goals and maintain the benefit and reinforce the good image of the Company.
8. Manage and verify the documentary correctness and completeness, and sign for approving the operating expenses according to the rules of the Company and supervise and control the departmental expenses to be in an appropriate level and consistent with the setting target within the approved budget, and also suggest the guideline of the Company's expense reduction.
9. Supervise and govern the departmental staffs to have discipline and work properly according to the rules of the Company and behave himself/herself as good model for the Company's staffs.
10. Reinforce morale and good attitude of the departmental staffs toward the organization, and strengthen the good relationship between the staffs in all levels.
11. Plan the accounting, finance, and purchasing works, and also systemize to be consistent with the operating guideline of the Company.
12. Control the accounting preparation, and audit the account closing of the Company to be proper according to the stipulated practical guideline.
13. Control and develop the preparation of the related tax report for filing to the related administrative agencies using E-Tax Filing.
14. Supervise the purchasing to be proper according to the purchasing rules and authority to properly and transparently comply with the system.
15. Analyze and assess the financial position of the Company and manage the working capital for the maximum benefit of the Company.
16. Plan the financial management in the investment projects of the Company and conduct the feasibility study on the Project's finance and return.

### **Bookkeeping Supervisor**

In the organization structure of the Company, the supervisory level officer in the Accountant Position, namely Miss Piyawan Chaiwong, who has knowledge and understanding on the Company's accounting system, has been appointed to assume the Accountant Position to supervise the bookkeeping and have the following duties and responsibilities.

1. Prepare the report of the monthly/annual financial statements, gather the financial report on schedule, and submit the financial report on time.
2. Take responsibility on controlling the account and finance, verify and approve the transaction and tax deduction documentations, proper bookkeeping according to Thai Accounting Standards, preparing the proper accounting transactions according to Thai Accounting Standards and taxation, and approving according to the Company's rules.

3. Control works in the financial department to be honest and transparent according to the Company's rules, and regularly carry out a spot check on the cash counting, and efficiently develop the working system to be modern all the time.
4. Examine the tax reports, and properly deliver taxes on the Revenue Department's deadline.
5. Properly and completely deliver the annual financial statements to the Department of Business Development, Ministry of Commerce within the specified period.
6. Properly prepare annual budget to be completed on schedule and control and supervise the use of budget according to the policy, and the spending under the proper request for approval.
7. More efficiently develop the projects other than above and properly and quicker performs works under the responsibilities.
8. Monitor the corrections, suggestions, and issues specified by both external and internal auditors in the Audit Report to be revised, and also periodically report the superior about the work progress and monitor the corrections and improvements of the issues and enable to specify the completed corrected and improved works and the remaining works together with reasons.
9. The Work/Property Inspection and Acceptance Committee properly and completely inspects and accepts works as required by the Company, raises the issues in case of problem in inspection and acceptance for each case.
10. Other works assigned by the superior.

## **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 executive**

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 320,000 Baht (Remuneration in the form of meeting allowance).

Type of Remuneration	Monthly Remuneration (Baht/Month)	Meeting Allowance (Baht/Time)
1) The Director's Remuneration		
- Chairman of the Board	75,000	
- Director	25,000	
2) The Sub-Committee Member's Remuneration		
2.1 Audit Committee		
- Chairman of the Committee	30,000	
- Member	15,000	
2.2 The Nomination and Remuneration Committee and Risk Management Committee		
- Chairman of the Committee		40,000
- Member		20,000

The Annual General Meeting of Shareholders for 2020 held on July 3, 2020 resolved to approve the determination of the director's remuneration for 2020 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	-	80,000	40,000
4	Mrs. Acharaporn Hemakom	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>160,000</b>	<b>160,000</b>

**Remark:** \*Refer to 2020 AGM, Directors' remuneration was approved at 5 million baht. Actually used according to the shareholders' meeting 4,940,000 Baht.

## Human Resources Capital

The total number of Employees of the Company and its Subsidiaries as of December 31, 2020.

Company	Position	Permanent Employees (person)	Temporary Employees (person)
Krungdhep Sophon PCL.	Executive	3	
	Accounting	5	
	Procurement	3	
	HR	4	
	Risk Management	1	
	Finance	4	
	Administration	2	
	IT	1	
KWC Logistics Co., Ltd.	Executive	1	
	Customer Service	3	
	Operation	4	
	Administration	7	
Krungdhep Document Co., Ltd.	Executive	1	
	IT	6	
	Business Development	8	
	Operation	87	18
<b>Total</b>		<b>140</b>	<b>18</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 2020, financial remuneration of the employees of the Company and its subsidiaries consisting of  
(Unit: Baht)

Type	Year 2020	Year 2019
Salary	112,573,188.13	85,239,837.19
Bonus	8,819,750.95	7,641,730.08
<b>Total</b>	<b>121,392,939.08</b>	<b>92,881,567.27</b>

### (B) Contributions to the Provident Fund in 2020

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)

Type	Year 2020	Year 2019
Provident Fund Contribution	4,477,968.22	3,873,002.56

### (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.

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

- In 2020, a total of 46 employees resigned and retired and 44 new employees were hired
- 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.

## (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 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 2020 as follows:

**Internal Learning programs are comprised of 6 courses:**

1. MS. Excel Advance Functions & Dashboard Report Workshop
2. CROWN Forklift Truck Driving
3. Occupational Safety, Health, and Environment Committee
4. Forklift Truck Driving Safety
5. Occupational Safety, Health, and Environment Committee (OSHE Committee)
6. Basic Working Safety

#### External training for 27 courses as follows

1. Fixed Formula of the Amateur Human Resource Management Officer
2. Mini Master of Management Program, Class 72
3. Personal Data Law and Employment and Human Resource Management
4. Personal Data Protection Act B.E. 2562 (2019)
5. C-DPO Data Protection Officer
6. The Way of the Amateur Purchasing Officer to Professionally Work
7. Big Data & Cloud Computing 2020
8. Land and Building Tax Act and Bookkeeping Impact
9. Risk Management
10. Problems of the Precautionary Expenses, Non-Deductible Expenses, Non-Deductible Input Tax, and Issues of Withholding the Relevant Taxes
11. Passion Management and Passion Creation in Working Team for Building Working Motivation
12. Asset, Liability, and Shareholder's Equity Bookkeeping Problem, and Adjustment of the Entries pursuant to Thai Financial Reporting Standards
13. Preparation of Deferred Income Tax
14. HR Work Adjustment and Training pursuant to the New Version of ISO 9001:2015 and 14001:2015
15. Tax Accounting, Reconciliation of Accounting and Tax Revenue and Expenditure
16. Joinder of Taxes Required by the Accounts for Realization in Tax for Accountants and Systematic Taxation
17. UiPath Robotic Process Automation
18. Defensive Driving Course 1 Day
19. AI & IOT Summit 2020
20. Logistics Qualification System Program 2020
21. Supervisory Level Safety Officer
22. Management Level Safety Officer
23. Planning into Practice Technique
24. Coping and Management of the Sales Disputes
25. Problem Analysis and Solving with the Principles of PDCA and 8Ds
26. Occupational Safety Officer (Supervisory Level)
27. Occupational Safety Officer (Management Level)

#### (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 :
- 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

# 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 2020, the company scheduled the 26<sup>th</sup> Annual General Meeting of Shareholders on July 3, 2020 at 10.00 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 2020, 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 26<sup>th</sup> Annual General Meeting of Shareholders have 16 shareholders are attending the meeting and have appointed 23 proxies for a total of 39 shareholders, accounted for a total of 3,715,660 shares or 67.93 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.

The 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 September 22, 2020 to December 31, 2020. 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 2020, 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 web-site: [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.
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 carelessly be 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 stake holdings 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.

### **Directors and Executives' Securities Trading Policy**

#### **1. Introduction**

Krungdhep Sophon Public Company Limited ("the Company") aims for the transparent and fair treatment to all shareholders according to the Corporate Governance Code to attain the said intention. Therefore, the Board of Directors has prepared and adopted the Directors and Executives' Securities Trading Policy as the practical guideline accordingly.

## 2. Objectives

This Policy's objectives are:

- (1) To prescribe the Company's rules and practical guidelines relating to the directors and executives' securities trading.
- (2) To support the compliance of the directors and executives with the Securities and Exchange Act B.E. 2535 (1992) (the "Securities and Exchange Act") relating to the insider trading of the securities, and the Notifications of the Office of the Securities and Exchange Board (the "Office of the SEC") relating to Reporting the Directors and Executives' Securities Trading.
- (3) To maintain the confidence of the shareholders and investors in the Company's securities.

## 3. Scope

- (1) This Policy is applicable with the Company's directors and executives. In addition, the partial contents of the Policy also cover to the spouse and underage child of the said persons.
- (2) This Policy covers the trading of the Company's securities listed in the Stock Exchange of Thailand.

## 4. Definition

Any statements or terms in this Policy are meant as follows, unless the said statements will be otherwise expressed or described.

- (1) "Policy" refers to the Directors and Executives' Securities Trading Policy.
- (2) "Company" refers to Krungdhep Sophon Public Company Limited.
- (3) "Securities" refers to (ordinary and preference) shares and convertible securities, for instance, Debenture, Convertible Debenture, Warrants for Purchasing Shares, or Transferable Subscription Rights ("TSR"), Stock Options, Derivatives (for instance, Futures and Option), and other financial instruments which are tradable in the financial market.
- (4) "Trading" refers to the purchase, sale, transfer, or transfer acceptance of the securities and/or the legal benefits in securities, including exercise of the rights to purchase shares or exercise of the rights under Warrants for Purchasing Shares or Convertible Debentures.
- (5) "Inside Information" refers to the fact as the essence for making the decision on the securities trading which is not publicly disclosed. The samples of the inside information are as follows:
  - (a) Financial position and financial turnover.
  - (b) Financial projections.
  - (c) Dividend payment or non-dividend payment.
  - (d) Change in credit rating.
  - (e) Change in the securities' par value.
  - (f) Call for securities redemption.
  - (g) Business plan, including strategic plan, marketing plan and fund-raising plan.
  - (h) Significant change in investment plan or investment structure.
  - (i) Joint venture, merger, or sale of business.
  - (j) Tender offer of other company's securities.
  - (k) Purchase or sale of the key assets.
  - (l) Information of the important new product.
  - (m) Acquisition or loss of the important trade contract.
  - (n) Important legal disputes.
  - (o) Change in the Company's objectives.
  - (p) Change in the significant accounting policies.
  - (q) Change in the controlling power or significant change in the Board of Directors or top executive



- (6) "Director" refers to the director of the Company.
- (7) "Executive" refers to the Managing Director, the person who holds the first four executive level office descending from the Managing Director and includes the person who holds the executive level office in the accounting or financial line in the level of department manager or equivalent of the Company (in the definition of the Office of the SEC).
- 8) "Persons designed by the Company" refer to the persons who are in the office or duty to perceive the inside information of the Company (including the spouse and underage child of the said persons). The sample of the persons who may perceive the insider information is as follows.
  - a) Directors.
  - b) Executives.
  - c) Employees in the following work units of Accounting Department, Finance Department, Investor Relations Department and Company Secretary, Risk Management Department, and Marketing Department.
  - d) Every employee who attends the Board of Directors' meeting and/or the Sub-Committee's meeting in the agenda relating to the matters pursuant to Clause 4 (4).
  - e) Any other persons designated by the Company

However, the Company Secretary is responsible for maintaining the Register of the Lists of Persons Designated by the Company and notifying the said persons for acknowledgement upon addition or deletion of the lists in said Register.

## **5. Duties and Responsibilities**

- (1) The Board of Directors assigns the Managing Director to have duty to govern this Policy to ensure that the persons designated by the Company to strictly comply with the Policy.
- (2) The Company Secretary has the main duty to adopt this Policy for practice and follow up the effectiveness and clarify and reply the queries.
- (3) The executives have duty and responsibility to assure that his/her subordinates are realized on the significance and understand this Policy, and strictly comply with the policy.
- (4) The directors and executives shall strictly comply with this Policy and communicate it to their spouse and underage children for acknowledgement.

## **6. Policy and Practical Guideline**

### **6.1 Prohibition of the insider trading of the securities**

The directors and executives must comply with the prohibition of the insider trading of the securities as prescribed in the Securities and Exchange Act in Section 241 "in purchasing or selling the listed securities in the Stock Exchange of Thailand, or securities traded in the Securities Trading Center, any person is prohibited to purchase or sell, or offer for purchasing or offer for sale, or persuade other person to purchase or sell or offer for purchasing or offer for sale of the listed securities in the SEC or of the securities traded in the Securities Trading Center either directly or indirectly in the manners that likely to take advantage of the third party using the fact as an essence of the change in the securities price which is not publicly disclosed and perceived by him/her in the said position or status, and whether the said act will be performed for his/her own or other person's benefit or disclose the said fact to allow other person to perform the said act whereas he/she obtains the return."

### **6.2 Blackout period**

6.2.1 The person designated by the Company is prohibited to trade the Company's securities within 30 (thirty) days period prior to quarterly and yearly disclosure of the financial statements and other period which will be periodically specified by the Company.

6.2.2 In a special situation, the person designated by the Company may sell the Company's securities during blackout period if he/she falls in the situations, for instance, a severe financial difficulty, or a requirement for observing the legal requirements, or falls under the judicial order, whereas the record specifying the reasons must be prepared and proposed to request the approval to:

- (1) The Chairman of the Board of Directors (in case where the seller is the director or the Company Secretary).
- (2) The Chairman of the Audit Committee (in case where the seller is the Chairman of the Committee).
- (3) The Managing Director (in case where the seller is the person designated by the Company and not the director and the Company Secretary). However, the copy of such record shall be also delivered to the Company Secretary.

6.2.3 The Company Secretary shall announce a blackout period to the person designated by the Company. for advance acknowledgement.

### **6.3 Securities holding reporting.**

#### **6.3.1 First reporting**

- (1) The directors and executives are responsible for preparing Their, Their Spouse and Underage Child's Securities Holding Report in Form 59-1 (Attachment 1) of the Office of the SEC and delivering it to the Office of the SEC within 30 (thirty) days from the date of which they are appointed as the executive directors or auditors of the Company or the closing date of the public offering of the securities pursuant to the Securities and Exchange Act in Section 59.
- (2) The persons designated by the Company other than the director and executive are responsible for preparing the Group of the Companies' Securities Holding Report (Attachment 2) and delivering to the Company Secretary within 30 (thirty) days from the date of which the notification date of the Company Secretary.

#### **6.3.2 Reporting upon changes**

- (1) The first four directors and executives of the Company are responsible for preparing the Change of the Company's Directors' Securities Holding Report in Form 59-2 (Attachment 3) of the Office of the SEC and delivering to the Office of the SEC within 3 (three) working days from the purchasing, selling, transferring or transfer accepting date of the securities pursuant to the Securities and Exchange Act in Section 59.
- (2) The persons designated by the Company other than the director, executive and auditor are responsible for preparing the Change of the Group of the Company's Securities Holding Report Form (Attachment 4), and delivering to the Company Secretary within 3 (three) working days from the purchasing, selling, transferring or transfer accepting date of the securities.



### 6.3.3 Exception

The Change of the Company's Directors' Securities Holding Report Form must not be prepared in Form 59-2 for the change of the securities holding in the following cases.

- (1) Offering for sale of shares to the primary shareholders in the shareholding proportion (Rights Offering).
- (2) Exercise of the rights based on the converted securities.
- (3) Offering for sale of shares or exercise of the rights under Warrants for Purchasing Newly Issued Shares or Convertible Debentures to the directors or employees of the Company (Employee Stock Option Program ("ESOP")) or Warrants for Acquiring Securities from Employee Joint Investment Program ("EJIP").
- (4) Acquisition of the securities by legacy.
- (5) Transfer or transfer acceptance of the securities from depositing as the trading guarantee of the futures contract.

### 6.4 Trading of the securities not within the scope of trading the securities according to this Policy.

This Policy is not applicable in case of entering into the securities holding or accepting the tender offer of the securities for business takeover.

## 7. Penalty in Case of the Policy Violation

The director and executive who violate the said policy may be liable both for criminal and civil offence pursuant to the Securities and Exchange Act.

## 8. Policy Review

The Company Secretary must regularly review this Policy and propose to the Board of Directors for considering and approving in case of change.

## 9. Monitoring and Supervision of the Policy Observance

- The first four directors and executives from the Managing Director are designated to report the change of securities' holding to the Office of the Securities and Exchange Board (SEC) pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 (1992) within 3 (three) working days from the purchasing, selling, transferring or transfer accepting date.
- The director and executives who purchase, sell, transfer, or accept the transfer of securities shall deliver 1 (one) copy of the said Report to the Company Secretary to be retained as evidence.
- The Company Secretary shall gather the Change of the Company's Directors' Securities Holding Report to be quarterly proposed to the Board of Directors' Meeting.

## 10. In the Case of Doubts

If the directors and executives have any questions or doubts relating to this Policy or are not sure that the inside information with the essence are publicly disclosed, or the securities can be traded in any situations, please contact the Company Secretary Department via the following channel.

Company Secretary Department

Krungdhep Sophon Public Company Limited

Address : 185, Rajaburana Road., Bangpakok, Rajaburana, Bangkok 10140

Tel : 02-871 3191 Ext. 229

E-mail : pawarisa@krungdhepsophon.com

### Report of shareholdings of Director

No	Directors	No of Shares held 2020	No of Shares held 2019
1	Mr. Chote Sophonpanich	*103,632	*103,632
2	Miss Suthawan Sakkosol	-	-
3	Mr. Amorn Asvanunt	-	-
4	Mrs. Acharaporn Hemakom	-	-
5	Mr. Ovarn 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 2020	No of Shares 2019
1	Mr. Charoen Fongsataporn	-	-
2	Miss Sukanya Preechaharn	-	-
3	Mr. Deacha Sumeerang	-	-
4	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.

#### 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

## 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.

#### **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.

#### **Human Rights Policy**

The Board of Directors strictly emphasizes on and respects to the principle of human rights, and establishes the policy of the fair and equitable labour treatment, non-discrimination for the reasons of race, religion, sex, skin color, language, and lineage, and non-use of child labor and anti-sexual harassment. The Company is well aware that human resource is the key administrative factor in value addition and increase of output. The Company has improved the occupational environment and condition to ensure that the employees have the good quality of life, and have the opportunities to show their potentials and drill, and enhance the working skills. The employees are promoted to have knowledge and understanding in the principle of human rights for the proper implementation.

#### **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 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 2020, the Company's director and top executive for two persons participated in training in the courses of the Thai Institute of Directors and Thai Listed Companies Association. Summary

No.	List of the Directors and Executives	Couse Title	Course Organizer
1	Mr. Chanchai Lamyordmakpol	Risk Management Program for Corporate Leaders (RCL) 21/2020	Thai Institute of Directors
2	Mr. Charoen Fongsataporn	TLCA CFO Professional Development Program	Thai Listed Companies Association

### **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 2020, the Board of Directors convened total of 9 meetings and the non-executive directors had an opportunity to convene one meeting without the meeting attendance of the Management on December 16, 2020.

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 94.97%.

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

In 2020, 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 2020 indicated total average score level of all categories at 99.53%.

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

In 2020, 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 99.60%, 96.36%, and 95.40%, respectively.

#### **5.12 The evaluation of the Corporate Governance Report of year 2020**

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 2020, the Company has received a scoring of 87 % 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.

### 5.15 Evaluation of the Managing Directors' Performance

In the Board of Directors' Meeting held on 16 December 2020, the Board of Directors acknowledged the evaluation result of the Managing Director's performance. The evaluation was performed by the non-executive directors using the evaluation topics according to the guideline of the Stock Exchange of Thailand, consisting of the following topics: 1) leadership, 2) formulation of strategies, 3) strategic compliance, 4) financial planning and performance, 5) relationship with the Board of Directors, 6) External Relationship, 7) Management and Personnel Relationship, 8) Succession, 9) Product and Service Knowledge, and 10) Personal Characteristics.

The overall evaluation result of the Managing Director's performance has been for 2020 indicated total average score level of all categories at 77.63%, whereas the Company intends to yearly evaluate the Managing Director's performance according to the Good Corporate Governance. However, the next evaluation of the Managing Director's performance will be performed in 2021.

## 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. 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. 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 2020	
			Meeting held	Meeting Attended
1	Miss Suthawan Sakkosol	Chairperson of Audit Committee	4	4
2	Mr. Ovarit Phanprechakij	Audit Committee	4	4
3	Mr. Arun Chirachavala	Audit Committee	4	3

Mr. Arun Chirachavala has appointed as Independent Director and Audit Committee effective April 21, 2017. On May 13, 2020 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 2020 to May 2023.

### 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. 8/2020 on November 11, 2020 approved the Charter of the Audit Committee. The Audit Committee has been reviewed these charters and announced on November 11, 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 2020	
			Meeting held	Meeting Attended
1	Mrs. Acharaporn Hemakorn	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 13 2020 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 2020 to May 2023.

### 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 2020	
			Meeting held	Meeting Attended
1	Mr. Amorn Asvanunt	Chairman of Nomination and Compensation Committee	2	2
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 3.
  - (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 companied mentioned in the General Informaiton 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 sufficient 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 2020	Year 2019
Krungdhep Sophon Public Company Limited	690,000	660,000
Krungdhep Document Public Co., Ltd	410,000	385,000
KWC Logistics Co., Ltd	320,000	310,000
<b>Total</b>	<b>1,420,000</b>	<b>1,355,000</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 2020, amount 67,000 baht

## Compliance with the Corporate Governance Code for Listed Companies 2017

The Board of Directors has understood the roles, duties, benefits, and principles of the Corporate Governance Code for Listed Companies 2017, whereby the Board of Directors has suitably applied the Corporate Governance Code to the contexts of the Company. The Corporate Governance and Risk Management Committee, which is deemed a subcommittee with the duty to supervise and monitor to ensure the Company's compliance with the Corporate Governance Code to promote and support the Company's business operations conducive to the sustainable value creation, requires that the appropriateness of compliance with the Corporate Governance Code shall be reviewed at least once a year. The Board of Directors has then authorized the Corporate Governance and Risk Management Committee to consider and evaluate the application of the same for proposal to the Board of Directors for further consideration.

The Board of Directors shall have the duty to establish the Company's visions and missions so that its executives and staff are intended to perform their works in the same direction. In 2020, the Board of Directors considered reviewing and approving the visions, missions, strategies, goals and directions of business operations of the Company, including review of significant policies to ensure that they shall be appropriate and consistent with the business operations in accordance with the Corporate Governance Code.

The Board of Directors has monitored and supervised to ensure the Company's strategies shall be practically implemented. In the Board of Directors' Meeting on a quarterly basis, the Board of Directors has followed up the management team's performance, which is required that there shall be report on performance and operational results of the Company, particular in respect of the financial goals and action plans, in order to achieve the formulated strategies.

### **Compliance with the Corporate Governance Code in other Matters**

The Company has complied with the Corporate Governance Code for Listed Companies in order to achieve assessment in various aspects. The Company received the "Very Good" rating as a whole from corporate governance assessment in the Corporate Governance Report of Thai Listed Companies 2020 from the Thai Institute of Directors Association (IOD). The Company has conformed to all principles of the Corporate Governance Code for Listed Companies 2020, except for the following:

1. The composition of the Nomination and Remuneration Committee: It should be consisted mainly of independent directors (more than 50 percent): The Board of Directors establishes the composition of the Nomination and Remuneration Committee of the Company that it shall be comprised of four members, out of which not less than half shall be independent directors which have leadership, vision, independence in making decisions, skills and experience which are useful for the Company, prudence, honesty and dedication of their time to performance of their duties in an adequate manner.
2. The composition of the Board of Directors required that more than 50 percent of the Board shall be independent directors: The structure of the Board of Directors shall consist of persons engaging in the business and in various other fields, which have qualifications, skills, experience in administration and operating works which are useful for the Company, have knowledge in terms of concession agreement, out of which at least one director shall be experienced in the core businesses or industry currently operated by the Company, and shall include independent directors which have at least qualifications under the requirements stipulated by the SEC Office and the Stock Exchange, namely, there must be at least one-third of the total number of directors as independent directors but not less than three persons. The Chairman of the Board of Directors shall not the same person as Managing Directors.

# 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.

1. Fish Apartment Reinforcement Project at Crab Bank, Wat Kongkaram, Bang Pakong Sub-district, Bang Pakong District, Chachoengsao Province, on 19 December 2020
  - Donated 17 indicating signs for the area inside 9 sets of Fish Apartments at Crab Bank to support the visits from public sector, private agencies, and people who are interested to visit for field trip.
  - Participated in making a big fish shelter with flood tide all the time to be the last dwelling before exiting the conservative area of the network to Bang Pakong River.
  - Built crab condo to be the nursery source of Meder's Mangrove Crab Yearlings inside the fish apartments at Crab Bank, Wat Kongkaram.
  - Cultivated the loop-root mangrove plants inside the area of fish apartments, at Crab Bank, Wat Kongkaram.
  - Participated in collecting wastes with the representatives of marine protection volunteers in the area.
2. Empty Box Support to Very Good Volunteer Group Project for using in containing drugs in the Generosity Sharing in Drugs Project to assist the people who are living in the remote area where has been lack of medicines.

# Internal Control and Risk Management

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 7 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.
  - Internal: The Company has established the online meeting holding policy for the external service providers, such as Supplier, Vendor, and Customer, so as to be consistent with the Covid-19 pandemic prevention situation and to replace the primary form of the meeting.
  - 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.
  - External: The Company has established the online meeting holding policy to be adopted inside the organization for contributing to enhance the working efficiency of all work units so as to be consistent with the Covid-19 pandemic prevention situation and to replace the primary form of the meeting.

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.
7. Personal Data Protection Act (PDPA): The Company has established the personal data protection policy and appointed the working group and the officers in charge of processes to ensure the governance and protection of personal data to avoid the leakage of personal 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.

**The following transactions incurred between the Company and following companies:**

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 <b>Cash at bank</b>	
- Related parties	34,951,207
2 <b>Investments in the Open-end Fund</b>	
- Related parties	66,573,797
3 <b>Trade receivables</b>	
- Related parties	3,951,527

## TRANSACTIONS IN STATEMENTS OF INCOME

TRANSACTIONS IN STATEMENTS OF INCOME		Baht
<b>1</b>	<b>Storage fees income</b>	
	- Related parties	17,438,230
<b>2</b>	<b>Income from sales</b>	
	- Related parties	46,395
<b>3</b>	<b>Management fee income</b>	
	- Related parties	13,773,809
<b>4</b>	<b>Interest income</b>	
	- Related parties	82,169
<b>5</b>	<b>Cost of sales and services</b>	
	- Related parties	2,854,127
<b>6</b>	<b>Administrative expenses</b>	
	- Related parties	763,153

# Details regarding Directors and Executives

## Mr.Chote Sophonpanich

Chairman

**Age 78 years**

### Education

- Bachelor's degree of Economics, Sydney University, Australia

### Training Programs

- 2020 - None

### Appointed effective on

- July 15, 1994

### No. of years as Company Director

- 26 Years

### % Shares (as of December 2020)

- 103,632 shares (1.73%)\*

### Position in Listed Companies

- None

### Position in Non-Listed Company

- 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 2020

- Board of Director Meeting 9 out of 9

\*Including related parties

## Miss Suthawan Sakkoson

Independent Director

Chairman of the Audit Committee

**Age 55 years**

### Education

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

### Training Programs

- 2020 - None

### Appointed effective on

- January 25, 2016

### No. of years as Company Director

- 5 years

### % Shares (as of December 2020)

- 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 2020

- Board of Director Meeting 9 out of 8
- Board of the Audit Committee Meeting 4 out of 4

## Mr. Amorn Asvanunt

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

**Age 73 years**

### Education

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

### Training Programs

- 2020 - None

### Appointed effective on

- April 26, 2005

### No. of years as Company Director

- 15 years

### % Shares (as of December 2020)

- None

### Position in Listed Companies

Chairman of the Audit Committee

- S&J International Enterprises PCL  
Member of the Audit Committee
- Sahacogen (Chonburi) PCL  
Member of the Audit Committee
- ICC International 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 interest or same 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 2020

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

## Mrs. Acharaporn Hemakom

Independent Director  
Chairman of the Risk Management Committee

**Age 66 years**

### Education

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

### Training Programs

- 2020 - None

### Appointed effective on

- February 23, 2012

### No. of years as Company Director

- 8 years

### % Shares (as of December 2020)

- 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

- 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 of Finance
- 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 2020

- 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 Committee Member of the Nomination and Compensation Committee

**Age 67 years**

### Education

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

### Training Programs

- 2020 - None

### Appointed effective on

- November 13, 2000

### No. of years as Company Director

- 20 years

### % Shares (as of December 2020)

- 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 2020

- Board of Director Meeting 9 out of 8
- Board of Member of the Risk Management Committee Meeting 4 out of 3
- Board of Nomination and Compensation Committee Meeting 2 out of 2

## Mr. Ovart Phanprechakij

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

**Age 69 years**

### Education

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

### Training Programs

- 2020 - None

### Appointed effective on

- April 27, 2004

### No. of years as Company Director

- 16 years

### % Shares (as of December 2020)

- 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 2020

- Board of Director Meeting 9 out of 9
- Board of Member of the Audit Committee Meeting 4 out of 4
- 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

### Age 63 years

#### Education

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

#### Training Programs

- 2020 - None

#### Appointed effective on

- March 6, 2014

#### No. of years as Company Director

- 6 years

#### % Shares (as of December 2020)

- 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 2020

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

## Mr. Lau Ting Fai

Director

### Age 72 years

#### Education

- Bachelor Assumption University

#### Training Programs

- 2020 - None

#### Appointed effective on

- July 15, 1994

#### No. of years as Company Director

- 26 years

#### % Shares (as of December 2020)

- 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 2020

- Board of Director Meeting 9 out of 1

\*\*The COVID-19 situation made it impossible to travel from overseas to attend the meeting.

## Mr. Chanchai Lamyordmakpol

Director

Managing Director

**Age 56 years**

### Education

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

### Training Programs

- 2020 - Risk Management Program for Corporate Thai  
Institute of Directors Leaders (RCL) 21/2020

### Appointed effective on

- April 29, 2016

### No. of years as Company Director

- 4 years

### % Shares (as of December 2020)

- 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 Manager Johnson & Johnson (Thailand) Limited
- 1987 - 1997  
Manager Colgate-Palmolive (Thailand) Limited

### Attended the Meeting 2020

- Board of Director Meeting 9 out of 9

## Mr. Charoen Fongsataporn

Financial Controller

**Age 57 years**

### Education

- MBA Marketing Chulalongkorn University
- Bachelor's degree in accounting Chulalongkorn University
- Bachelor's Degree in business administration Sukhothai  
Thammathirat University

### Training Programs

- 2020 - TLCA CFO Professional Development Program  
Thai Listed Companies Association

### % Shares (as of December 2020)

- 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

- 2015 - 2016  
Chief Financial Officer  
Kids Edutainment Co., Ltd. (Kidzania)
- 2012 - 2015  
Director  
Tricor Outsourcing (Thailand) Co., Ltd.
- 2006 - 2012  
Group - CFO  
Shriro Holdings (Thailand) Co., Ltd.
- 2005 - 2006  
VP-Finance and Accounting  
Amarin Printing Public Co., Ltd.
- 1996 - 2005  
Finance and Accounting Director  
Thai British Security Printing Public Co., Ltd.
- 1995 - 1996  
Corporate Finance & Planning Manager  
First Pacific Land Public Co., Ltd.
- 1992 - 1995  
Deputy Managing Director-Finance and Accounting  
S.M.T.Leasing Co., Ltd and S.M.T.Rent-A-Car Co., Ltd.
- 1990 - 1992  
Controller-Southeast Asia, Lufthansa German Airlines
- 1988 - 1990  
Finance Manager, Farmitalia Carlo Erba Co., Ltd.
- 1985 - 1988  
Senior Auditor, Price Waterhouse

## Miss Sukanya Preechahan

HR Manager

**Age 47 years**

### Education

- Bachelor Human Resources Suan Dusit University

### Training Programs

- 2020 - None

### % Shares (as of December 2020)

- 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

**Age 36 years**

### Education

- Bachelor's in accounting Sripatum University

### Training Programs

- 2020 - None

### % Shares (as of December 2020)

- 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

## YTD 2020 compared to YTD 2019 (12 months)

YTD Revenue were Baht 392.7 million which over those of previous year Baht 21.7 million or 5.9% due mainly to

1. Revenue from Storage fee were increase Baht 27.6 million.
2. Wharfage Services decrease Baht -2.0 million.
3. Rental Income were decrease Baht -2.7 million.

Revenue of item 2 & 3 had the indirect negative impact from COVID-19 situation which made the warehouse space occupancy decrease.

4. Revenue from sales and Other income decrease Baht -1.2 million.

Total Expenses increase Baht 45.3 million mainly came from

- Cost of sales and services were increase Baht 25.1 million over the same period last year such as increasing in wages Baht 23.2 million. In 2020 Government Saving Bank Project operated full year compared to last year started to operate in second half of the year or 6 months. The remaining balance were depreciation of computer, scanners, and other fixed assets.
- Selling expenses were increase Baht 0.3 million.
- Administrative expenses were increase Baht 19.4 million mainly due to the Conservatism in Accounting, the fine fee under discussion was fully booked amount Baht 19 million (from Government Saving Bank's Project) in Q3'2020 as aforementioned.
- As a results Net Profit for the year was at Baht 83.2 million which lower than those of previous year Baht 19.1 million or -18.7%. If the solution of the fine fee under discussion is positive, Net profit will be increase more.

## Financial Analysis Report

### 1. Financial Statement Analysis

#### 1.1 Total Assets

The company has total assets amounted of Baht 825.1 Million which increased from last year 11.1%. A return on total assets equivalent to 10.08% and a return on Fixed Assets equal to 14.4% both ratios were below those of previous year due mainly from the new warehouse 4 which started to operate in Q4'2020.

#### 1.2 Total Liabilities

The company has total liabilities of Baht 135.5 Million, increased from last year at 67.6% because of long-term loan, Fine fee under discussion, the liabilities under financial lease. The Debt-to-equity ratio equal to 0.2 times.

#### 1.3 Company Shareholders' Equity

The company has shareholders' equity amounted Baht 689.6 Million increased from previous year 4.1% and a Book Value per share Baht 114.9 increased from last year Baht 4.6 per share. The Earning per share is equal to Baht 13.9

## 2. Liquidity

### 2.1 Cash Flow

The company has cash and cash equivalents amount of Baht 40.2 Million. Receiving from Operating Activities amount of Baht 121.2 Million, spending on Investment Activities Baht -71.9 Million and on Fund Raising Activities Baht -49.5 Million which mainly due to dividend Baht 57 million paid to shareholders. Net cash decreased Baht -0.3 Million added on the balance brought forward Baht 40.5 Million, then cash and cash equivalents at end of the year was equal to Baht 40.2 Million.

### 2.2 Current Ratio

The company has a Current Ratio equals to 2.4 times and Quick Ratio equals to 1.4 times both ratios decrease from last year due to more investment in property and equipment. Current Liabilities were increase mainly due to long-term loan due within one year and the fine fee under discussion as aforementioned.

### 2.3 Capital Expenditure

The company spent cash on Fixed Assets investment of Baht 165.0 Million. The main capital expenditure such as Warehouse for document storage Number 4, Computer Hardware and Software, Warehouse improvement (Roof and Gate) and utility system 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 and partly from the long-term loan support the warehouse 4 construction project.

#### (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 and partly from long term loan support the construction project which plan to repay loan in the short period of time including dividend payment to shareholders without affecting the liquidity. However, the existing facilities from Financial Institutions will be used particularly on investments related to core business of the Company and its subsidiaries.

#### (2) Current Liabilities

The company has a low debt almost all existing liabilities as current liabilities from operations and loan supported the warehouse construction project due within one year.

## Credit Term Policy

The Company have the Credit Management Regulation as a guideline for Credit Control and Risk Management which helps all operation concerned how to filter and evaluate Credit Risk. The Credit Approval Process is as follows.

#### 1. Customers Evaluation

Marketing Team will define the targeted customers and gather all related credit information. The qualified customers need to have good business potential and reputation in terms of operating results and financial status.

#### 2. Credit Analytical Review

To know the level of Credit Risk, Marketing Team will collect and analysis customer's financial status by using trusted source of financial data such as the Financial Report filed at Department of Business Development, Government Office and Related documents issued by Revenue Department.

3. Credit Approval Process

3.1 Authorized Credit not over Baht 2 million can be approved by Managing Director.

3.2 Authorized Credit over Baht 2 million must be jointly approved by 2 authorized directors.

4. Credit Term

Credit Term 30 days will be granted to customers and standard credit term 30-60 days will be provided for suppliers and creditors subjected to each business transaction.

5. Policy for Allowance for doubtful Debts according to Thai Financial Reporting Standard No.9 (TFRS 9)

The outstanding debts will be closely monitored by the finance team, the sales and marketing team will assist if any problems concerning to the debt collection to complete the collection target. Monthly Debt Meeting will be arranged to update the status of each debtor together with the Aging Report and the reason support for the long overdue debtors. The Company will make the Allowance for doubtful Debts according to Thai Financial Reporting Standard No.9 (TFRS 9) to reflex the financial status as above-mentioned.

For the year 2020, some customers which impact from COVID-19 pandemic asking for the temporally extended credit term. As a result, the average ratio of collection increased 7 days from previous year to be 62 days. (2019 average ratio of collection was 55 days). In general, there was no material impact on the liquidity of the Company.

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

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.

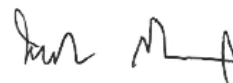
The Board has provided and maintained an effective internal control system in order to reasonably ensure that the recording of accounting data is correct, complete and sufficient to maintain the property and to identify weaknesses in order to prevent fraud or abnormal operation significantly.

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, 2020.



(Mr. Chote Sophonpanich)  
Chairman



(Mr. Chanchai Lamyordmakpol)  
Managing Director

# Financial Statements

Krungdhep Sophon Public Company Limited

AS AT DECEMBER 31, 2020



# 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, 2020, 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, 2020, 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 23 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 318.60 million for the year ended December 31, 2020, 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

February 17, 2021

# STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

		ASSETS			
		BAHT			
	NOTES	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		DECEMBER 31,	DECEMBER 31,	DECEMBER 31,	DECEMBER 31,
		2020	2019	2020	2019
Current Assets					
Cash and cash equivalents	3.2 and 4	40,172,312	40,463,735	12,619,004	8,849,553
Temporary investments					
Marketable securities-available for sale	3.3 and 5	-	4,593,950	-	4,593,950
Investments in Open-end Fund	3.3 and 6	-	158,825,160	-	40,976,708
Trade and other current receivables	3.3 and 7	78,950,086	60,639,116	14,100,551	13,375,309
Other short-term loans	3.3 and 7	-	-	-	-
Other current financial assets					
Marketable securities	3.3 and 5	3,635,500	-	3,635,500	-
Investments in Open-end Fund	3.3 and 6	66,573,797	-	46,174,110	-
Other current assets		2,560,954	1,367,362	195,775	309,606
Total Current Assets		191,892,649	265,889,323	76,724,940	68,105,126
Non-current Assets					
Investments in subsidiaries	3.4 and 8	-	-	112,163,441	112,162,535
Investments property	3.5 and 9	36,862,288	33,021,283	155,377,007	151,459,333
Property, plant and equipment	3.6 and 10	579,227,504	438,930,894	2,902,055	3,585,526
Rights-of-use assets	3.9 and 11	12,444,452	-	744,148	-
Intangible assets	3.7 and 12	4,224,165	4,697,261	812,656	1,055,902
Deferred income tax assets	3.8 and 21	-	-	1,494,283	1,346,594
Other non-current assets		401,203	438,246	16,350	16,350
Total Non-current Assets		633,159,612	477,087,684	273,509,940	269,626,240
TOTAL ASSETS		825,052,261	742,977,007	350,234,880	337,731,366

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

# STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

## LIABILITIES AND SHAREHOLDERS' EQUITY

	NOTES	BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2020	DECEMBER 31, 2019
Current Liabilities					
Trade and other current payables	13	32,356,991	27,826,234	7,636,551	9,669,567
Current portion of long-term loan	14	11,100,960	-	-	-
Current portion of long-term liabilities					
Lease liabilities	3.9 and 15	3,964,287	217,153	755,208	217,153
Accrued corporate income tax		6,317,093	6,460,575	983,957	-
Fine fee under discussion	31	19,004,600	-	-	-
Other current liabilities		7,380,400	7,785,603	2,356,466	2,527,330
Total Current Liabilities		80,124,331	42,289,565	11,732,182	12,414,050
Non-current Liabilities					
Lease liabilities	3.9 and 15	8,663,448	738,304	-	738,304
Provision for long-term employee benefits	3.10 and 16	28,596,390	19,537,890	7,255,941	6,191,895
Deferred income tax liabilities	3.8 and 21	490,782	1,643,468	-	-
Other non-current liabilities		17,611,328	16,645,174	7,801,000	7,016,080
Total Non-current Liabilities		55,361,948	38,564,836	15,056,941	13,946,279
TOTAL LIABILITIES		135,486,279	80,854,401	26,789,123	26,360,329
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	17	10,000,000	10,000,000	10,000,000	10,000,000
General reserve	18	59,000,000	59,000,000	59,000,000	59,000,000
Unappropriated		463,547,152	435,336,341	97,431,124	84,589,644
Other components of shareholders' equity		1,014,633	1,781,393	1,014,633	1,781,393
Total Shareholders' Equity of the Parent		689,561,785	662,117,734	323,445,757	311,371,037
Non-controlling interests		4,197	4,872	-	-
Total Shareholders' Equity		689,565,982	662,122,606	323,445,757	311,371,037
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		825,052,261	742,977,007	350,234,880	337,731,366

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

# STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

		BAHT			
	NOTES	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
Revenues					
Rental income		40,407,168	43,127,573	28,650,130	26,958,660
Storage fees		318,603,376	290,978,756	-	-
Sales		6,827,682	7,903,282	-	-
Wharfage services		9,915,394	11,896,752	-	-
Services income		13,908,209	13,301,620	28,556,400	26,679,600
Other incomes					
Dividend income from investments		148,725	148,725	58,148,219	50,148,249
Interest income		98,614	180,593	29,823	51,056
Others		2,814,827	3,472,546	760,196	1,242,522
Total other incomes		3,062,166	3,801,864	58,938,238	51,441,827
Total revenues		392,723,995	371,009,847	116,144,768	105,080,087
Expenses					
Cost of sales and services		197,464,487	172,404,380	4,269,365	7,968,523
Selling expenses		4,233,264	3,930,330	-	-
Administrative expenses		81,266,943	61,831,362	35,470,886	33,813,351
Directors' remuneration	19	4,966,000	4,900,000	4,966,000	4,900,000
Finance costs		515,275	24,986	20,252	24,986
Total expenses	20	288,445,969	243,091,058	44,726,503	46,706,860
Profit before income tax expenses		104,278,026	127,918,789	71,418,265	58,373,227
Income tax expenses	21	21,127,244	25,692,632	2,745,346	1,677,843
Profit for the years		83,150,782	102,226,157	68,672,919	56,695,384
Profit attributable to					
Equity holders of the parent		83,150,087	102,225,197	68,672,919	56,695,384
Non-controlling interests		695	960	-	-
		83,150,782	102,226,157	68,672,919	56,695,384
Earnings per share to equity holders of the parent					
Basic earnings per share	3.11	13.86	17.04	11.45	9.45
The number of 6,000,000 common stocks used in computation					

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

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	NOTES	BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
Profit for the years		83,150,782	102,226,157	68,672,919	56,695,384
Other comprehensive income (loss) :					
Components of other comprehensive income (loss)					
that will not be reclassified to profit or loss :					
Recognized gain (loss) on remeasuring					
marketable securities					
Recognized loss in other comprehensive income	5	(958,450)	(330,500)	(958,450)	(330,500)
Income tax relating to components of other					
comprehensive loss for the years		191,690	66,100	191,690	66,100
Other comprehensive loss for the years-net of tax		(766,760)	(264,400)	(766,760)	(264,400)
Adjusted actuarial gain (loss) from employee benefit plan	16	2,575,914	(1,549,342)	1,460,701	(798,440)
Component of income tax		(515,183)	309,868	(292,140)	159,688
Actuarial gain (loss) from employee benefit plan-net of tax		2,060,731	(1,239,474)	1,168,561	(638,752)
Other comprehensive income (loss) for the years-net of tax		1,293,971	(1,503,874)	401,801	(903,152)
Total comprehensive income for the years		84,444,753	100,722,283	69,074,720	55,792,232
Total comprehensive income attributable to					
Equity holders of the parent		84,444,051	100,721,328	69,074,720	55,792,232
Non-controlling interests		702	955	-	-
		84,444,753	100,722,283	69,074,720	55,792,232

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

# STATEMENTS OF

## CHANGE IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

### CONSOLIDATED

BAHT

NOTES	Equity holders of the parent								Non-controlling interests	Total
	Issued and paid-up share capital	Premium on common stocks	Retained earnings		Unappropriated	Other components of shareholders' equity				
			Appropriated			Other comprehensive income (loss)	Marketable securities			
			Legal reserve	General reserve						
Year 2019										
Beginning balances as at January 1, 2019	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
Comprehensive income for the year	-	-	-	-	102,225,197	(264,400)		101,960,797	960	101,961,757
Actuarial loss from employee benefit plan-net of tax	-	-	-	-	(1,239,469)	-		(1,239,469)	(5)	(1,239,474)
Comprehensive income for the year 2019	-	-	-	-	100,985,728	(264,400)		100,721,328	955	100,722,283
Dividend payment	-	-	-	-	(54,000,000)	-		(54,000,000)	-	(54,000,000)
Subsidiary's dividend paid to non-controlling interests	-	-	-	-	-	-		-	(476)	(476)
Ending balances as at December 31, 2019	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
Year 2020										
Beginning balances as at January 1, 2020	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
Comprehensive income for the year	-	-	-	-	83,150,087	(766,760)		82,383,327	695	82,384,022
Actuarial gain from employee benefit plan-net of tax	-	-	-	-	2,060,724	-		2,060,724	7	2,060,731
Comprehensive income for the year 2020	-	-	-	-	85,210,811	(766,760)		84,444,051	702	84,444,753
Dividend payment	-	-	-	-	(57,000,000)	-		(57,000,000)	-	(57,000,000)
Subsidiary's dividend paid to non-controlling interests	-	-	-	-	-	-		-	(506)	(506)
Decrease in non-controlling interests	-	-	-	-	-	-		-		
Purchase shares from old shareholders	-	-	-	-	-	-		-	(871)	(871)
Ending balances as at December 31, 2020	60,000,000	96,000,000	10,000,000	59,000,000	463,547,152	1,014,633		689,561,785	4,197	689,565,982

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

KRUNGHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

# STATEMENTS OF

## CHANGE IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

SEPARATE FINANCIAL STATEMENTS

NOTES	BAHT							
	Issued and paid-up share capital	Premium on common stocks	Retained earnings			Other components of shareholders' equity		Total
			Appropriated		Unappropriated	Other comprehensive income (loss)		
			Legal reserve	General reserve				
							Marketable securities	
<b>Year 2019</b>								
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	-	-	-	-	(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
<b>Year 2020</b>								
Beginning balances as at January 1, 2020	60,000,000	96,000,000	10,000,000	59,000,000	84,589,644	1,781,393		311,371,037
Comprehensive income for the year	-	-	-	-	68,672,919	(766,760)		67,906,159
Actuarial gain from employee benefit plan-net of tax	-	-	-	-	1,168,561	-		1,168,561
Comprehensive income for the year 2020	-	-	-	-	69,841,480	(766,760)		69,074,720
Dividend payment	-	-	-	-	(57,000,000)	-		(57,000,000)
Ending balances as at December 31, 2020	60,000,000	96,000,000	10,000,000	59,000,000	97,431,124	1,014,633		323,445,757

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

# STATEMENTS OF CASH FLOWS (1/2)

FOR THE YEAR ENDED DECEMBER 31, 2020

	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2019	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
PROFIT FOR THE YEARS	83,150,782	102,226,157	68,672,919	56,695,384
ADJUSTMENT TO RECONCILE PROFIT FOR THE YEARS TO CASH PROVIDED FROM (USED IN) OPERATION :				
Income tax expenses	21,127,244	25,692,632	2,745,346	1,677,843
Unrealized (gain) loss on investments in Open-end Fund	687,506	(574,710)	(197,402)	(117,000)
Realized gain on disposal of investments in Open-end Fund	(1,236,143)	(866,084)	-	(442,588)
Increase in doubtful debt	747,569	512,487	-	-
Withholding taxes expenses	68,379	-	68,379	-
Write-off good will	35	-	-	-
Loss on disposal of non-current assets as held for sale	-	18,944	-	-
Dividend income from investments	(148,725)	(148,725)	(58,148,219)	(50,148,249)
Depreciation - investments property	2,585,363	2,797,389	2,935,109	3,223,759
Depreciation - plant and equipment	27,407,148	24,166,808	1,013,978	1,013,748
Depreciation - rights-of-use assets	3,277,521	-	192,930	-
Intangible assets amortization	1,627,662	1,316,894	397,384	512,718
Loss on unused investments property	-	1	4,186	1
Loss on unused equipment	51,812	27,075	620	2,253
Loss on unused intangible assets	1,215	171	1,112	35
Gain on disposal of investments property	(56,651)	(194,202)	(56,651)	(191,547)
(Gain) loss on disposal equipment	(19,928)	3,193	(169)	(476)
Fine fee under discussion	19,004,600	-	-	-
Long-term employee benefits expenses	11,634,414	5,993,834	1,445,415	1,866,119
Interest income	(98,614)	(180,593)	(29,823)	(51,056)
Interest expenses	515,275	24,986	20,252	24,986
Profit from operation before changes in operating assets and liabilities items	170,326,464	160,816,257	19,065,366	14,065,930
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS				
Trade and other current receivables	(19,058,539)	(4,946,022)	(725,242)	10,289
Other current assets	(1,261,969)	697,984	45,454	(14,086)
Other non-current assets	37,043	(28,500)	-	-
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS				
Trade and other current payables	(6,660,757)	(9,079,248)	(2,829,584)	(2,447,743)
Other current liabilities	(405,203)	1,927,909	(170,864)	258,089
Other non-current liabilities	966,154	1,177,865	784,920	-
Transferring provision for long-term employee benefits from subsidiary	-	-	1,079,332	-
<b>CASH PROVIDED FROM OPERATION</b>	143,943,193	150,566,245	17,249,382	11,872,479
Income tax expenses paid	(22,746,905)	(25,374,891)	(2,009,528)	(2,407,428)
Income tax refund	-	21,791	-	-
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>	121,196,288	125,213,145	15,239,854	9,465,051

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

# STATEMENTS OF CASH FLOWS (2/2)

FOR THE YEAR ENDED DECEMBER 31, 2020

BAHT

	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2019	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(Increase) decrease in investments in Open-end Fund	92,800,000	(15,000,000)	(5,000,000)	14,000,000
Dividend income from other investments	148,725	148,725	148,725	148,725
Dividend income from subsidiaries	-	-	57,999,494	49,999,524
Proceeds from interest income	98,614	180,593	29,823	51,056
Proceeds from disposal of non-current assets as held for sale	-	187	-	-
Increase in investments property	(5,759,166)	(9,585,193)	(6,207,957)	(19,030,545)
Increase in plant and equipment	(158,284,651)	(49,652,826)	(1,224,349)	(418,141)
Increase in intangible assets	(1,059,481)	(1,518,101)	(58,950)	(90,356)
Proceeds from equipment disposal	39,938	6,813	7,564	5,374
Proceeds from investments property disposal	56,654	204,187	56,654	204,374
Purchase shares in subsidiary from old shareholders	(906)	-	(906)	-
<b>NET CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(71,960,273)</b>	<b>(75,215,615)</b>	<b>45,750,098</b>	<b>44,870,011</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase long-term borrowings from financial institutions	11,100,960	-	-	-
Repayment for leases liabilities	(3,112,617)	(195,525)	(200,249)	(195,525)
Dividend payment	(57,000,000)	(54,000,000)	(57,000,000)	(54,000,000)
Subsidiary dividend paid to non-controlling interests	(506)	(476)	-	-
Interest expenses paid	(515,275)	(24,986)	(20,252)	(24,986)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(49,527,438)</b>	<b>(54,220,987)</b>	<b>(57,220,501)</b>	<b>(54,220,511)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(291,423)</b>	<b>(4,223,457)</b>	<b>3,769,451</b>	<b>114,551</b>
<b>CASH AND CASH EQUIVALENTS AS AT JANUARY 1,</b>	<b>40,463,735</b>	<b>44,687,192</b>	<b>8,849,553</b>	<b>8,735,002</b>
<b>CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,</b>	<b>40,172,312</b>	<b>40,463,735</b>	<b>12,619,004</b>	<b>8,849,553</b>
<b>ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS</b>				
<b>NON-CASH FLOWS ITEMS COMPRISE:</b>				
Recognized loss on remeasuring marketable securities	(958,450)	(330,500)	(958,450)	(330,500)
Increase in other current assets from equipment for donation	2	-	2	-
Increase in investments property from assets payable and retention	667,205	1,154,984	649,015	1,154,984
Increase in investments property from other current liabilities	-	-	-	812,895
Transferring plant and equipment to investments property	-	-	-	1,127,228
Increase in plant and equipment from assets payable and retention	10,428,009	3,611,485	51,253	221,276
Transferring equipment to rights-of-use assets	937,078	-	937,078	-
Increase in rights-of-use assets from lease liabilities	12,688,173	-	-	-
Increase in intangible assets from assets payable	96,300	631,874	96,300	-
Increase in property, plant and equipment from other current liabilities	-	812,895	-	-
Effect from adjusted estimation of employee benefit				
(Increase) decrease in deferred income tax assets	515,183	(309,868)	292,140	(159,688)
Increase (decrease) in provision for long-term employee benefits	(2,575,914)	1,549,342	(1,460,701)	798,440
Increase (decrease) in retained earnings	2,060,731	(1,239,474)	1,168,561	(638,752)
Effects from adoption TFRS 16 Leases as at January 1, 2020	2,096,722	-	-	-

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



# NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

## 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 8 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 The new and revised 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	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	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 Sales and Discontinued Operations
30. TFRS 6	Exploration for and Evaluation of Mineral Resources
31. TFRS 7	Financial Instruments: Disclosures
32. TFRS 8	Operating Segments
33. TFRS 9	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 14	Regulatory Deferral Accounts
39. TFRS 15	Revenue from Contracts with Customers
40. TFRS 16	Leases

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

41. TSIC 7	Introduction of the Euro
42. TSIC 10	Government Assistance - No Specific Relation to Operating Activities
43. TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders
44. TSIC 29	Service Concession Arrangements: Disclosures
45. TSIC 32	Intangible Assets - Web Site Costs

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

46. TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
47. TFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments
48. TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
49. TFRIC 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
50. TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
51. TFRIC 10	Interim Financial Reporting and Impairment
52. TFRIC 12	Service Concession Arrangements
53. TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
54. TFRIC 16	Hedges of a Net Investment in a Foreign Operation
55. TFRIC 17	Distributions of Non-cash Assets to Owners
56. TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

57. TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
58. TFRIC 21	Levies
59. TFRIC 22	Foreign Currency Transactions and Advance Consideration
60. TFRIC 23	Uncertainty over Income Tax Treatments

These financial reporting standards and financial reporting standard interpretations do not have any significant impact on the financial statements. Except the new standards involve changes to key principles, which are summarized below:

**1) Financial reporting standards related to financial instruments**

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

**2) TFRS 16 Leases**

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

The Group has recognized the lease liabilities for lease contracts previously classified as operating lease. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at January 1, 2020, and for a lease that has previously been classified as a financial lease. The Company and subsidiaries recognized at its original book value before the first application.

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

Effective for fiscal years beginning on or after January 1, 2021 are as follows:

### **Thai Accounting Standards (TAS)**

1. TAS 1 Presentation of Financial Statements
2. TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
3. TAS 10 Events after the Reporting Period
4. TAS 34 Interim Financial Reporting
5. TAS 37 Provisions, Contingent Liabilities and Contingent Assets

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

6. TFRS 2 Share-based Payment
7. TFRS 3 Business Combinations
8. TFRS 6 Exploration for and Evaluation of Mineral Resources
9. TFRS 9 Financial Instruments

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

10. TSIC 32 Intangible Assets - Web Site Costs

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
	Dec. 31, 2020	Dec. 31, 2019	
KWC Logistics Company Limited	99.9996	99.9996	THAILAND
Krungdhep Document Company Limited	99.9991	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 Financial instruments**

##### **Measurement**

- Financial assets which are investments in Open-end Fund are measured at fair value through profit or loss.
- Financial assets which are equity instruments-marketable securities are measured at fair value through other comprehensive income.

##### **Impairment of financial assets**

- The Group has applied a simplified approach to determine the lifetime expected credit losses for trade account receivable.

#### **3.4 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.

### 3.5 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.

### 3.6 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

### 3.7 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.

### 3.8 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.

## **3.9 Leases**

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

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses. Depreciation is calculated by the straight-line basis over the shorter of the lease term and the estimated useful lives.

### **Liabilities under lease agreements**

On the date the lease starts to take effect the Group recognizes liabilities under lease contracts at the present value of the amount of the lease payments. Discounted by the interest rate implied by the lease agreement or the incremental borrowing rate of the Group.

### **Short-term lease and lease which the underlying asset is of low value**

The amount has been paid on less than 12 months since the lease commencement or the underlying assets is of low value, which recognized as expenses on the straight-line basis through the lease term.

## **3.10 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.

## **3.11 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.

## **3.12 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.

## **3.13 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, 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, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Cash	120,000	120,000	33,000	33,000
Deposit in banks	40,052,312	40,343,735	12,586,004	8,816,553
Total cash and cash equivalents	40,172,312	40,463,735	12,619,004	8,849,553

#### 5. OTHER CURRENT FINANCIAL ASSETS/MARKETABLE SECURITIES - AVAILABLE FOR SALE

PARTICULARS	BAHT	
	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2020	Dec. 31, 2019
Marketable securities - aggregate cost		
Beginning balances	2,367,209	2,367,209
<u>Less</u> Disposal during the years	-	-
Ending balances	2,367,209	2,367,209
Unrealized gain on investment revaluation	1,268,291	2,226,741
Marketable securities - fair value	3,635,500	4,593,950
Loss in revaluation of investments for the year	(958,450)	(330,500)

As at December 31, 2020, the marketable securities are equity instruments which are measured at fair value through other comprehensive income.

## 6. OTHER CURRENT FINANCIAL ASSETS/INVESTMENTS IN OPEN-END FUND

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Investments in Open-end Fund - Debt Securities	65,211,268	156,775,125	44,832,147	39,832,147
Allowance for adjustment investment value in Open-end Fund	1,362,529	2,050,035	1,341,963	1,144,561
Fair value	66,573,797	158,825,160	46,174,110	40,976,708

Investments in Open-end Fund are trading securities which are measured at fair value. Gains on investments in Open-end Fund incurred during the period were duly presented in the statements of income as follows:

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Unrealized gain (loss) on investments in Open-end Fund	(687,506)	574,710	197,402	117,000
Realized gain on disposal of investments in Open-end Fund	1,236,143	866,084	-	442,588
Gains on investments in Open-end Fund	548,637	1,440,794	197,402	559,588

## 7. TRADE AND OTHER CURRENT RECEIVABLES

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Trade receivables can be classified according to the aging of outstanding as follows :				
Post dated cheques	1,402,289	936,038	30,875	140,875
Current	27,931,963	24,131,317	13,541,789	12,702,811
Overdue within 3 months	26,912,033	31,147,146	-	-
Over 3 to 6 months	13,788,599	1,112,342	-	-
Over 6 to 12 months	6,919,547	636,546	-	-
Over 12 months	4,027,471	3,865,350	-	-
Total	80,981,902	61,828,739	13,572,664	12,843,686
Allowance for doubtful accounts	(5,290,400)	(4,542,831)	-	-
Trade receivables-net	75,691,502	57,285,908	13,572,664	12,843,686
Other receivables	3,258,584	3,353,208	527,887	531,623
Total	78,950,086	60,639,116	14,100,551	13,375,309

In 2020, the Company and subsidiaries apply a simplified approach to determine the lifetime expected credit losses.

### **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, 2020	Dec. 31, 2019
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 have book value of Baht 3.54 million and Baht 24.72 million respectively, total amount 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. This default occurred in 1997 and was fully reserved for the allowance for bad debts. This case was under process in the Legal Execution Department. Due to various creditors concerned, the subsidiary company was Creditor Number 17 which made searching for debtor's property consumed more time. At the present, the official receiver reported the case had already extended for 39 times for another 6 months started from 22 December 2020 to divide debtor's property. Progress would be followed up with the official receiver of the Legal Execution Department.

## 8. INVESTMENTS IN SUBSIDIARIES

SUBSIDIARIES	% HOLDING		BAHT	
			COST METHOD	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
KWC Logistics Co., Ltd.	99.9996	99.9996	12,163,389	12,163,389
Krungdhep Document Co., Ltd.	99.9991	99.9989	100,000,052	99,999,146
TOTAL			112,163,441	112,162,535

SUBSIDIARIES	TYPE OF BUSINESS	BAHT			
		PAID – UP CAPITAL		DIVIDENDS	
		Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
KWC Logistics Co., Ltd.	Warehouse and logistics	5,500,000	5,500,000	17,999,934	10,000,000
Krungdhep Document Co., Ltd.	Document storage and data management	100,000,000	100,000,000	39,999,560	39,999,524
TOTAL				57,999,494	49,999,524

## 9. 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, 2019	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
Purchases	-	-	5,251,575	893,450	281,346	6,426,371
Disposals/unused	-	-	(1,380,700)	-	-	(1,380,700)
Transfer in (out)	-	-	128,400	-	(128,400)	-
December 31, 2020	15,627,815	360,000	74,945,248	28,071,678	281,346	119,286,087
<b>Accumulated depreciation</b>						
January 1, 2019	-	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
Depreciation for the year 2020	-	-	2,007,186	578,177	-	2,585,363
Disposals/unused	-	-	(1,380,697)	-	-	(1,380,697)
December 31, 2020	-	359,999	58,432,230	23,631,570	-	82,423,799
<b>Net book value</b>						
December 31, 2019	15,627,815	1	13,140,232	4,124,835	128,400	33,021,283
December 31, 2020	15,627,815	1	16,513,018	4,440,108	281,346	36,862,288
<b>Fair value</b>						
2019						1,728,767,100
2020						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, 2019	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
Purchases	-	-	5,700,366	875,260	281,346	6,856,972
Disposals/unused	-	-	(1,387,200)	-	-	(1,387,200)
Transfer in (out)	-	-	1,121,690	-	(1,121,690)	-
December 31, 2020	131,387,309	18,619,271	79,750,741	27,427,331	281,346	257,465,998
<b>Accumulated depreciation</b>						
January 1, 2019	-	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
Depreciation for the year 2020	-	156,519	2,200,681	577,909	-	2,935,109
Disposals/unused	-	-	(1,383,011)	-	-	(1,383,011)
December 31, 2020	-	17,999,172	61,084,666	23,005,153	-	102,088,991
<b>Net book value</b>						
December 31, 2019	131,387,309	776,618	14,048,889	4,124,827	1,121,690	151,459,333
December 31, 2020	131,387,309	620,099	18,666,075	4,422,178	281,346	155,377,007
<b>Fair value</b>						
2019						1,916,070,000
2020						1,916,070,000

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Rental income from investments property	40,407,168	43,127,573	28,650,130	26,958,660
Direct operating expenses that generated rental income	4,829,435	8,167,107	3,698,070	7,254,325

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

## 10. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	BAHT									
	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, 2019	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
Purchases	-	-	27,404,023	2,154,308	237,325	3,490,277	5,153,506	372,804	129,900,417	168,712,660
Disposals/unused	-	-	(6,500)	-	(256,130)	(919,310)	(6,036,723)	-	-	(7,218,663)
Transfer in (out)	-	-	98,437,712	7,917,502	24,309,908	27,084	24,323	-	(130,716,529)	-
Transfer to right-of-used	-	-	-	-	-	-	-	(1,635,000)	-	(1,635,000)
December 31, 2020	115,759,494	18,218,771	537,005,880	38,942,326	93,995,277	31,526,165	57,976,205	870,970	1,039,000	895,334,088
<b>Accumulated depreciation</b>										
January 1, 2019	-	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
Depreciation for the year 2020	-	156,519	12,583,447	1,247,895	1,949,954	1,964,478	9,432,035	72,820	-	27,407,148
Disposals/unused	-	-	(2,314)	-	(256,127)	(893,020)	(5,995,378)	-	-	(7,146,839)
Transfer to right-of-used	-	-	-	-	-	-	-	(697,922)	-	(697,922)
December 31, 2020	-	17,639,173	186,571,983	17,769,595	33,275,445	23,996,333	36,340,531	513,524	-	316,106,584
<b>Net book value</b>										
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
December 31, 2020	115,759,494	579,598	350,433,897	21,172,731	60,719,832	7,529,832	21,635,674	357,446	1,039,000	579,227,504



PARTICULARS	BAHT					
	SEPARATE FINANCIAL STATEMENTS					
	Utility systems	Tools and equipment	Office furniture and equipment	Vehicles	Work in construction	Total
<b>Cost</b>						
January 1, 2019	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
Purchases	-	-	1,248,518	-	27,084	1,275,602
Disposals/unused	(256,130)	-	(1,500,389)	-	-	(1,756,519)
Transfer in (out)	-	27,084	24,322	-	(51,406)	-
Transfer to right-of-use	-	-	-	(1,635,000)	-	(1,635,000)
December 31, 2020	5,096,822	230,331	6,571,176	401,375	-	12,299,704
<b>Accumulated depreciation</b>						
January 1, 2019	5,125,611	137,489	5,656,500	906,366	-	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	144,114	4,399,616	1,099,296	-	10,830,095
Depreciation for the year 2020	56,741	17,666	939,571	-	-	1,013,978
Disposals/unused	(256,127)	-	(1,492,375)	-	-	(1,748,502)
Transfer to right-of-use	-	-	-	(697,922)	-	(697,922)
December 31, 2020	4,987,683	161,780	3,846,812	401,374	-	9,397,649
<b>Net book value</b>						
December 31, 2019	165,883	59,133	2,399,109	937,079	24,322	3,585,526
December 31, 2020	109,139	68,551	2,724,364	1	-	2,902,055

Some plots of lands are expropriated which currently waiting for the Bangkok Metropolitan Administration to inform the Company (see also Note 25).

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 year

2025. And KWC Logistics Company Limited's warehouse was built on the Company's land under the Lease Agreement with renewal right of every year.

# 11. RIGHT-OF-USE ASSETS

As at December 31, 2020, the right-of-use assets arose from the following:

PARTICULARS	BAHT	
	CONSOLIDATED	SEPARATE FINANCIAL STATEMENTS
Effects of the adoption of TFRS 16 as at January 1, 2020.	2,096,722	-
<u>Add</u> Increase during the period	12,688,173	-
Transfer from equipment	937,078	937,078
<u>Less</u> Accumulated depreciation	(3,277,521)	(192,930)
Net book value as at December 31, 2020.	12,444,452	744,148

## 12. INTANGIBLE ASSETS

PARTICULARS	BAHT		
	CONSOLIDATED		
	Computer softwares	Softwares during installation	Total
<b>Cost</b>			
January 1, 2019	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
Purchases	1,155,781	-	1,155,781
Unused	(1,976,047)	-	(1,976,047)
December 31, 2020	14,194,468	-	14,194,468
<b>Accumulated amortization</b>			
January 1, 2019	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
Amortization for the year 2020	1,627,662	-	1,627,662
Unused	(1,974,832)	-	(1,974,832)
December 31, 2020	9,970,303	-	9,970,303
<b>Net book value</b>			
December 31, 2019	4,697,261	-	4,697,261
December 31, 2020	4,224,165	-	4,224,165

PARTICULARS	BAHT
	SEPARATE FINANCIAL STATEMENTS
	Computer softwares
<b>Cost</b>	
January 1, 2019	3,708,656
Purchases	90,356
Unused	(378,093)
December 31, 2019	3,420,919
Purchases	155,250
Unused	(27,693)
December 31, 2020	3,548,476
<b>Accumulated amortization</b>	
January 1, 2019	2,230,357
Amortization for the year 2019	512,718
Unused	(378,058)
December 31, 2019	2,365,017
Amortization for the year 2020	397,384
Unused	(26,581)
December 31, 2020	2,735,820
<b>Net book value</b>	
December 31, 2019	1,055,902
December 31, 2020	812,656

### 13. TRADE AND OTHER CURRENT PAYABLES

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Trade payables	993,400	1,173,859	-	-
Other current payables	31,363,591	26,652,375	7,636,551	9,669,567
Total	32,356,991	27,826,234	7,636,551	9,669,567

#### 14. LONG-TERM LOAN

On July 15, 2020, the subsidiary has entered into a loan agreement with a financial institution for investing in the new warehouse which credit line amount Baht 100 million and guaranteed by Krungthep Sophon Public Company Limited (Note 26.2), the repayment will be paid completely within 4 years since commenced date of contract. The loan agreement has detail and condition as follow:

PERIOD		INTEREST RATE (PER ANNUM)	REPAYMENT CONDITIONS PER MONTH (BAHT)	
START	END		PRINCIPAL	INTEREST
1 <sup>st</sup> installment	35 <sup>th</sup> installment	MLR- 3.20%	2,800,000	Actual payment
36 <sup>th</sup> installment (last installment)		MLR- 3.20%	Payment of remaining balance	

PARTICULARS	BAHT
	CONSOLIDATED
	Dec. 31, 2020
Long-term loan	11,100,960
<u>Less</u> Current portion of long-term loan	(11,100,960)
Long-term loan-net	-

The subsidiary company has withdrawn the first loan on October 7, 2020. The first interest was paid in October 2020, and within the last day of each month for the next repayment, whereas the first principal has to pay within June 2021.

The portion of long-term loan due within one year was shown under current liabilities.

#### 15. LIABILITIES UNDER FINANCIAL LEASES

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Within one year	4,334,623	239,309	762,391	239,309
Over 1-5 years	9,147,368	743,983	-	743,983
Total	13,481,991	983,292	762,391	983,292
<u>Less</u> Deferred interest expenses	(854,256)	(27,835)	(7,183)	(27,835)
Total	12,627,735	955,457	755,208	955,457
<u>Less</u> Current portion of financial leases	(3,964,287)	(217,153)	(755,208)	(217,153)
Liabilities under financial leases-net	8,663,448	738,304	-	738,304

Financial lease contract liabilities are fixed for monthly payment which will be completed within 2025.

The portion of liabilities under financial leases due within one year was shown under current liabilities.

#### 16. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

FOR THE YEARS ENDED DECEMBER 31,	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2019	2020	2019
<u>Defined benefit obligation</u>				
Beginning balances	19,537,890	11,994,714	6,191,895	3,527,336
<u>Add</u> Current service cost	11,283,628	2,731,711	1,336,438	1,187,013
Past service cost	-	2,805,436	-	564,932
Interest cost	350,786	456,687	108,977	114,174
Actuarial (gain) loss from employee benefit plan	(2,575,914)	1,549,342	(1,460,701)	798,440
Transfer in provision for long-term employee benefits from subsidiary company	-	-	1,079,332	-
Ending balances	28,596,390	19,537,890	7,255,941	6,191,895

The principal assumptions used in determining the employee benefit liabilities are shown as follows:

PARTICULARS	RATES PER ANNUM			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Discount rate	0.32-1.57	1.57-1.8	1.46	1.76
Salary increase rate	3.0-4.5	6.0-6.5	3-5	6.0
Staff turnover rate (depending on age)	0-24	0-28	0-14	0-18

On April 5, 2019, the new Labor Protection Act, announced in the Government Gazette, that became 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).

#### **17. 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.

#### **18. GENERAL RESERVE**

The Company provided general reserve for using in general operation without specific objective.

#### **19. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION**

On April 7, 2020, the Board of Directors of the Company Meeting has approved the payment of interim dividends to shareholders at Baht 9.50 per share, to the shareholders of 6 million shares, totalling Baht 57.00 million. The interim dividend payment was made on May 5, 2020. On July 3, 2020, the Ordinary General Shareholders' Meeting was held and has acknowledged the payment of interim dividend to the shareholders and approved to pay directors' remuneration amounting to Baht 5.00 million.

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, 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.

## 20. EXPENSES BY NATURE

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Consumables used	6,070,560	6,701,087	-	-
Directors and management remuneration	18,336,192	15,920,875	18,336,192	15,920,875
Employee benefit expenses	135,139,555	121,211,589	13,325,938	13,884,761
Depreciation and amortization expenses	34,897,694	28,281,091	4,539,401	4,750,225
Plant and premises expenses	15,517,039	19,188,048	1,784,703	4,934,333
Tools and equipment expenses	7,580,882	8,402,617	945,041	915,125
Doubtful debt	747,569	512,487	-	-
Operating expenses	69,641,203	42,848,278	5,774,976	6,276,555
Finance costs	515,275	24,986	20,252	24,986
Total	288,445,969	243,091,058	44,726,503	46,706,860

## 21. INCOME TAX

Corporate income taxes of the Company and subsidiaries for the years ended December 31, 2020 and 2019 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, 2020 and 2019 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	
	2020	2019	2020	2019
The income tax for the years	22,603,423	25,778,863	2,993,485	2,027,148
Amortization of temporary differences	(1,476,179)	(86,231)	(248,139)	(349,305)
Income tax expenses	21,127,244	25,692,632	2,745,346	1,677,843

As at December 31, 2020 and 2019, the deferred tax assets (liabilities) arose from the following temporary differences:

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
<b>Accumulated of temporary differences in the statements of income</b>				
Unrealized gain on investments in Open-end Fund	(1,362,529)	(2,050,035)	(1,341,963)	(1,144,561)
Allowance for doubtful accounts receivable	5,290,400	4,542,831	-	-
Allowance for doubtful other short-term loans	24,719,263	24,719,263	-	-
Calculate depreciation difference from tax rate	(61,427,092)	(56,652,927)	-	-
Leases	183,283	18,379	11,060	18,379
Provision for long-term employee benefits	30,092,972	17,988,548	7,637,310	5,393,455
Liabilities from accrued land expropriation	3,894,000	3,894,000	3,894,000	3,894,000
Total	1,390,297	(7,539,941)	10,200,407	8,161,273
<b>Temporary differences in other comprehensive income</b>				
<b>- Recognized in other components of shareholders' equity</b>				
Unrealized gain on remeasuring in market securities	(1,268,291)	(2,226,741)	(1,268,291)	(2,226,741)
<b>- Recognized in retained earnings</b>				
Provision for long-term employee benefits	(2,575,914)	1,549,342	(1,460,701)	798,440
<b>Total</b>	(2,453,908)	(8,217,340)	7,471,415	6,732,972
<b>Deferred tax assets (liabilities)</b>	(490,782)	(1,643,468)	1,494,283	1,346,594

## 22. FOREIGN CURRENCY TRANSACTIONS

The subsidiary has liabilities denominated in foreign currencies which are not covered by any hedging as follows:

PARTICULARS	THOUSAND			
	CONSOLIDATED			
	December 31, 2020		December 31, 2019	
	FOREIGN CURRENCY	TRANSLATED TO BAHT	FOREIGN CURRENCY	TRANSLATED TO BAHT
<u>Liabilities</u>				
- PORTION DUE WITHIN ONE YEAR				
USD	-	-	0.48	14.41

## 23. 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 8)
KWC Logistics Company Limited	Subsidiary (Note 8)
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	
	2020	2019	2020	2019
<b>1. Cash at bank</b>				
- Related parties	34,951,207	36,300,905	12,469,197	8,560,354
<b>2. Investments in the Open-end Fund</b>				
- Related parties	66,573,797	158,825,160	46,174,110	40,976,708
<b>3. Trade receivables</b>				
- Subsidiaries	-	-	13,421,039	12,670,311
- Related parties	3,951,527	5,137,463	-	-
Total	3,951,527	5,137,463	13,421,039	12,670,311
<b>4. Other current receivables</b>				
- Subsidiaries	-	-	51,392	42,086
<b>5. Other current payables</b>				
- Subsidiaries	-	-	24,632	34,487
<b>6. Deposit received</b>				
- Subsidiaries	-	-	7,461,000	6,676,080

TRANSACTIONS IN STATEMENTS OF INCOME	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2019	2020	2019
<b>1. Rental income</b>				
- Subsidiaries	-	-	27,401,880	25,248,660
(Rental income is calculated on the space occupied at the rate mutually agreed in the contract.)				
<b>2. Storage fees income</b>				
- Related parties	17,438,230	15,972,517	-	-
(Storage fees income is calculated on the storage quantity at the rate mutually agree in the contract.)				

TRANSACTIONS IN STATEMENTS OF INCOME	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2020	2020	2019
<b>3. Income from sales</b>				
- Related parties	46,395	49,520	-	-
<b>4. Service income</b>				
- Subsidiaries	-	-	28,556,400	26,679,600
(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.)				
<b>5. Management fee income</b>				
- Related parties	13,773,809	13,092,370	-	-
(Management fee is calculated on cost plus margin.)				
<b>6. Dividend income</b>				
- Subsidiaries	-	-	57,999,494	49,999,524
<b>7. Interest income</b>				
- Related parties	82,169	166,047	29,291	50,382
<b>8. Other incomes</b>				
- Subsidiaries	-	-	493,527	478,114
<b>9. Cost of sales and services</b>				
- Related parties	2,854,127	2,483,490	189,307	191,926
<b>10. Administrative expenses</b>				
- Subsidiaries	-	-	573,524	568,397
- Related parties	763,153	625,483	349,400	298,696
Total	763,153	625,483	922,924	867,093

## 24. INFORMATION BY SEGMENT

Financial information by business segments.

For the year ended December 31, 2020	BAHT				
	Warehouse Segment	Document Storage Segment	Assets Rental and Other Segments	Eliminated Items	Consolidated Financial Statements
Rental income	39,258,918	-	28,650,130	(27,501,880)	40,407,168
Storage fees	-	319,061,144	-	(457,768)	318,603,376
Sale	-	6,830,382	-	(2,700)	6,827,682
Wharfage services	9,915,394	-	-	-	9,915,394
Services income	134,400	13,773,809	28,556,400	(28,556,400)	13,908,209
Total revenues	49,308,712	339,665,335	57,206,530	(56,518,748)	389,661,829
Cost of sales and services	24,392,218	191,969,261	4,269,365	(23,166,357)	197,464,487
Gross profit	24,916,494	147,696,074	52,937,165	(33,352,391)	192,197,342
Other incomes	2,217,383	603,566	58,938,238	(58,697,021)	3,062,166
Selling expenses	-	4,233,264	-	-	4,233,264
Administrative expenses and directors' remuneration	16,184,984	60,607,178	40,436,886	(30,996,105)	86,232,943
Finance costs	-	495,023	20,252	-	515,275
Income tax expenses	2,205,548	16,176,350	2,745,346	-	21,127,244
Profit for the year					83,150,782
Profit attributable to					
Equity holders of the parent					83,150,087
Non-controlling interests					695
Investments property-net	228,627	-	155,377,007	(118,743,346)	36,862,288
Property, plant and equipment-net	1,787,755	456,077,382	2,902,055	118,460,312	579,227,504
Intangible assets-net	10,965	3,400,544	812,656	-	4,224,165
Right-of-use assets-net	-	11,700,304	744,148	-	12,444,452

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

## 25. 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.

## 26. COMMITMENT

26.1 The Company and subsidiaries have commitment from letters of guarantee issued by commercial banks as follow:

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2019	2020	2019
Letters of Bank guarantee	20,409,146	25,155,764	458,400	458,400

26.2 As at December 31, 2020, 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	
Long-term loans	100	

26.3 Operating lease commitment and Service Agreement as follows:

The Company and subsidiaries have chosen not to recognize the usage rights assets. For short-term lease agreements, leases in which the underlying asset has low value or previous lease agreements are classified as operating lease agreements with the expiration of the lease term within 12 months.

As at December 31, 2020, the Company and its subsidiaries have commitments under lease and service agreements, in the consolidated financial statements amounting to Baht 15.40 million and in the separate financial statements amounting to Baht 0.42 million.

#### 26.4 Capital expenditure commitments

As at December 31, 2020, 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	321,000	-

### 27. 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:

#### 27.1 Accounting policies

Accounting policies are disclosed in Note 3 to the financial statements.

#### 27.2 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.

#### 27.3 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.

#### 27.4 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.

## 28. 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, 2020 and 2019 as follows:

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2019	2020	2019
Krungdhep Sophon Public Company Limited	1,262,908	1,061,566	1,262,908	1,061,566
Krungdhep Document Company Limited	2,031,452	1,844,922	-	-
KWC Logistics Company Limited	375,827	344,989	-	-
Total	3,670,187	3,251,477	1,262,908	1,061,566

## 29. 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	
	2020	2019	2020	2019
Debt-to-equity ratio	0.20 : 1	0.12 : 1	0.08 : 1	0.08 : 1

### **30. COVID-19 PANDEMIC**

COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. The Group's management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

### **31. FINE FEE UNDER DISCUSSION**

Krungdhep Document Company Limited (subsidiary company) has the Data Entry Project with Government Savings Bank for 24 months or 2 year-contract which started from June 26, 2019 to June 25, 2021. Due to a prove of staff qualification and Staff Personal Data File not in according to the contract, the Bank has issued the fine fee equal to Baht 19.00 million. As a result, the Bank has claimed to settle 3 payments (Periods 11,13 and 14) for hire of work in May, July and August 2020 with this fine fee. Refer to the fact in the contract and legal issues, Krungdhep Document Company Limited had sent the letter dated October 2, 2020 to the Bank for not claiming the damage because there was no damage occurred according to the above issues and the subsidiary company can deliver work to the Bank and was accepted by the Bank.

The subsidiary company has investigated the above issues and ensured that the conditions in the contract are correctly comply. However, the discussion term may consume time for conclusion. In order to comply with the Conservatism in Accounting, the subsidiary company decided to make fully amount Baht 19.00 million as administrative expense and recording as the fine fee under discussion in current liabilities.

### **32. EVENTS AFTER THE REPORTING PERIOD**

On February 17, 2021, the Board of Directors of the Company Meeting No.1/2021 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.

### **33. FINANCIAL STATEMENTS APPROVAL**

These financial statements were duly approved by the Company's directors on February 17, 2021.





## **บริษัท กรุงเทพโสภณ จำกัด (มหาชน)**

**KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED**

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