

**BRING  
FUTURE  
TODAY**

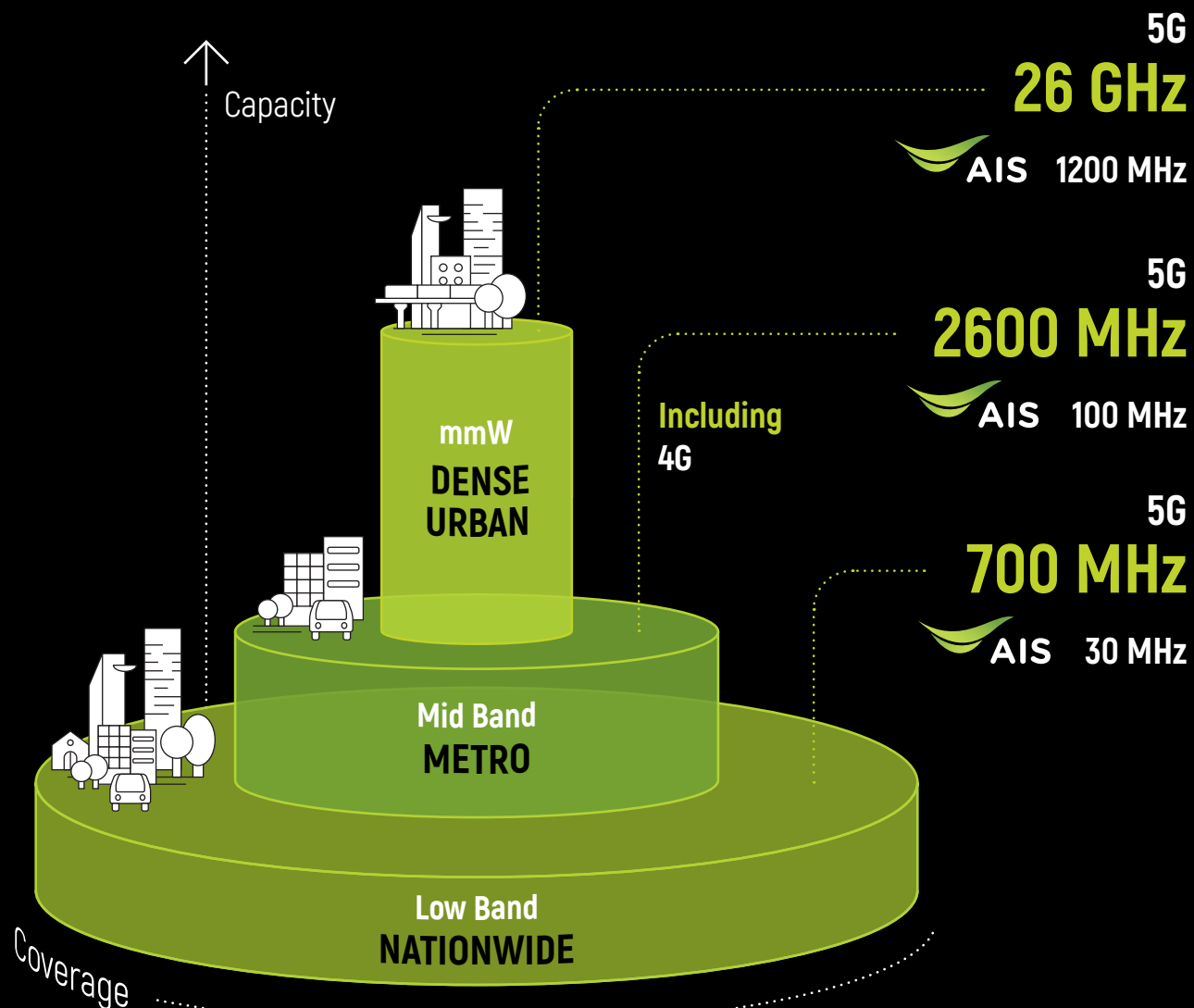
**5G**



# AIS 5G

BRING FUTURE TODAY

BEST-IN-CLASS  
5G SPECTRUM





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Further information of the Company could be found in the Annual Report 2019 (Form 56-2) posted on [www.sec.or.th](http://www.sec.or.th) and [www.ais.co.th](http://www.ais.co.th)

# COMPANY OVERVIEW





## VISION

# To Become The Most-Admired Digital Life Service Provider In Thailand.

## MISSION

To enhance people's lives through Digital Services.

- Deliver Superior Products and Services to Enrich People's Daily Lives and to Improve Enterprise Capabilities and Efficiency.
- Enhance Customer Intimacy Through The Best Customer Experience.
- Drive Intrapreneurship and Employees' Professionalism, and Promote a Positive, Lively and Agile Work Culture.
- Build Win-Win Growth to All Stakeholders.



## Message from Chairman of the Board of Directors and CEO

Dear Shareholders,

### Strengthen all Businesses Units



2019 was a good year for AIS in spite of the country's lackluster economic performance with a GDP of 2.4 percent, coupled with heavy competition in both mobile and fixed broadband businesses. AIS maintained its leadership position in mobile business with a revenue market share of more than 48 percent, highest in the industry. In the meantime, AIS Fixed broadband business or AIS Fibre, started 5 years ago, saw higher growth in revenue and subscribers among operators, exceeding the target of 1 million in 2019. Not only did AIS Fibre's market share rose to 10 percent in 2019, its net profit also turned positive for the first time. For enterprise business, acquiring CSL had strengthened AIS with comprehensive products and service portfolio. With our aim to lead one-stop ICT solutions, we have reorganized to better service enterprise customers and hence were able to stimulate solid growth in enterprise segment.

### Greater Quality and Bolster Digital Platforms



AIS, as a major telecommunications service provider, maintains a strategy of building upon its mobile customer base of over 42 million people to increase revenue. Towards this, we have continually invested in platforms to enhance our digital service. In 2019, our video platform, AIS PLAY, has continued to grow with 2 million active viewers based on both mobile and home broadband platforms. Additionally, we also expanded digital platform to serve online insurance service in cooperation with insurance companies as business partner. We also expanded into the eSports realm to support the gaming market. All of the aforementioned progresses are crucial for AIS in moving towards being a digital life service provider.

## Building Strengths as AIS Enters its Third Decade



Over the past 29 years, AIS has maintained its number one status by given precedence to customers, partners, and employees. We place customers at the heart of all our operations, delivering them only the best possible technology and responding to their needs. We believe that our future growth is based in cooperation with partners, especially in the coming 5G era, and we will need to collaborate with variety of industries to achieve progress. AIS also devotes great importance to its employees, supporting them to acquire new abilities in step with customer demands and to adapt to rapidly changing technologies.

Our goals for the coming 3-5 years, even as the number one company in mobile service industry, is to transition from being solely a telecom provider to a digital life service provider. This is because customers have access to all kinds of services online and we believe that they seek for services beyond just connectivity.

The first ring of the AIS business strategy is strengthening our core business, that is mobiles business. The second ring is to create a new revenue engine through fixed broadband business and enterprise business. The third ring are digital platforms, which will serve as a foundation to expand into other industries in the future.

Moving into the 5G era, AIS will be able to offer brand-new and distinct customer experiences, opening up to new business opportunities from emerging businesses and services. Over the past 1-2 years, AIS has tested 5G spectrum in preparation of bringing 5G technology to the Thai people. We placed our focus on developing digital and technological infrastructure as well as skilled resources to enhance business capabilities of various sectors and industries in Thailand.

## Building Sustainable Growth and Playing a Role in National Development



AIS was selected for listing among the Dow Jones Sustainability Indices (DJSI) in 2019, both on the World Market and Emerging Market indices, reflecting our vision and policies for sustainable business. By operating with mindfulness towards the economy, society and the environment, AIS has been able to perform with excellence as well as transparency. We have prioritized our customer data privacy, promoted E-waste management projects in the interest of the environment and supported the Digital Intelligence Quotient (DQ) of the Thai people while using our technologies to build a safe digital Thailand.

We thank all of our customers for their trust in our products and services, our partners for their resolute collaboration in response to our users' needs and our

shareholders for their commitment. We, the executives and staff of AIS, promise to work to our utmost capability towards the goals we have set and, most importantly, to care and reward all of our shareholders and stakeholders to the best of our ability, including being a part in our home nation developments.

Warm regards,

(Kan Trakulhoon)  
Chairman of the Board  
of Directors

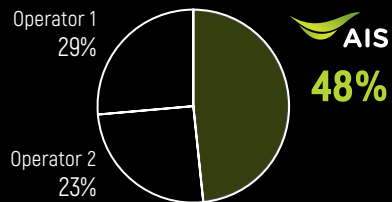
(Somchai Lertsutiwong)  
Chief Executive  
Officer



# Operational Highlight

## MOBILE OPERATOR LEADER

with a trusted brand  
and quality network



## LARGEST mobile operator with 42 MILLIONS SUBSCRIBERS

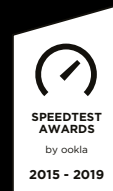
**48%**  
revenue market share

## AIS AS A DIGITAL LIFE SERVICE PROVIDER

through mobile, broadband and digital services

Best 4G Network Quality  
'Thailand Fastest  
Network' for  
**5 CONSECUTIVE  
YEARS**

by Ookla



THAILAND'S  
FASTEST  
MOBILE  
NETWORK

**#1 Customer Choice**  
Rated  
'THAILAND'S MOST  
ADMIRABLE BRAND  
& COMPANY'

by BrandAge



Top of Mind  
Service Excellence Rated  
'CUSTOMER  
RELATIONSHIP EXCELLENCE'

by APCSC (Asia Pacific Customer Service Consortium)



FIRST TO COMPLETE  
NATIONWIDE

**5G** speed test



**57 CITIES  
COVERAGE**

**100%**

fully fiber connection

MORE THAN  
**1 MILLION**  
SUBSCRIBERS



## GROWING CUSTOMER BASE



**86%**  
of AIS fibre subscribers  
are also mobile subscribers



## Growing Digital Service User Base for Long Term Profitability

### Enterprise Cloud



AIS and CSL combined to offer one-stop ICT services addressing enterprise customers needs.



### Internet of Things (IoT)



AIS jointly developed NB-IoT innovations nationwide connecting over 750,000 devices.



### Video



### Platform

Reached over

**2 million active users**

With free and paid contents including TV, movie, music and games.

### Mobile

### Payment



Rabbit Line Pay and mPay provide convenient payment services for individual and corporate customers.



## Awards and Recognition

AIS has been selected as a member of

### DJSI family for 2019

#### BOTH WORLD INDEX AND EMERGING MARKET INDEX

In the telecommunication services sector, receiving SAM Bronze Class Sustainability Award.



Selected as a constituent of

### the FTSE4Good Index Series

#### FOR 5 CONSECUTIVE YEARS

From demonstrating strong Environmental, Social and Governance (ESG) management.



FTSE4Good

Listed in

### Thailand Sustainability Investment Index

#### for five consecutive years

From ongoing long-term value creation to shareholders.





# Financial highlight

## Total revenue (Bt mn)

Decent growth in revenue contributed from all business units.

2019

**183,432**  
+8%

2018

**169,856**

2017

**157,722**

Mobile revenue improved from an increase in subscribers and ARPU

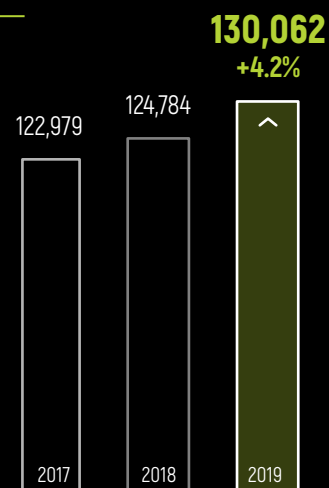
Fixed broadband revenue increased as the subscriber base reached 1 million

High enterprise business growth resulted from synergy with CSL

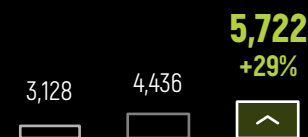
\* Based on financial performance excluding the effect from TFRS15 adoption



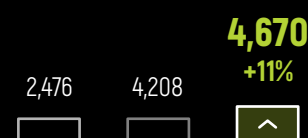
Mobile



Fixed Broadband



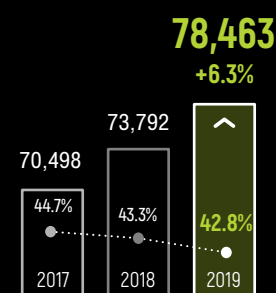
Enterprise and others



## EBITDA and Margin

(Bt mn, %)

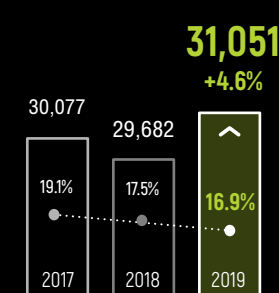
EBITDA improvement from revenue growth and efficient cost control.



## Net Profit and Margin

(Bt mn, %)

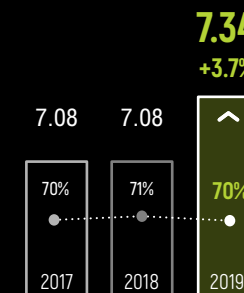
Deliver net profit growth despite competitive market and broadband business turn profitable.



## Dividend Payment

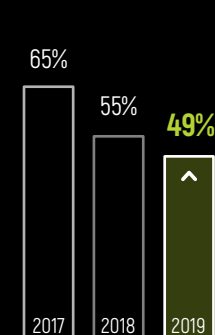
(Bt/share)

Continued to deliver an increased dividend per share and maintained payout ratio of 70%.



## Return on Equity

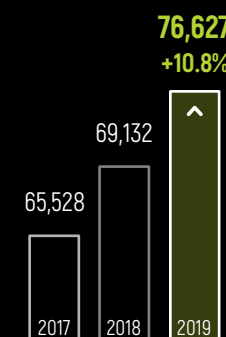
Deliver decent return to shareholders while continuing to invest for future.



## Operating Cash Flow

(Bt mn)

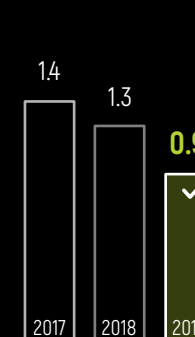
Strong operating cash flow to support network investment.



## Net Debt to EBITDA

(times)

Maintain strong financial flexibility for future growth.

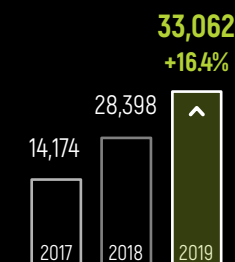


## Free Cash Flow

(Bt mn)

Operating cash flow after investments

Strong and rising free cash flow following solid operation while continue investing for business expansion.





# Financial Ratio Formulas

For the years ended 31 December

Consolidated financial statements	2017	2018	2019
<b>Liquidity Ratio</b>			
Current Ratio (time)	0.50	0.48	0.45
Quick Ratio (time)	0.36	0.35	0.34
Operating cash flow to current liability (time)	0.94	0.95	0.73
A/R turnover (time)	11	10	10
Collection period (day)	32	35	36
Inventory turnover (time)	7	7	7
Day sales period (day)	49	52	51
A/P turnover (time)	6	6	6
Payment period (day)	63	58	65
Cash Cycle (day)	19	30	22
<b>Profitability Ratio</b>			
Gross profit margin ratio (%)	42%	39%	38%
Operation income ratio (%)	26%	24%	23%
Other operating income ratio (%)	0.5%	0.5%	0.5%
Free cash flow to EBIT (%)	36%	63%	121%
Net profit margin (%)	19%	18%	17%
Return to Equity (%) Average	65%	55%	49%
Return to Equity (%) As at end	60%	51%	45%

Consolidated financial statements	2017	2018	2019
<b>Efficiency Ratio</b>			
Return on total assets (%)	11%	10%	11%
Return on fixed assets (%) <sup>/1</sup>	23%	22%	23%
Total assets turnover (time)	0.56	0.59	0.62
<b>Financial Policy Ratio</b>			
Debt to equity ratio (time)	4.63	4.04	3.17
Interest coverage ratio (time)	12.45	11.94	13.00
Debt service ratio (IR Basis) (time)	4.40	2.88	2.25
Dividend payout ratio (%)	70%	71%	70%
Data on per Share Capital			
Net book value per share (Baht)	16.96	19.40	23.34
Net Profit per share (Baht)	10.12	9.98	10.49
Dividend per share (Baht)	7.08	7.08	7.34
<b>Percentage Growth on</b>			
Total Assets (%)	3%	2%	-0.3%
Total Liabilities (%)	0.29%	-0.34%	-5.39%
Revenue from services & sales (%)	4%	8%	7%
Selling & admin. expenses (%)	-16%	5%	5%
Net Profit (%)	-2%	-1%	5%



# Key development towards sustainable growth

## Network innovation



1. Tested 5G technology at Samyan Mid Town to learn about 5G in a practical context testing out 3D hologram technology, long distance 3D image projection and communication, 5G VDO Calls, 5G Remote Controlled Vehicles, 5G Connected Drones and 5G Robotics among others.



2. Launched a test of 5G in the Central Region and ran a practical test, opening the trial to developers, educational institutes and partners in the Northeast interested in taking part in 5G technology.

3. Signed an MOU with Huawei, Nokia and ZTE to jointly study, exchange knowledge and experiment with 5G technology in terms of responding to industrial developments and bettering the lives of consumers.



4. Secured a license in the 700Mhz frequency band for 723-733Mhz as well as 778-788Mhz (2 x 10Mhz in width) for 15 years from reception worth a total 17,584 million Baht.





## Product and Services to meet digital lifestyle

1. Enhanced High-Speed Internet through 5 strategies focusing on top speed, coverage, E-Sports support, self-speed management and adjustment of the need for every customer.



2. Launched AIS Insurance Service, an online insurance brokering service that allows indication of travel information and coverage duration provided by an AIS affiliate (ADD) authorized by the Office of the Insurance Commission.



3. Renewed business focus of CS Loxinfo and changed its name to CSL while introducing the 3Ss strategy; 1. Data Center & Cloud Solutions 2. Managed Services 3. System Integration for every enterprise business operation.



4. Launched AIS eBiz Shop, an online storefront for AIS Business products and services.



5. Cooperated with Singtel to expand electronic payment service to Japan



6. Introduced the NB-IoT Motor Tracker solution to the auto insurance business with Thai Vivat Plc. using it to active and deactivate automobiles and calculate insurance premiums on actual usage.



## Expanding opportunities through social and environment development



7. Cooperated with Sansiri and Kamnanchul Farm to build Smart Barns controlled by the iFarm system, which manages temperature, soil moisture and PM2.5 as well as displays readings on a dashboard in real-time.



1. Established the Kaset Farm Suk technology learning center to serve as a source of knowledge on Smart Farmer approaches and use of the IoT or Intelligent Farm (iFarm) platform to more efficiently, accurately and conveniently manage farms.



2. Worked with public and private partners to organize "Green Paholyothin", a campaign on receiving E-Waste that pushed for the separation and proper disposal of E-Waste.



3. Organized the "Aun Jai CYBER" activity, inviting teachers from over 150 schools to receive training to enhance all 8 skills of their DQ (Digital Quotient).



# Award and Recognition

## Awards for Organization and Branding



1. **"Thailand's Most Admired Brand & Company"** award from BrandAge as a brand that won consumer's heart and is the most trusted brand.

2. **"The Most Prominent Telecommunication Brand in the World"** from Brand Finance, a world-renown strategic branding and brand value consultancy firm

3. **"No.1 Brand Thailand 2019"** award from Marketeer as the most popular brand in Mobile Operator sector.

4



4. **"Outstanding Brand"** award from the Annual Asia CEO Summit & Award Ceremony 2019 as an outstanding organization in Asia.

5. **"Best Practice Awards 2019"** in digital innovation development for Thai society from "Serving the Country with One Million Virtues Project" awarded by "For Thai Society Foundation."

6. **"The Best Accelerator and Incubator Program"** and "People Choice Award", for supporting startups that aim at economic and cultural development, awarded by ASEAN Rice Bowl StartUp Awards 2018.

7



9



7. **"Best Companies to Work for in Asia 2019"** award from HR Asia Magazine of Business Media International (Malaysia)

8. Honorable award **"Organization of The Year 2019"** in Information Technology and Communication from "Serving the Country with One Million Virtues Project"

9. **"The Best of DRIVE AWARD 2019"** as the leader in driving the country economy in Telecommunication and "DRIVE AWARD 2019 Excellence Technology" for the third consecutive years as the best organization in technological business.



## Awards for Products, Services and Marketing



11



10. **"Customer Relationship Excellence Awards 2019"** for the five consecutive years held by Asia Pacific Customer Service Consortium (APCSC). There were more than 100 Asia Pacific companies participated.

11. **"Outstanding Organization that support disabled Employees"** in 2019, for the fourth consecutive years since 2016, awarded by Department of Disabled's Quality of Life Promotion.

12. **"Fastest Growing VMware Cloud Provider of the Year 2018"** award for the second consecutive year in VMware Partner Executive Event as an enterprise-trusted Cloud service provider.

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13. **"Thailand IOT Services Provider of the Year"** award from Thailand Excellence Awards 2019 held by Frost & Sullivan.

14. **"Corporate insurance broker that support outstanding insurance policies for the people"** from Office of Insurance (OIC).

15. **"Most Engaged Official Account"** award as an Official Account that generated the most engagement and was the 'Most used sponsored stickers', as its branding sticker was most popular in Thai market.

## Awards for Societal and Sustainability



17



16. Selected to be a member of **"Dow Jones Sustainability Indices"** in both World Index and Emerging Market Index as of 2019

17. Awarded with **"Thailand Sustainability Investment"** (THSI) as of 2019 among the listed company with a market capitalization of more than Bt 100,000 millions for the fifth consecutive years.

# OUR BUSINESS

# Business Overview

AIS has operated as a telecommunications service provider for 29 years, starting in 1990 as a concessionaire endowed with the ability to utilize state frequencies under the 25-year Built-Transfer-Operate (BTO) agreement. In 2010, the National Broadcast and Telecommunications Commission (NBTC) was established and began permitting frequency licenses in 2012, marking a major turning point for the telecommunications industry in Thailand. The licensing scheme conforms to the global telecommunication regulation and supports fair competition as well as the development of new technologies such as 3G and 4G that better served the needs of consumers.

AIS remains committed to its vision of being “To become the most-admired Digital Life Service Provider in Thailand” and is looking to enhance daily living via digital technologies through the following missions:

1. Deliver superior products and services to enrich people’s daily lives and to improve enterprise capabilities and efficiency.
2. Enhance customer intimacy through the best customer experience.
3. Drive intrapreneurship and employees’ professionalism, and promote a positive, lively and agile work culture.
4. Build win-win growth to all stakeholders

## AIS, the Digital Life Service Provider

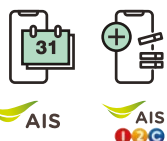


Today, we are a “Digital Life Service Provider” operating three core businesses, namely

### 1. Mobile Phones Business



4G/3G/2G mobile network service



Prepaid and postpaid service



Mobile phone sales



Roaming and international calls

**Mobile Phones Business**

**Fixed Broadband Business**

**Digital Service Business**

### 2. Fixed Broadband Business



Started in April 2018, the service provides high-speed home internet utilizing FTTx fiber optics as well as VDO platform.

### 3. Digital Service Business

Building on mobile phone and high-speed internet services, digital services are targeted to be a new and value added revenue source in the medium and long term in anticipation of a change in consumer behaviors and technology.



Video Platform



Enterprise Cloud



Mobile Money



Internet of Things



Other platforms

In 2019, AIS's total assets were valued at Baht 289,669 million with a market capitalization of Baht 633,287 million, ranked 4<sup>th</sup> on the Stock Exchange of Thailand.

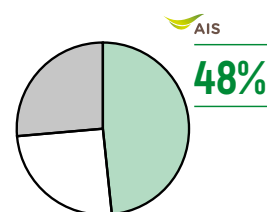
**AIS remained  
the largest mobile operator in Thailand.**

**Fixed broadband revenue in 2019,  
therefore, grew by 29% Year on Year.**

## Leading the Mobile Market

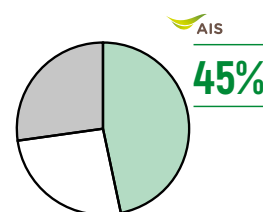


Revenue Market  
Share in 2019



Other operators are DTAC and True Move

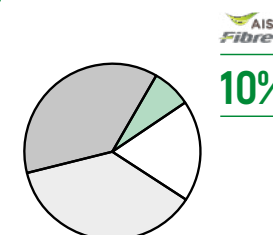
Subscriber Market  
Share in 2019



## Growing in the Fixed Broadband Market



Subscriber  
Market Share in 2019



Other operators are DTAC and True Move

At the end of 2019, AIS remained the largest mobile operator in Thailand, with a revenue market share of 48%, and a total of 42 million subscribers nationwide. The mobile phone services revenue still accounting for more than 71% of total revenue. In the past year, revenue in this area continued to grow by 4.2% YoY. With the mobile spectrum currently available to AIS, we are able to provide quality network services, including 4G, 3G and 2G technology, to over 98% of the population. Over the past year, AIS began preparing to enter the 5G era by carrying out research, and development of 5G technologies with its allies and partners, testing its technology network, technical capability, processes and service and utilization across different industries.

AIS started its fixed broadband business under the "AIS Fibre" brand, with the goal of creating a new source of revenue by leveraging the already established fibre network and the subscriber base from the Company's mobile business. Currently, AIS Fibre is available in 57 cities, covering 7 million households. AIS Fibre has penetrated the market using its strength in providing FTTH technology to connect households to the internet and is ready to support existing ADSL users wishing to upgrade to higher quality technology and the superior speed of up to 1 Gbps. Fixed broadband revenue in 2019, therefore, grew by 29% YoY, accounting for 3.7% of total service revenue. Currently, the total number of subscribers is 1,037,600, accounting for more than 10% of the fixed broadband subscriber market share.

Based on financial performance excluding the effect from TFRS15 adoption



## Building on Core Businesses with Digital Services



The third core business of AIS is Digital Services, which involves the development of services using digital technology in a variety of formats, including networks, service platforms and solutions, in order to create digital services for both our corporate and general customers. This is achieved via cooperation with our partners and the development of an integrated business ecosystem in which we grow and succeed together. AIS is currently focused on 5 main areas of business. These are VDO Platform, Business Cloud, Mobile Money, Internet of Things (IoT), and other platform services.

Our digital services are an important propeller enabling AIS to access new sources of revenue in the future in addition to current mobile internet charges. It also allows AIS to be an integrated player via the convergence of products and services from our three core businesses.

## Operating Under Licenses Regulated by the NBTC



The majority of AIS's businesses, particularly the mobile phone and fixed broadband businesses, operate under the regulation of the National Broadcast and Telecom Commission (NBTC), which is the regulatory authority formed in accordance with the Frequency Allocation Act 2010. AIS, through a subsidiary, was granted a telecommunications business license, as well as 2100, 1800 and 900MHz spectrum licenses. Moreover, AIS is partnering with TOT to utilize TOT's 2100MHz spectrum. This resulted in AIS having a total of 2x60MHz bandwidth for operations at the end of 2018. AIS is mandated to pay the license fee, Universal Service Obligation (USO) fees, and numbering fees to the NBTC amounting to around 4% of service revenue per year.

## Dividend Policy



The Company aims to pay dividend at least 70% of consolidated net profit twice a year. The first of which shall be paid as interim as a result of operation during the first half of the year as approved by the Board of Directors and will be reported to the next general meeting of shareholders whereas the remaining thereof as annual payment which shall be approved by shareholders' meeting as a result of operation in the second half year.

As regards each subsidiary, dividend payment shall be based upon its operating results, financial conditions and other material factors.

In all cases, dividend payment shall be depending on cash flow, investment plan including any other future obligations of the Company and/or subsidiaries. Such dividend shall not exceed the retained earnings of the Company financial statements nor adversely affect the Company and subsidiaries ongoing operations.

Historical Dividend in 5 consecutive years is as follows:

Historical Dividend	2015	2016	2017	2018	2019
Total Dividend Payment (Baht per share)	12.99	10.08	7.08	7.08	7.34
1. Dividend from the first-half-year operation	6.50	5.79	3.51	3.78	3.78
2. Dividend from the second-half-year operation	6.49	4.29	3.57	3.30	3.56
Dividend Payout Ratio	99%	98%	70%	71%	70%

Note: 2015-2016 information is based on former dividend policy 100% of net profit, while 2017 - 2018 dividend payout rate is based on current policy 70% of net profit.

# Securities Information

## Registered capital and Paid up capital

Registered Capital : 4,997,459,800 Baht divided by Common shares 4,997,459,800 shares and par 1 Baht per share

Paid up Capital : 2,973,178,632 Baht divided by Common shares 2,973,178,632 shares and par 1 Baht per share

## Top Ten Shareholders

(a) Top ten shareholders as of 19 August 2019, the record date to determine the right of shareholder to receive dividend, are as follow:

No.	Name	No. of shares held	% of shareholding
1.	INTOUCH HOLDINGS PLC	1,202,712,000	40.45
2.	SINGTEL STRATEGIC INVESTMENTS PTE LTD	693,359,000	23.32
3.	THAI NVDR CO.,LTD. <sup>1)</sup>	194,433,111	6.54
4.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	104,875,677	3.53
5.	SOCIAL SECURITIES	83,327,800	2.80
6.	STATE STREET BANK EUROPE LIMITED	64,711,718	2.18
7.	GIC PRIVATE LIMITED	20,431,500	0.69
8.	STATE STREET BANK AND TRUST COMPANY	18,812,113	0.63
9.	SE ASIA (TYPE B) NOMINEES LLC	12,366,447	0.42
10.	SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	11,849,688	0.40
<b>TOTAL</b>		<b>2,406,879,054</b>	<b>80.96</b>

Note:

1) The information of Thai NVDR Co., Ltd. Can be found the SET website ([www.set.or.th](http://www.set.or.th)). As of 19 August 2019, the shareholders of Thai NVDR are as follows:

	Name	Number of NVDR units	Percentage of investment
1.	STATE STREET BANK AND TRUST COMPANY	31,276,080	1.05
2.	STATE STREET EUROPE LIMITED	29,490,185	0.99
3.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	20,739,857	0.70
<b>TOTAL</b>		<b>81,506,122</b>	<b>2.74</b>



(b) Major shareholder whose behavior can influence when determining policy or handling operation, are

**1. Intouch Holdings Plc** holds 23.32% in AIS. Major shareholders of Intouch Holdings Plc. are as follows:

	Name	Number of shares	Percentage of investment
1.	SINGTEL GLOBAL INVESTMENT PTE LTD <sup>1)</sup>	673,348,264	21.00
2.	THAI NVDR COMPANY LIMITED <sup>2)</sup>	532,380,897	16.60
3.	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	320,283,660	9.99
4.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	128,425,755	4.01
5.	SOCIAL SECURITY OFFICE	43,537,600	1.36
6.	KRUNGSRI DIVIDEND STOCK LTF	38,737,100	1.21
7.	UBS AG LONDON BRANCH	28,245,994	0.88
8.	MR. PERMSAK KENGMANA	27,829,500	0.87
9.	STATE STREET EUROPE LIMITED	24,515,815	0.76
10.	KRUNGSRI DIVIDEND STOCK FUND	20,869,600	0.65

Remarks:

1) Singtel Global Investment Pte. Ltd. is an indirect subsidiary of Singapore Telecommunications Ltd.

2) The information of Thai NVDR Co., Ltd. Can be found the SET website ([www.set.or.th](http://www.set.or.th).)

**2. Singtel Strategic Investments Pte Ltd** holds 23.32% directly in AIS. The shareholder of Singtel Strategic Investments Pte Ltd is

No.	Name	% of shareholding
1	Singtel Asian Investments Pte Ltd*	100.00

\* Singtel Asian Investments Pte Ltd is 100% hold by Singapore Telecommunication Limited (Source: Accounting and Corporate Regulatory Authority (ARCA), Singapore as of 31 December 2019)

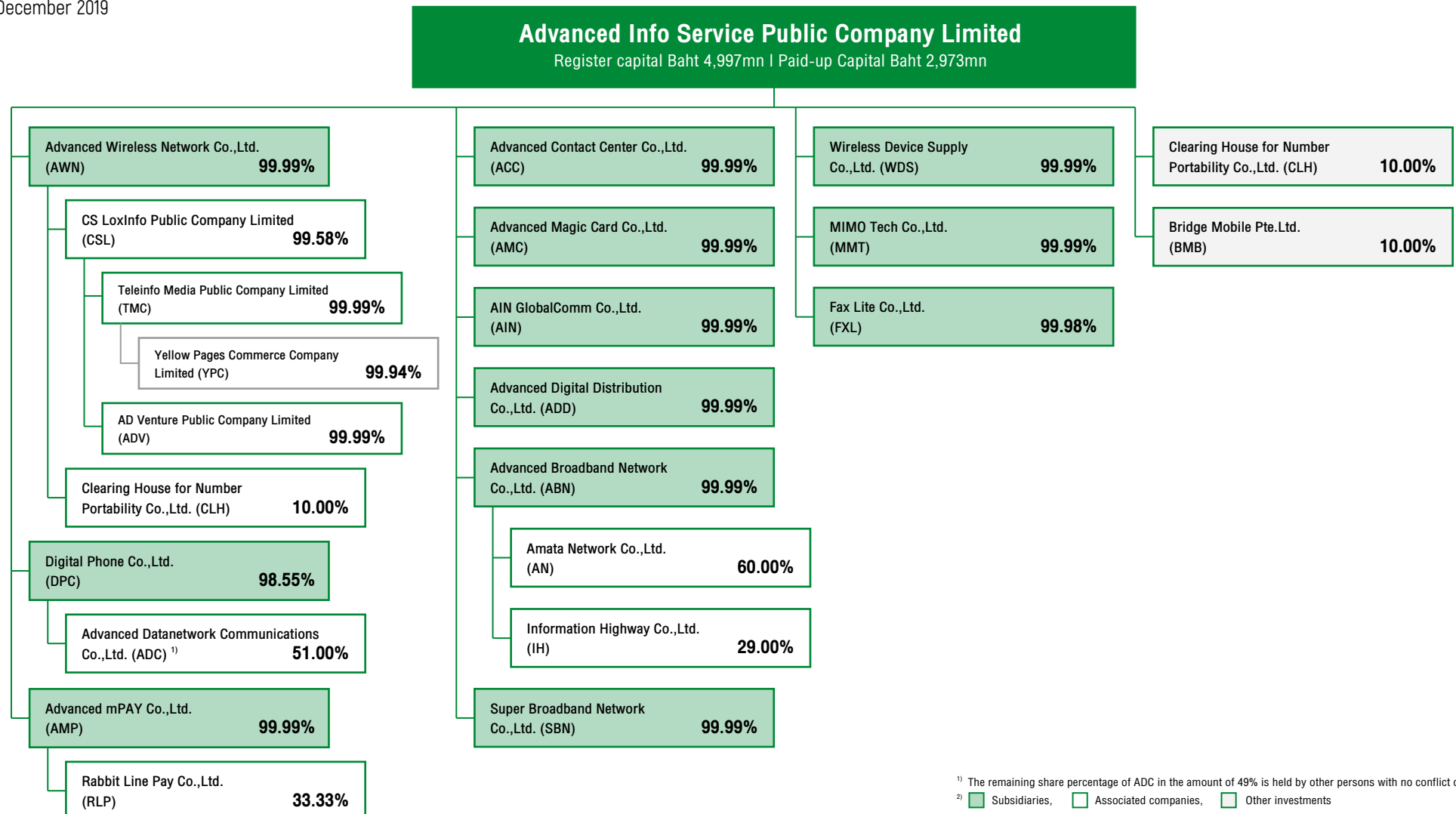
(c) Agreements between major shareholders and the Company concerning topics which affect the issuance of securities or management of the Company's operations.

**- None -**



## Investment structure of AIS group

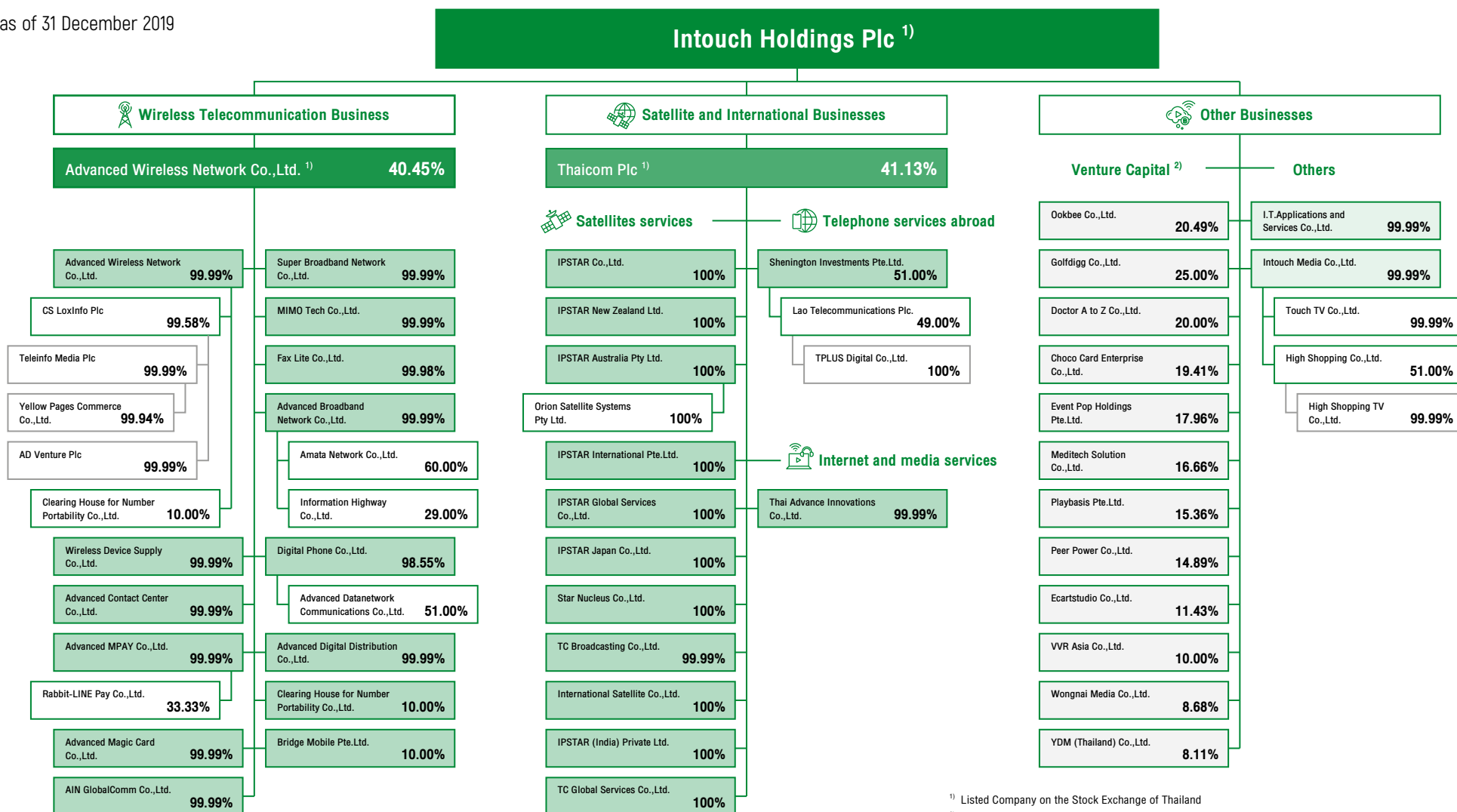
31 December 2019





## Investment structure of the mother company (INTUCH)

as of 31 December 2019



<sup>1)</sup> Listed Company on the Stock Exchange of Thailand

<sup>2)</sup> Excluded investment in debt security

<sup>3)</sup> INTUCH has a stake of 52.92% in ITV, which ceased operations, and there are ongoing disputes with the Permanent Secretary of the Office of the Prime Minister.



# Executive Committee Report

The Executive Committee comprises of four (4) highly experienced members namely Mr. Allen Lew Yoong Keong as Chairman, Mr. Gerardo C. Ablaza, Jr., Mr. Somchai Lertsutiwong and Mr. Anek Pana-apichon as members.

In 2019, the Executive Committee held a total of eleven (11) meetings and performed its duties in accordance with the authorities and responsibilities in its Charter. The summary of the Executive Committee's performance for the year 2019 are substantially as follows:

1. Reviewed and concurred with the Company's strategic direction, management structure, and annual business plan and budget and proposed to the Board of Directors for approval.

2. Monitored the financial and operational performance of the Company and reported to the Board of Directors for acknowledgement.

3. Considered, provided opinions and concurred with dividend payment and the execution of investment transactions and proposed to the Board of Directors for approval.

4. Prepared this Executive Committee Report for the year 2019 and disclosed in the annual report.









Mr. Allen Lew Yoong Keong  
Chairman of Executive Committee

-



# Nature of Businesses

## Revenue Structure by Service Type

	2017 •		2018 •		2019 •	
 <b>Mobile Phone Business Revenue</b>	<b>122,979</b> Baht million <b>77.97</b> Percent		<b>124,784</b> Baht million <b>73.46</b> Percent		<b>130,062</b> Baht million <b>70.90</b> Percent	
 <b>Fixed Broadband Business Revenue</b>	<b>3,128</b> Baht million <b>1.98</b> Percent		<b>4,436</b> Baht million <b>2.61</b> Percent		<b>5,722</b> Baht million <b>3.12</b> Percent	
 <b>Other Services Revenue</b>	<b>2,476</b> Baht million <b>1.57</b> Percent		<b>4,208</b> Baht million <b>2.48</b> Percent		<b>4,670</b> Baht million <b>2.55</b> Percent	
 <b>Core Services Revenue</b>	<b>128,583</b> Baht million <b>81.53</b> Percent		<b>133,429</b> Baht million <b>78.55</b> Percent		<b>140,454</b> Baht million <b>76.57</b> Percent	
 <b>Interconnection (IC) and Equipment Rental Revenue</b>	<b>4,364</b> Baht million <b>2.77</b> Percent		<b>10,576</b> Baht million <b>6.23</b> Percent		<b>13,557</b> Baht million <b>7.39</b> Percent	
 <b>Service Revenue</b>	<b>132,947</b> Baht million <b>84.29</b> Percent		<b>144,005</b> Baht million <b>84.78</b> Percent		<b>154,010</b> Baht million <b>83.96</b> Percent	
 <b>SIM and Device Sales Revenue</b>	<b>24,775</b> Baht million <b>15.71</b> Percent		<b>25,851</b> Baht million <b>15.22</b> Percent		<b>29,422</b> Baht million <b>16.04</b> Percent	
 <b>Total Revenue</b>	<b>157,722</b> Baht million <b>100.00</b> Percent		<b>169,856</b> Baht million <b>100.00</b> Percent		<b>183,432</b> Baht million <b>100.00</b> Percent	

Based on financial performance excluding the effect from TFRS15 adoption

## Products and Services

Today, AIS is operating 3 core businesses, the key products and services of which can be summarized as follows:

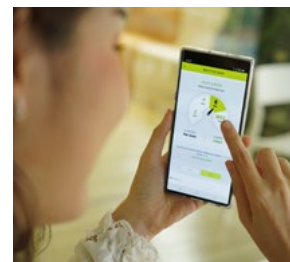
### 1. Mobile Business



AIS operates 4G/3G/2G mobile services, deployed on spectrum for telecommunications business licenses granted by the NBTC. AIS currently has a total of 2x60MHz spectrum capacity, which consists of 2100, 1800 and 900MHz bands. Also, in 2019, AIS has applied for the allocation of 700MHz spectrum and has the right to obtain license to use them starting from last quarter of 2020 unless otherwise stated by the NBTC. AIS's mobile network covers 98% of the population and provides more than 100,000 AIS Super Wi-Fi access points. AIS also applied Wi-Fi 6, the next generation standard technology that improves connectivity, speed, and reduce interference, together with the development of AIS NEXT G or combination of Wi-Fi and 4G.

AIS provides mobile phone calling and internet services in both prepaid and postpaid formats. At present, AIS has a total customer base of 42 million subscribers nationwide, with 9.1 millions of these being postpaid subscribers and another 32.9 prepaid subscribers. For this year, AIS issue postpaid package, NEXT G FLEXI SPEED, allow customer to configure the speed through "MY AIS APP" according to the preferred data usage. Moreover, AIS provide "READY2FLY"

additional roaming internet package to serve existing customers without having to buy a new SIM for their need of internet usage across the country. Additional information about these products can be found at [www.ais.co.th](http://www.ais.co.th)



### 2. Fixed Broadband Business



AIS has been offering fixed broadband home services under the AIS Fibre brand in 2015, providing services using fibre optic technology. Thanks to investing in fibre optic networks that build upon our current networks used for mobile phone services, AIS Fibre has been able to expand its network quickly, currently covering more than 57 provinces nationwide and serving 1 million subscribers.

This year, AIS Fiber worked to ensure the quality of service beyond just speed and stability with the focus to deliver good coverage throughout every room of the home by presenting the SUPER MESH x 3 package, built around MESH WiFi equipment that creates a network throughout the abode. AIS Fiber also devoted attention to E-Sports clients, providing them the Dual Bandwidth option, allowing for separation between home internet usage and gaming usage for improved speed, stability and latency. Other than high speed internet, AIS Fibre offers a world-class content packages allowing customers to view content such as movies, sports and other entertainment via the AIS PLAYBOX. We also aim to offer convergence products combining a wide variety of services in a single package, including home internet, mobile internet, world-class content viewing, and unlimited AIS Super Wi-Fi usage. Additional details can be found here [www.ais.co.th/fibre](http://www.ais.co.th/fibre)



### 3. Digital Service Business



In 2019, AIS continued to develop its digital services in order to generate new sources of revenue and to reach our aim of becoming a complete digital life service provider. To achieve this, an emphasis was placed on working with partners who have expertise in each type of service. AIS's digital service business focuses on 5 main areas as follows:

- **Video Platform**

AIS has launched its TV and video distribution services, including various types of entertainment, such as movies, TV dramas, music, karaoke, and games, via the AIS PLAY application, available on both mobile phones and tablets. The service is also available on AIS PLAYBOX via the AIS Fibre service. Additionally, in 2019, AIS increased interest in E-Sport by offer worldwide E-sport streaming channel via AIS PLAY and AISPLAYBOX.

**AIS joined with partners to provide OTT services offering a wide variety of content**, such as movies, Hollywood series, HOOQ, Netflix, Korean TV programs and drama series via ViU, and world-class NBA basketball, as well as Free TV channels and digital and satellite channels. These are available in the form of both live broadcast and video-on-demand, and can be accessed via both the AIS PLAY and PLAYBOX platforms. Details of the service can be found on our website at <http://www.ais.co.th/aisplay/> and <http://www.ais.co.th/playbox/>

- **Enterprise Cloud**

AIS together with CS Loxinfo, a subsidiary which was rebranded as CSL, aims to create a One-Stop ICT Service with the 3S focuses, comprised of **S-Solutions** that serve Data Centers, the Cloud and ICT, **S-Services** providing complete managed service and **S-System Integration** to support the needs of enterprise customers facing digital transformation by providing products and services in cooperation with relevant world-class partners.

CSL has 9 locations of data center providing services to clients across all regions in Thailand . The data centers have certification of international standard including **ISO 9001, ISO/IEC 20000-1, ISO/IEC 27001, ISO 22301, ISO 50001, ISO 14001 and CSA Star**. CSL is a Carrier Neutral Provider, which allows it to serve as a hub for Internet Exchange, under the name CSL Thai-IX. CSL Thai-IX serves both domestic and international businesses such as IP Transit providers, OTT and various Content service providers, allowing for an efficient and cost effective connectivity and data exchange compared to overseas connections.

Apart from working with world-class Cloud service providers, AIS and CSL also develop Hybrid Cloud Solutions to serve the need of multiple type of cloud services, from Private Cloud and Public Cloud to On-Premises Cloud



solutions. More details on AIS cloud and CSL can be found at <http://business.ais.co.th/cloud/index.html> and <https://www.csl.co.th/csl/>

#### • Mobile Money

In supporting the national policy on the development of National E-Payment infrastructure towards achieving a cashless society, this year, AIS joined with both domestic and international partners to launch cross border mobile payment, allowing customers travelling abroad to transact based on local currencies, effectively eliminating concerns over exchange rates or the need to carry cash during travels.

AIS also provides the mobile money service platform for both corporate customers via mPay (B2B) and for general customers via a joint venture company, Rabbit LINE Pay (B2C). mPay provides a comprehensive mobile payment platform for corporates who seek to have a mobile electronic wallet offered to their customers, while bypassing the hassle operation of mobile payment system and operating license. More details can be found at [www.ais.co.th/mPAY/gateway](http://www.ais.co.th/mPAY/gateway)

#### • IoT or Internet of Things

In building the IoT services, AIS focused on creating an IoT ecosystem covering equipment, networks, platforms, business solutions and developer communities from public and private alliances formed through the AIS IoT Alliance Program (AIAP). This responds to the rising growth of large, medium and small enterprises transitioning to the digital era and looking to incorporate IoT capabilities into their businesses such as finance, logistics, real estate and Smart Cities.

In 2019, AIS expanded its NB-IoT network nationwide to capture the opportunity of IoT service. The number of IoT devices connected via the AIS network for businesses grew to over 750,000. The IoT development involves partnering for new business models as well as business applications. An example of our IoT commercial service this year was the solution that AIS worked with Thai Vivat Insurance Company to build the NB-IoT Motor Tracker, a usage based insurance (UBI) solution.

As the development of IoT into business is relatively new, AIS also places importance on supporting and jointly



developing IoT innovations with different organizations. In the past year, AIS joined the IoT Association of Thailand and Sri Patum University to organize Thai IoT International Conference, Thailand's first national academic gathering on IoT. We also setup AIS Playgrounds in various universities to serve as incubation centers allowing for development on real environment. Through our continued development of the IoT ecosystem, AIS was awarded the 2019 Thailand IoT Services Provider of the Year recognition by Frost & Sullivan, and the Best Practices Award in IoT for 2 consecutive years. More information about our IoT services can be found on our website at <http://business.ais.co.th/iot>



#### • Digital Marketing

In cooperation with AD Venture and Teleinfo Media (an affiliate of AIS' subsidiary CS Loxinfo), we utilize AD Venture's online advertisement capabilities, and leverage upon AIS 41 million customer base to provide digital marketing solutions for corporate customers in enhancing their accessibility to consumers in digital era. Our digital marketing platform includes location base SMS platform that allows for advertising of targeted areas, and Thailand Ads Network, or THAN, a collection of ad space on Thailand's 100 most popular websites offering a major digital marketing tool to clients. The digital marketing solutions comprises of digital content creation, website & mobile application development, social media management, digital advertising media management and turnkey marketing campaign solutions.

#### • Small and Medium Enterprises (SME)

AIS serves small and medium enterprises (SMEs) segment by providing targeted products and services i.e. mobile phones & packages for business communication, online business solution, AIS Fiber broadband services, IoT & software solutions.

AIS also provides privileges specific to SMEs under the AIS Biz Up program, which comprises benefits and special features customized to match the lifestyles of business owners and employees of SMEs. The privileges include products and services from AIS and its partners, discounts from leading businesses, free trials or special pricing and business knowledge sharing for SMEs. More information about our SME solutions can be found at <http://business.ais.co.th/sme> and about Biz Up at <https://business.ais.co.th/bizup>

## Distribution and Sale Channels

AIS distribution channels are divided into 4 main categories as follows:

**1. AIS Shop:** These are service centers managed by AIS and selected high potential distributors, in total of 191 branches nationwide. AIS Shops offer the most comprehensive range of products, services, and after sales services when compared with other channels. AIS Shops strategically locate in densely populated urban areas and have focus on maintaining a positive image of AIS products and its services.

**2. Distributors:** AIS partners with a number of distributors targeting at different customer segments throughout the country. Our distributors includes "AIS Telewiz" which operates under AIS brand and provides service at more than 431 locations in key city areas. "AIS Buddy" distribution partners provide access to district and sub-district areas through more than 1,179 branches. AIS also distributes our products and services through other retail outlets and modern trade retailers, such as Jaymart, Computer System, Ibis Plus Network, and Tesco Lotus.



## Customer Relationship Management (CRM)

**3. Direct Sales:** AIS also distributes through the AIS Direct Sales team, with an emphasis on postpaid customers, targeting more effectively to selected customer segments, for example, via sales booths or through activities organized in target group areas. AIS supports the direct sales team with the "AIS Easy App", in sales and registration as well as services to customers more effectively.

**4. Online Channels:** Focused on promoting customer self-service, the online channels include AIS website, AIS Online Store, myAIS application, kiosks, as well as transactions made through various electronic channels, such as ATM, USSD, Chatbot, IVR and social media, etc.

Aiming to provide leading digital services, we deliver the service concept of being the "No. 1 service with heart, for a digital lifestyle". Our service approach focuses on attentive detail and high level of care combining technology with a distinctive human touch in order to deliver speed, convenience, personal data security, self-service and personalization. We work to excel in best customer experience by differentiating our services and enhances digital technology into service operations. Our CRM can be categorized into the following 5 key areas:

1. Leverage digital technologies into customer service, including:

1.1 "Full-E" service covers a full range of services, including checking usage and outstanding payment, billing and payment, as well as receipt, all of which are available through the myAIS application. The application helps easing customer issues, such as losing a bill, missing payment, inconvenient payment station and checking usage record. The "Full-E" service comprises the following features.

- eBills: provides billing information and SMS alert for payment.

- ePay: enables online payment via bank applications, "Rabbit LINE Pay" electronic wallet, and direct debit via banks' credit cards.
- eReceipt: provides viewing of historical record of receipts up to three months.

1.2 Use of Face Recognition to enhanced protection of personal data for customers' new registration through sales channels as well as embed in self service capability in order to validate customer identity.

1.3 "Ask Aunjai", the virtual agent developed through a combination of Artificial Intelligence (AI), Chatbot technology and a Smart Knowledge Base, is able to respond 24 hours to queries from customers online and via social media such as on the AIS website, its Facebook page and on the myAIS application. Such AI Chatbot is also developed with the focus on replicating human touch in corresponding to customers. It also handles end-to-end solution from handling complaints, issue analysis, suggestion and action through the Digital Self Service system, AIS point redemption, present monthly AIS Privileges and even recommend films and music on AIS Play.

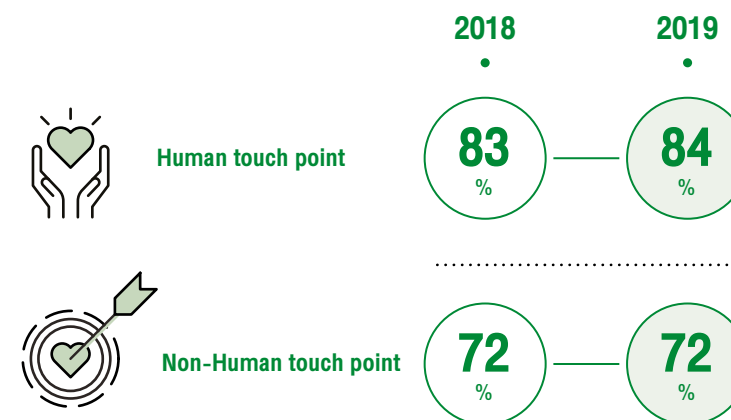
2. "AIS Privileges" is another channel for managing customer relations in cooperation between AIS and its partners. This year, AIS continued to match its customers lifestyles in every dimension with the "7 Wonderful Moments with AIS Privileges" program, which included Coffee Time at famed local cafes across the country at a 10-50% discount, Dining Time offering discounts up to 50% at popular restaurants, Family Time providing privileges for the entire family, Entertaining Time with theater viewings for only 80 Baht, Shopping Time providing privileges at major retailers, Traveling Time enhancing trips and Lucky Time 4 Points, a raffle with AIS. So far, AIS has acquired 28,000 partners offering privileges nationwide and records 17 million uses of such privileges a year. Customers can also use the AIS Points they collect from service usage to receive discounts on LINE Stickers, join raffles for special prizes, discounts on phone packages, internet and even new mobile phones. At present, there are 13 million numbers signed up for the AIS Points program with some 28 million redemptions a year.

3. "AIS Serenade" is a privileges program for the top and longest users of AIS services and was created to retain long term customers. Serenade has been active for 15 years and focuses on 3 factors in particular, 1. Attention to customer demands, 2. Acquiring partners to respond to new demands and 3. Use of technology in all dimensions. The service concept of the program is "The Ultimate Life Experience" and through continual study of customers, we

segment our privileges program into 4 groups, 1. Special Experience (Serenade Club, Personal Assistance, Parking Services, Privileges at the Airport), 2. Digital Life (discounts on smartphones, gadgets), 3. Energy and Inspiration (Gen C athletes, business oriented inspiration rallies) and 4. New Experience (travel and dining). The groupings have helped AIS better address the needs of its 5.2 million Serenade customers.

4. In our striving for the best customer experience, we build-in analysis and insight of consumer behaviors into our marketing tools, an approach to build value for our customers called customer value management (CVM). Such analytic approach allows us to customize product and service presentation to each customer and increase consumer satisfaction.

5. AIS observes customer satisfaction across numerous platforms, including telephone ratings, surveys in our service shops, as well as questionnaires arranged by contracted external agency. These ratings refer to the quality of services on offer from AIS, whether in our shops, at our dealerships, or through our automated service machines, as well as measuring the likelihood of our customers suggesting AIS and our services to others. These data are used to constantly develop every facet of the services we provide. From our survey, the customer satisfaction levels are as follows:

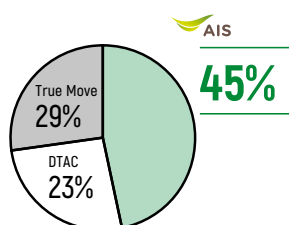


# Industry Competition in 2019 and Outlook for 2020

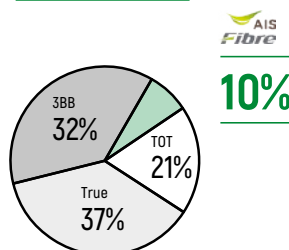
## Industry Conditions and Competition in 2019

Subscriber market shares in mobile and fixed broadband businesses

Subscriber Market Share in 2019



Subscriber Market Share in 2019



## Mobile phone business growth due to continued increase in 4G usage

The year 2019 saw continued growth in the mobile market overall. Total industry revenue for 2019 was approximately Baht 330 billion, with a growth of 4%. This compares to the previous year's growth of 2%, and was also higher than the 2019 GDP growth of 2.4%. Currently, there are more than 92 million subscribers in the market, an increase of 2%, with mobile phone penetration rates for Thailand at approximately 140% of the population. While the overall industry prepaid users remained about the same, the number of postpaid users grew by about 9%, due mostly to the popularity of postpaid package with mobile phone discount campaigns and data plan that is more suitable for 4G usage. As a result, the proportion of postpaid numbers per total industry numbers grew from 24% last year to 26% this year, and the total number of 4G customers accounted for about 66% of the total market, up from below 60% in 2018.

This increased 4G usage, coupled with price competition and package price adjustments throughout the previous year, has resulted in the ARPU for the entire industry at the end of 2019 growing. Competition was mainly around data price plan with some improvement from the previous year. However, there remained to be offering of fixed-speed unlimited data plans. Bundling attractive discounts on mobile handset with data plan have remained a key strategy for operators in drawing customers looking to purchase handsets in conjunction with postpaid packages.

## Industry Trends in 2020

### Spectrum allocation as a starting point in preparation for 5G technology



In June of 2019, the NBTC (National Broadcasting and Telecommunications Commission) awarded 700MHz spectrum licenses to AIS, DTAC and TRUE. Each of the three service providers was allocated 2x10MHz bandwidth, providing a starting point for their preparations for soon-to-come 5G technology over the next 1-2 years. Usage of the allocated spectrums can begin with the first payment installment around the end of 2020, unless otherwise determined by the NBTC. The 700MHz spectrum is a standard low-band frequency for 5G, which has outstanding features in terms of coverage, thus allowing service providers to offer 5G services with excellent coverage. As a result of the aforementioned allocations, the payment period for 900MHz licenses has been extended until 2025.

### Fixed broadband market upgrades speed to 200-300Mbps



Throughout 2019, the fixed broadband market continued to see revenue growth with the customer base for fixed broadband connectivity growing from 9.2 million households in 2018 to more than 10 million households in 2019, representing an 11% growth this past year. This

means that the number of households in Thailand with fixed broadband connectivity has grown from 43% in 2018 to approximately 47% in 2019 as the demand for internet connectivity in residential areas continues to increase.

Nonetheless, total industry revenue saw a growth of only 2%, with a total value of approximately Baht 58 billion due to intense price competition. Throughout the past year, all service providers continued to offer steep half-price discounts in order to prevent existing customers from canceling or changing service providers, as well as to attract new customers. Discount campaigns were also utilized in an effort to appeal to customers from other service providers. Although an entry industry price remained in a range of Baht 500-600 per month, service providers continued to upgrade internet speeds from 50 Mbps to 200 Mbps towards the end of the year. Besides, service providers began offering packages with speeds of 1 Gbps for more affordable prices at Baht 800-1,000. As a result, industry ARPU saw a decrease from the previous year. Service providers with other available services apart from high-speed internet also continued to offer convergence packages to customers, combining a variety of services into the same package, including high-speed internet, internet SIMs for mobile phones, and content, with the aim of generating long-term quality customers.

### Investment in 5G technology to create new business models and revenue sources



In December of 2019, the NBTC officially announced the rules and procedures for awarding the license of frequency spectra for mobile telecommunications businesses in the 700 MHz, 1800 MHz, 2600 MHz and 26 GHz spectrum. These procedures contain details of each type of spectrum license, starting price, payment terms and conditions, etc. Each spectrum comes with a 15-year license period and the auction will be held on February 16, 2020. Mobile service providers have been actively preparing for 5G technology, in collaboration with equipment vendors, universities and partners in different industrial sectors, through research and development, testing, and trial of potential commercial use cases. Business alliances are also being sought out for the creation of new business models that will support growth across a variety of industries. For consumer market, 5G technology is designed support high-definition video streaming services, cloud gaming, and the provision of interactive content driven by augmented reality/virtual reality (AR/VR). For the business market, there are potential new services that address various industries, including the manufacturing, service, and agricultural sectors, with services such as automated manufacturing process, remote control machinery, smart home solutions, etc. In



the early stage, the expansion of 5G network is expected in the Eastern Economic Corridor (EEC) area as well as in the key smart cities area. The 5G supported devices will also start to be available to Thai market.

### Mobile telecom market continues to grow with rising 4G usage



Growth in mobile market is expected to continue in tandem with rising demand for data usage due to the continued popularity of social media, games, and video streaming as urban areas and communities continue to expand. While industry mobile user base is expected to have low growth, 4G usage will be the key growth driving factor with a current 4G adoption ratio at about 66% of industry customer base, up from 59% in 2018. However, the economic outlook could pressure consumer spending and hence industry competition in 2020 is likely to continue with offers of value-for-money price plans to attract customers and marketing campaigns offering mobile phone discounts. The trend of prepaid to postpaid migration is also likely to continue as service providers focus on the expansion of postpaid subscriber bases due to higher ARPU with postpaid than with prepaid base.

### Fixed broadband market expands, supported by wireless home internet services



The continued rise of urbanization rates will boost consumer demand for high-speed internet services. This, along with the fact that the ratio of households with fixed broadband connectivity still has the potential to increase from its current level of 47%, means that all service providers must continue to focus on expansion of coverage for home internet services. While major services continue to be provided via FTTx technology with speeds of up to 1 Gbps, investment must be considered in areas where market demand and investment worth are clear. In certain suburban or rural areas that may be more remote and that have limitations in regard to the costs of fiber cables, 5G technology can help to provide additional coverage, enabling broadband access via the 5G network, also known as WTTx, or Fixed Wireless Access services. This means the use of 5G routers for home internet signal reception instead of the rather limited fiber cables, which will result in service providers being better able to manage network installation costs to suit the specific areas and needs of consumers.





# Business direction over three years

Technology developments have accelerated industrial changes by bringing about new ways of providing products and services. Within a couple years, telecommunication sector will start to see commercial use of technologies such as 3D media, virtual reality, hologram or real-time broadcast, and many more that enriches customers' experiences. 5G technology is the most recent development that offers such capabilities and enables the aforementioned to be widely used and commercialized. As much as technology advancement alters products and services offered as well as how they are consumed, it also poses risk to business disruption due to emerging new business models and how to service customers. As new digital players, term as Over the Top (OTT), are springing and taking deeper customer engagement above and beyond simple connectivity, telecommunication tends to become more of a wagon to attain service rather than the end service itself.

Although digital transformation poses structural changes in many industries, it gives rises to new innovations. Likewise, AIS aims to reinforce its goal of being 'Digital Life Service Provider' by enhancing its core businesses; mobile services, broadband services, and digital solutions, and strive for innovative offerings that enrich Thai's lives and support business operations and build Thailand competitiveness. AIS sees technology as a competitive edge to strengthen capabilities and drive sustainable growth in Thailand.

## Reinforce core business and maintain leadership with quality service and operational excellence



Thailand has constantly been having a growing mobile internet usage resulting from the rise of affordable smartphones and digitalized platforms that are playing an increasingly important role in Thai people's life. Telecommunication network advancement will be compulsory as technologies become more interwoven into people everyday lives. As a leading mobile service provider in Thailand, AIS is driven to continue investing to advance mobile network and service capability including its current 4G service and the future 5G service through research and development with partners. It is expected that 4G service will continue running in parallel with 5G over the next three years. Efficiencies as well as intelligence in network and service embedding virtualization, cloud base, AI, and data analytics will be key in maintaining leadership and running operational excellence.



Progressing into 5G technology, AIS will strive to cultivate the technology knowledge and use cases through studies and partnering with industry's experts in order to enhance 5G ecosystem in Thailand. As 5G prime features include speed, ultra-low latency, massive connectivity, it will bring about many new services for both consumers and corporate uses such as 3D video, work and play in the cloud, augmented reality, industry automation, mission critical application, smart city/home/car. AIS will take lead in bringing richer media and entertainment and serving at a more personalized level through enhanced data analytics. For enterprises, AIS aim to facilitate the use of 5G technology in industries-specific process automation and customer data management. AIS intend to use its network expertise and knowledge to address industry-specific needs as well as innovating revenue-generating models.

## Grow access to home broadband leveraging both fixed and mobile infrastructure



Quality home broadband has become more essential in Thai households as digital services developments has increased its importance. There has been a growing demand for ultra-high resolution streaming of video, contents and games. The needs are pushing for a faster, more reliable, and higher-capacity network. AIS aims to continue expanding its broadband network availability into urbanizing areas leveraging on its currently available mobile network fibre infrastructure. With the capability of 5G technology, home broadband can benefit from deploying 5G as Fixed Wireless Access (FWA), which enable connectivity in areas where fiber is prohibitively expensive or where there are geographic limitations in building and maintaining the infrastructure. FWA can reduce the setup cost and time as it does not require physical fiber optics layout as last mile, but rather connected via mobile equipment.

With growing access to home, AIS aims to provide more services to family in the future being home entertainment, home security and automation, etc. Consumers tend to be more connected relentlessly and seamlessly on multiple devices. AIS believes in providing consistent service availability and quality both indoor and outdoor for customers and their families. Today, AIS continue to reach out to the existing mobile subscriber base to offer home broadband offering bundled package of mobile, home internet, AIS PLAY, which offers video contents and OTT programs.

### Drive new value added digital services to customer's changing lifestyle and strengthen enterprise's competencies



While connectivity has become a necessity, platforms and services has become the focus of user utility. The importance will no longer be on the means to connect, but rather the destination or the services that customers need to reach. AIS aim to expand its offerings and be customer's Digital Life Service with added new services that are personalized, real-time and predictive including services like video, mobile money, IoT, Cloud, and other services such as game and insurance. By building strong partnership, increasing convenience and platform usability, AIS targets to grow its digital service user base. Revenue model will range from subscription base, fee base to advertising model.

AIS also aims to play a major role in addressing the growing needs of enterprise's digital transformation. AIS will reinforce its offerings advancements, including improving its cloud service capability, encouraging partnership with leading ICT providers, and expanding its data centers capacity to capture the potential demand

for cloud service. The services will allow enterprises to optimize cost efficiency, ensure system reliability and security, and strengthen their capability, which will complement to Thailand's competitive advantage in economic development.

### Integrating technology to improve business processes and uplift people development



Driving toward digital age, AIS aims to utilize technology to reinforce its competitiveness in offerings with data analytics, efficient RPA processes, and skilled human resources. Firstly, Customer Value Management (CVM) and customer relationship will be improved with data management and customers will be reached with suitable offerings in a more personalized channel. AIS will not only be able to offer the right product mix with added services and platforms that AIS already has, but also be able to personalized the bundles meeting the increasingly diversified needs. Secondly, AIS will integrate technologies such as RPA, Artificial Intelligence (AI), and Machine Learning (ML) to enhance its customer services and internal processes. Automation can help fill the gap given its efficiency, on-demand availability, and

reduce human errors. Moreover, technology integration will allow AIS to achieve cost optimization. Lastly, People has been one of the key focuses in achieving long-term and sustainable success especially amid the radical changing competitive landscape. AIS encourages its employees to be active with growth mindset and open to rapid changes. AIS Innovation Center and digital learning platform, which gives on-demand and variety digital courses, have been introduced to shape personnel knowledge and skills. Reinforcing such programs, AIS' people will be ready to employ technology and innovation in their work process and; therefore, collectively move toward its goal of being 'Digital Life Service Provider' with ease.

# Risk factors

To identify the risks that have the potential to impact AIS's business objectives including AIS's group companies, goals and opportunities, AIS considers the following factors:

1. Internal and external factors such as human resources, changes in technology and regulations, customers behaviors as well as the business environment
2. Extreme events or ongoing conditions that have adverse effects on the Company's work practices or business competitiveness including floods, fires or other natural disasters
3. Past events, current exposures and future trends which may effect to AIS's and its group business operation
4. Significant movements in the economy, society and environment in both short term and long term
5. The causes of such potentially adverse events which may effect to AIS's and its group business operation
6. New initiatives or new products and services that AIS is seeking to develop
7. Opportunities to identify new value adding activities.

## 1 Risk identification process



Management and employees identify risks in both corporate level and functional level



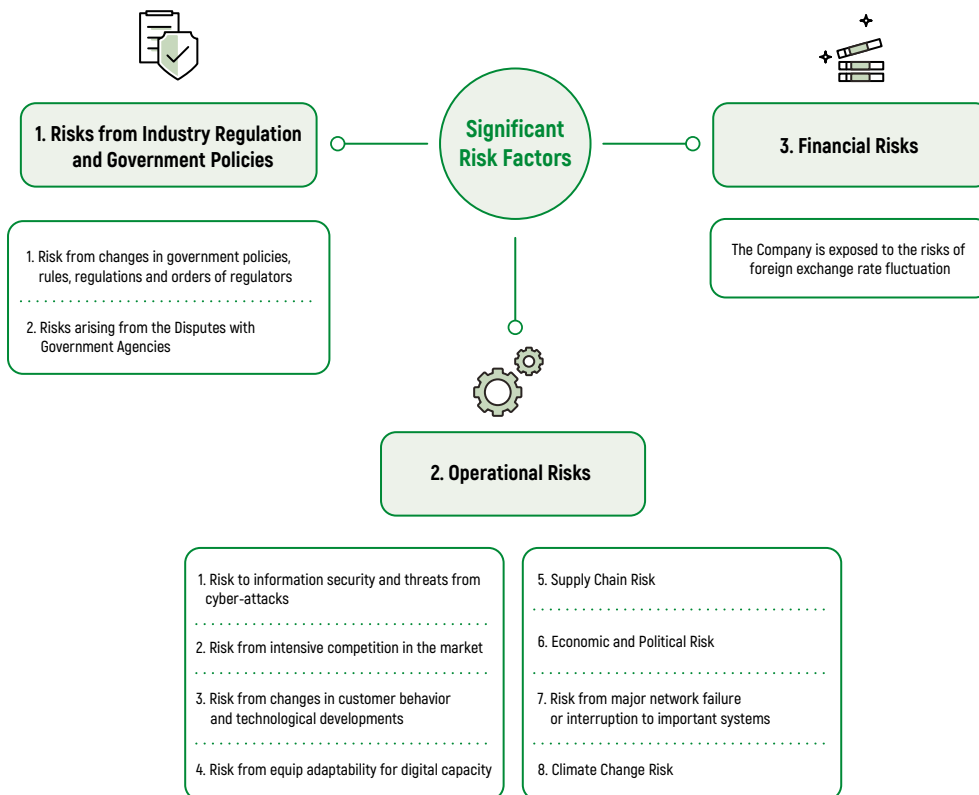
A Risk Management Working Group considers and selects identified risks and proposes them to the Risk Management Committee as corporate risks



The Risk Management Committee considers the proposed risks and prioritizes them based on their likelihood and potential impact. The process includes the definition of acceptable risk levels, (Risk appetite and tolerance), as well as the identification of mitigation and risk management actions. The Risk Management Committee then proposes its plan to Audit and Risk Committee and the Board of Directors for acknowledgement.

Significant risk factors that arise from the changing environment can be classified as follows:

## 2 Significant risk factors



### Risks from Industry Regulation and Government Policies

#### 1. Risk from changes in government policies, rules, regulations and orders of regulators

AIS operates under the supervision of government agencies such as NBTC, the organization responsible for regulating the operators under granted license in the industry and with the legal authority to issue rules, regulations and orders to regulate the licensees. The rules, regulations, and orders issued in the future, such as those that relate to fixing the tariff structure and service fees, or issuing rules and measures for consumer protection, have the potential to affect the Company's business operations, reduce the Company's ability to generate profit and/or increase the cost of services.

For any work directly related to the government agencies, AIS has a dedicated unit which is responsible for regularly monitoring the issuance and change of regulations and then reporting on such changes to the management and coordinating with the relevant departments to ensure they are informed promptly and ready to respond. The unit's role includes performing as an intermediary to coordinate with government agencies and ensuring that it is given all the necessary information on the business impact of its regulations. Through this unit, the Company also has the opportunity to make comments or suggestions and/or raise our concerns or opposition to the enactment of the laws, rules, regulations and/or orders in the event that they are deemed likely to have a serious impact on the Company's operations, or to have been unlawfully conducted. Furthermore, the Company, as a service provider which is a direct stakeholder, would be invited to provide our opinion and comments on the drafts of laws, rules, regulations and/or orders which will be issued for enforcement in the future.

The Potential Impact of Risks	Risk Movement from 2018
Business operations, revenue and cost, company's reputation	No significant changes



2. Risks arising from the Disputes with Government Agencies

In the past, AIS operated the business of providing telecommunications services under license or concession agreements with State Enterprises. This required the transfer of assets in which the Company had invested for use in its business operations to the government contracting parties as well as the implementation of a revenue sharing model at the specified rate. Formerly, AIS had many disputes arising from disagreements in the interpretation of the Agreements such as amount of revenue to be shared. Furthermore in some cases, NBTC issues announcements, regulations or orders which impacts to conducting business operations or have concerns for compliance and to an extent that it could affect to business operation or operating income of the company and/or increase the service costs. In many cases, AIS exercised our right under the law to sue the NBTC in a court of law in order to contest the legitimacy of the various actions undertaken by the NBTC.

(Information and additional details are shown under the topic Report on Important Disputes in Form 56 – 1)

AIS has established a department that is directly responsible for coordinating with government agencies so that the Company as a contract party can conduct its business correctly and completely in compliance with the relevant contract. In the event of a conflict issue, the Company shall enter into negotiations with the aim of seeking a prompt settlement. In the event that the issue cannot be resolved through negotiation, such dispute will be taken to the dispute resolution process by the arbitral tribunal as specified in the Agreement. In addition, the matter will be taken before a court which has the jurisdiction to consider a final decision.

The Potential Impact of Risks	Risk Movement from 2018
Financial status and company's reputation	No significant changes

Operational Risks

1. Risk to information security and threats from cyber-attacks

The Company has rapidly developed a variety of products and services to serve customers' needs and increase their convenience. While technology is essential in developing and improving these products and services, the application of advanced technology may also come with a risk of information technology. Such risks result from the complexity of the technology itself, gaps in the skill and knowledge levels of the Company's employees, the potential deficiency of the Company's own system, and external threats or cyber-attacks.

- If an information security system is insufficient or incomplete, it can have a serious impact on the company, especially if important data including personal data of our customers are compromised.
- The threat from cyber-attacks, e.g. DDoS attacks, website phishing, malware/viruses, etc, may cause severe business disruption.

To ensure the effectiveness of the Company's information security, AIS regularly reviews and revises the security policy of the Company's IT system in the following ways:

- Apply suitable international standards and align with the Cybersecurity Act and Personal Data Protection Act.
- Extend and expand security appliance tools to cover significant systems
- Enhance information security measures, e.g., by reviewing the access control procedure; maintaining a closed working environment; and building IT awareness across the entire Company.
- Enhance staff competencies related to Cybersecurity

The Potential Impact of Risks	Risk Movement from 2018
Financial revenue, business or IT systems disruption and company's reputation	Emerging risk



## 2. Risk from intensive competition in the market

Faced with the intense competition of the telecommunication industry, operators continue to expand their networks to satisfy customer needs, including the provision of mobile packages bundled with various mobile devices, especially introducing unlimited data packages to attract customers. However, this causes aggressive price competition.

AIS is incorporating the following steps into its risk management plan:

- Strive to gain innovation leadership in providing products and services.
- Introduce Fixed Mobile Convergence (FMC) products by continually expanding the Company's Fixed Broadband network to enhance network quality and coverage.
- Enhance the quality of after sales services to maintain the customer base and attract new customers, especially through the Serenade Privileges program. The Company has defined strategies to develop the benefits of Serenade in many areas, e.g., expanding the Serenade Club, focusing on Serenade device offerings, expanding the privileges from the Top-Trend partners, such as dining, traveling, and entertainment.
- Develops strategies for maintaining the customer base and offering products and services to meet the needs of customers by using Advanced Analytics Tools.

The Potential Impact of Risks	Risk Movement from 2018
Financial revenue, market share and company's reputation	Increasing

## 3. Risk from changes in customer behavior and technological developments

Changes and advances in technology, especially digital technology, enable service providers to launch new products with new business model. These developments also change consumer

behavior, because customers have more choices from the new services in the digital world. This, therefore, forces the Company to adapt and develop its business plan to accommodate the changing technologies and new innovations in order to maintain its existing customer base, generate revenue from new channels, and ensure long-term sustainability.

AIS is incorporating the following steps into its risk management plan:

- Define the key strategies, both short-term and long-term, to respond to the changing customer behavior and technologies.
- Enhance the digital customer service system, e.g., increase engagement with customers via a fully online system, build AI/Chatbot capabilities, and implement Robotic Process Automation for customer services.
- Bundle product and service offerings of mobile, fixed broadband and digital content in a new model which provides added value to reduce complexity and create cost savings for customers, while also attracting new customers.
- Build the capability of gaining customer insights with Data Analytics to provide customers with product and service offerings according to their needs and at the right price.
- Develop the network infrastructure, customer service systems, and support systems by incorporating new technology such as cloud technology.
- Grow the corporate business and content business, e.g., by expanding the IoT business and creating and driving a complete Cloud Business Ecosystem.
- Transform the organizational structure and develop the competency of employees to support the key strategies of the Company.

The Potential Impact of Risks	Risk Movement from 2018
Financial revenue, market share and company's reputation	Emerging risk





#### 4. Risk from equip adaptability for digital capacity

Due to the rapidly changing technology and customer behaviors, telecommunication service providers need to improve their service capabilities in order to be able to respond quickly to customer needs. If the Company cannot develop the necessary skills or capabilities in a timely manner, it will impact to the Company's business advantage both in its current businesses and in new businesses in the future.

AIS is incorporating the following steps into its risk management plan:

- Recruit employees with new abilities that meet the needs of the Company including development of necessary skills or capabilities that can be applied in new businesses in the future.
- Collaborate with world-class institutions that have specific expertise to lay the foundations for developing the requisite knowledge and prepare high-potential employees for the digital business age including the implementation of a succession plan and a culture transformation to ensure readiness for the emerging risk in the digital era.

The Potential Impact of Risks	Risk Movement from 2018
Company's reputation and market share	No significant changes

#### 5. Supply Chain Risk

The Company needs to purchase network and base station equipment including maintenance services from a small number of vendors/suppliers which have the relevant technology. If those vendors/suppliers are unable to deliver the products or services, it may affect our business.

AIS is incorporating the following steps into its risk management plan:

- Apply a multi-vendor purchasing policy for major equipment and services.
- Establish an approved vendor/supplier list of vendors/suppliers that pass the Company's quality standards (Multi-vendor).
- Control the equipment and spare parts inventory at a suitable level in order to avoid shortages.

The Potential Impact of Risks	Risk Movement from 2018
Financial revenue, business or IT system disruption, and company's reputation	No significant changes

#### 6. Economic and Political Risk

Change in economic and political defines both business risk and opportunity for The Company. This will cause adverse effect to demand and supply in economic system and effect to purchasing power of our customers. However, the communication via voice or data service, now is the part of daily life of people and the price are affordable. Impact from economic and political to The Company still in the acceptable level.

The Potential Impact of Risks	Risk Movement from 2018
Cost and/or revenue	No significant changes

## 7. Risk from major network failure or interruption to important systems

In the event of any uncontrollable disaster, natural disaster, or any crisis event which affects the Company, potentially leading to the interruption of primary operating systems and business activities, AIS applies the Business Continuity Management (BCM) policy at both the enterprise and departmental level. The Company also conducts an Annual Review and carries out exercises to practice and test the Business Continuity Plan. In addition, AIS received international ISO 22301:2012 Business Continuity Management System certification in recognition of the completion and implementation of the Company's Business Continuity Management System to cope with crisis situations and maintain the organization's sustainable development.

The Potential Impact of Risks	Risk Movement from 2018
Company's Reputation and Unachieved operations	No significant changes

## 8. Climate Change Risk

Climate change is one of the global issues that has the potential impact on our business operation, infrastructure and supply chain. The Company as a telecommunication service provider and electronic distributor foresee the essential of dealing with this issue, we adopt our infrastructure design to ensure the continuity and efficiency of our services delivered to our customers and reduce the waste from business operations that will impact to environment e.g. Apply the standard EIA-222C to our telecom tower to support higher wind speed than Thailand historical records, Raise the height of base station refer to the level of heavy flooding in Year 2011. The company has project implementation of the electronic collecting waste method, and also take accountability to manage our processes those have the consequent impact to climate to comply with our sustainability development guideline and international standard practices in 2020 project proposed as follows:

- Manage of electronic waste from business operations, evaluating and sorting electronic condition to recycling process
- Set greenhouse gas (GHG) emissions target from both direct and indirect
- Increase the portion of usage from renewable energy e.g. solar energy

The Potential Impact of Risks	Risk Movement from 2018
Business disruption, maintenance cost and company's reputation	Emerging risk

## Financial Risks

### 1. Risks from exchange rate fluctuation

The Company is exposed to the risks of foreign exchange rate fluctuation due to International Roaming revenues and expenditures being in foreign currencies and parts of the network expenditures also being in foreign currencies.

AIS is incorporating the following steps into its risk management plan:

- Use Forward Contracts which specify that the exchange rate at the time of the contract date will apply to the future delivery of the contracted services
- Use existing foreign currency deposits (Natural Hedge) to make payments for goods and services in foreign currencies.

The Potential Impact of Risks	Risk Movement from 2018
Cost and/or revenue	No significant changes

# CORPORATE GOVERNANCE



# Profile of the Directors and Management



## 1. Mr. Kan Trakulhoon

Age (years) 65

- Chairman of Board of Directors
- Independent Director
- Chairman of Leadership Development and Compensation Committee

**Appointed** 3 Aug 2015

**Appointed as Chairman of the Board of Director** 8 Nov 2016

**Total number of service tenure:** 4 Years 4 Months

**Share Ratio (%)\*** None

**Relationship with Management** None

### Highest Education

- Honorary Degrees of Engineering Chulalongkorn University
- Honorary Degrees of Manufacturing Engineering Maharakham University

### Related Training Program held by IOD

- Director Certification Program

### Position in Company

- 2016 - Present Chairman of the Board of Directors, Chairman of the Leadership Development and Compensation Committee
- 2015 - Present Independent Director
- 2015 - 2017 Chairman of Sustainable Development Committee

### Position in Other Listed Companies

- 2017 - Present Independent Director / Intouch Holdings Plc.
- 2017 - Present Independent Director / Bangkok Dusit Medical Services Plc.
- 2016 - Present Independent Director / Siam Commercial Bank Plc.
- 2006 - Present Director / The Siam Cement Plc.

### Position in Non Listed Companies

- 2020 - Present Expert Member State Enterprise Policy Committee
- 2018 - Present Advisory Board Minister of Science and Technology
- 2018 - Present Expert Member Eastern Economic Corridor Policy Committee
- 2018 - Present Expert Member Investment and Coordination Committee
- 2015 - Present Advisory Board Nomura Holdings Inc
- 2011 - Present Consultant Kubota Corporation (Japan)

**Illegal Record in past 10 years** None



## 2. Mr. Somprasong Boonyachai

Age (years) 65

- Vice-Chairman of Board of Directors
- Non-Executive Director
- Member of Sustainable Development Committee
- Authorized Director

**Appointed** 28 Mar 1994

**Total number of service tenure:** 25 Years 9 Months

**Share Ratio (%)\*** None

**Relationship with Management** None

### Highest Education

- Master of Engineering, Asian Institute of Technology

### Related Training Program held by IOD

- Role of the Chairman Program (RCP 21/2009)
- Director Certification Program (DCP 65/2005)
- Director Accreditation Program (DAP 30/2004)

### Position in Company

- 2019 - Present Director of sustainable Development committee
- 2008 - Present Vice-Chairman of Board of Director
- 1994 - Present Director
- 2008 - 2019 Member of Leadership Development and Compensation Committee

### Position in Other Listed Companies

- 2007 - Present Director / Intouch Holdings Plc.
- 2006 - Present Director / Thaicom Plc.
- 2016 - Present Vice Chairman of the Board and Independent Director / Osotsapa Plc.
- 2017 - Present Director / BEC World Plc.
- 2017 - Present Director / Dusit Thani Plc.
- 2002 - Present Independent Director and Member of Audit Committee Power Line Engineering Plc.
- 2008 - 2017 Chairman of Executive Committee / Intouch Holdings Plc.
- 2009 - 2011 Chairman of Executive Committee / Thaicom Plc.

### Position in Non Listed Companies

- 2018 - Present Expert Member, Geo-Informative and Space Technology Development agency
- 2017 - Present Director National Strategy Committee for the Development and Capacity Building of Human Resources
- 2016 - 2018 Director / Osotsapa Co., Ltd.
- 2016 - 2016 Independent Director / Pruksa Real Estate Plc.
- 2004 - 2016 Director / Praram 9 Hospital Co., Ltd.

**Illegal Record in past 10 years** None



### 3. Mr. Prasan Chuaphanich

Age (years) 68

- Independent Director
- Member of Audit and Risk Committee
- Chairman of Sustainable Development Committee

Appointed	30 Mar 2017
Total number of service tenure:	2 Year 9 Months
Share Ratio (%)	0.0007
Relationship with Management	None

#### Highest Education

- Bachelor of Commerce and Accountancy  
(Second Class Honor) Chulalongkorn University

#### Related Training Program held by IOD

- Director Certification Program (DCP 119/2009)
- Financial Institution Governance Program (FGP 6/2013)

#### Position in Company

- 2018 - Present Chairman of Sustainable Development Committee
- 2017 - Present Independent Director, Member of Audit and Risk Committee, Member of Sustainable Development Committee

#### Position in Other Listed Companies

- 2013 - Present Independent Director, Chairman of Audit Committee / Siam Commercial Bank Plc.
- 2013 - Present Independent Director, Member of Audit Committee Chairman of Nomination and Compensation Committee / Thai Solar Energy Plc.
- 2016 - 2019 Independent Director, Member of Audit Committee / PTT Global Chemical Plc.

#### Position in Non Listed Companies

- 2019 - Present Commissioner, Member of Audit Committee, Member of Governance Committee / Securities and Exchange Commission
- 2017 - Present Expert Member on Accounting / Public Sector Audit Evaluation Committee
- 2017 - Present Chairman of the Board/Thai Institute of Directors Association (IOD)
- 2016 - Present Member of the Mahidol University Internal Audit Committee/Mahidol University Council
- 2016 - Present Member of the Financial and Property Committee / King Mongkut's University of Technology Thonburi
- 2015 - Present Commissione / OIC Advanced Insurance Institute
- 2014 - Present Chairman of Audit Committee and Expert Member on Accounting / Office of Insurance Commission (OIC)
- 2014 - Present Member of Anti-Dumping and Subsidies Committee / Ministry of Commerce
- 2014 - Present Member of Advisory Committee on Corporate Governance and Policy / Thai Institute of Directors Association (IOD)

Illegal Record in past 10 years	None
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### 4. Mr. Surasak Vajakit

Age (years) 67

- Independent Director
- Chairman of Nomination and Governance Committee
- Member of Audit and Risk Committee

Appointed	10 May 2006
Total number of service tenure:	13 Years 7 Months
Share Ratio (%)*	None
Relationship with Management	None

#### Highest Education

- Barrister at Law, Lincoln's Inn, UK

#### Related Training Program held by IOD

- Director Accreditation Program (DAP 29/2004)

#### Position in Company

- 2014 - Present Chairman of Nomination and Governance Committee
- 2007 - Present Member of Nomination and Governance Committee
- 2006 - Present Independent Director and Member of Audit and Risk Committee

#### Position in Other Listed Companies

None

#### Position in Non Listed Companies

- 2016 - Present Director / Srithai Insurance Plc.
- 2014 - Present Managing partner / R&T Asia (Thailand) Ltd.
- 2005 - 2014 Executive / Hunton and Williams (Thailand) Ltd.
- 1997 - 2008 Director / Thai Tallow and Oil Co., Ltd.

Illegal Record in past 10 years	None
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## 5. Ms. Jeann Low Ngia Jong

Age (years) 59

- Non-Executive Director
- Member of Nomination and Governance Committee

Appointed	27 Mar 2013
Total number of service tenure:	6 years 9 Months
Share Ratio (%)*	None
Relationship with Management	None

### Highest Education

- Bachelor of Accountancy, National University of Singapore

### Position in Company

2013 - Present Director, Member of Nomination and Governance Committee

### Position in Other Listed Companies

2016 - Present Director / Intouch Holdings Plc.

### Position in Non Listed Companies

2015 - Present Group Chief Corporate Officer / Singapore Telecommunications Ltd.  
2008 - 2015 Group Chief Financial Officer / Singapore Telecommunications Ltd.

Illegal Record in past 10 years None



## 6. Mr. Allen Lew Yoong Keong

Age (years) 64

- Chairman of Executive Committee
- Non-Executive Director
- Member of Leadership Development and Compensation Committee

Appointed	20 Mar 2006
Total number of service tenure:	13 Years 9 Months
Share Ratio (%)*	None
Relationship with Management	None

### Highest Education

- Master of Science (Management), Massachusetts Institute of Technology, USA

### Position in Company

2008 - Present Chairman of Executive Committee, Member of Leadership Development and Compensation Committee  
2006 - Present Director  
2006 - 2008 Member of Executive Committee

### Position in Other Listed Companies

None

### Position in Non Listed Companies

2014 - 2019 Chief Executive Officer, Consumer Australia and Chief Executive Officer / Optus Pty Limited  
2012 - 2014 Chief Executive Officer, Group Digital Life and Country Chief Officer (Singapore) / Singapore Telecommunications Ltd.  
2006 - 2012 Chief Executive Officer (Singapore) / Singapore Telecommunications Ltd.

Illegal Record in past 10 years None



## 7. Mr. Krairit Euchukanonchai

Age (years) 65

- Chairman of Audit and Risk Committee
- Member of Nomination and Governance Committee
- Independent Director

Appointed	26 Mar 2014
Total number of service tenure:	5 Years 9 Months
Share Ratio (%)*	None
Relationship with Management	None

### Highest Education

- Master of Business Administration, North Texas State University, USA

### Related Training Program held by IOD

- Director Certification Program (DCP 59/2005)
- Role of the Chairman Program (RCP 16/2007)

### Position in Company

2014 - Present Chairman of Audit and Risk Committee, Member of Nomination and Governance Committee and Independent Director

### Position in Other Listed Companies

2018 - Present Chairman of Board of Directors / PTT Plc.  
 2015 - Present Vice-Chairman of Board of Directors, Chairman of Executive Committee, / Krungthai Bank Plc.  
 Chairman of Risk Management Committee  
 2011 - 2012 Director and Member of Audit Committee / PTT Plc.  
 2006 - 2012 Chairman of Board of Directors and Chairman of Risk Management Committee / Krungthai Asset Management Plc.

### Position in Non Listed Companies

1998 -Present Chairman / V Group Honda Car Co.,Ltd.  
 2017 - 2019 Chairman / Mass Rapid Transit Authority of Thailand

Illegal Record in past 10 years None



## 8. Mr. Somchai Lertsutiwong

Age (years) 56

- Executive Director
- Member of Sustainable Development Committee
- Member of Executive Committee
- Chief Executive Officer
- Authorized Director

Appointed as director on 27 June 2014  
 Appointed as Chief Executive Officer on 1 July 2014

Total number of service tenure: 5 Years 6 Months  
 Share Ratio (%)\* 0.0027  
 Relationship with Management None

### Highest Education

- Master of Business Administration, Chulalongkorn University

### Related Training Program held by IOD

- Director Certification Program (DCP 107/2009)

### Position in Company

2014 - Present Executive Director, Member of Sustainable Development Committee, Member of Executive Committee, Chief Executive Officer, and Authorized Director  
 2012 - 2014 Director, Chief Marketing Officer  
 2007 - 2012 Executive Vice President - Marketing  
 2004 - 2007 Senior Vice President - Wireless Communication

### Position in Other Listed Companies

None

### Position in Non Listed Companies

None

Illegal Record in past 10 years None





## 9. Mr. Gerardo C. Ablaza, Jr.

Age (years) 67

- Independent Director
- Member of Executive Committee
- Member of Leadership Development and Compensation Committee

Appointed as director on 27 Apr 2017

Total number of service tenure: 2 Year 8 Months

Share Ratio (%)\* None

Relationship with Management None

### Highest Education

- Bachelor of Arts (Mathematics) De La Salle University, Manila

### Related Training Program held by IOD

- Director Accreditation Program (DAP 146/2018)
- Advanced Corporate Governance 2019 (The Phillipines IOD)

### Position in Company

- 2019 - Present Member of Leadership Development and Compensation Committee
- 2017 - Present Independent Director, Member of Executive Committee
- 2017 - 2019 Member of Sustainable Development Committee

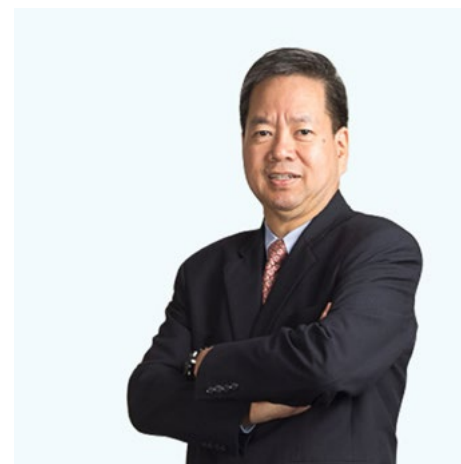
### Position in Other Listed Companies

None

### Position in Non Listed Companies

- 2017 - Present Director / Bank of the Philippines Islands
- 2010 - Present Director, Vice Chairman, Member of Executive Committee / Manila Water Company Inc.
- 1998 - Present Senior Managing Director / Ayala Corporation
- 2012 - Present Director / AC Energy Holding Inc.
- 2012 - Present Director / AC Infrastructure Holding Corp.
- 2010 - 2017 President, CEO / Manila Water Company Inc.
- 1998 - 2009 President, CEO / Globe Telecom Inc.

Illegal Record in past 10 years None



## 10. Mr. Hui Weng Cheong

Age (years) 65

- Executive Director
- President
- Chief Operating Officer
- Authorized Director

Appointed as director on 27 Jul 2017

Total number of service tenure: 2 Year 5 Months

Share Ratio (%)\* None

Relationship with Management None

### Highest Education

- Master of Business Administration  
University of Southern California, USA

### Related Training Program held by IOD

- Director Certification Program (DCP 230/2016)

### Position in Company

- 2017 - Present Director
- 2016 - Present President
- 2013 - Present Chief Operating Officer
- 2009 - 2010 Chief Operating Officer
- 2006 - 2009 Deputy President

### Position in Other Listed Companies

None

### Position in Non Listed Companies

- 2010 - 2013 CEO International / Singapore Telecommunications Ltd.

Illegal Record in past 10 years None



## 11. Mr. Anek Pana-apichon

Age (years) 54

- Non Executive Director
- Member of Executive Committee

**Appointed** 28 Mar 2019

**Total number of service tenure:** 9 Months

**Share Ratio (%)**\* None

**Relationship with Management** None

### Highest Education

- Master of Business Administration Chulalongkorn University

### Related Training Program held by IOD

- Director Certification Program (DCP 111/2008)

### Position in Company

2019 - Present Member of Executive Committee

### Position in Other Listed Companies

2019 - Present Chief Executive Officer / Intouch Holdings Plc.

2017 - Present Director / Intouch Holdings Plc.

2018 - Present Chairman of Executive Committee /  
Thaicom Plc.

2017 - Present Director / Thaicom Plc.

2010 - Present Member of Executive Committee /  
Thaicom Plc.

### Position in Non Listed Companies

2017 - Present Chairman / High Shopping Co., Ltd.

2017 - Present Director / Intouch Media Co., Ltd.

2017 - Present Director / Touch TV Co., Ltd.

2015 - Present Director / High Shopping TV Co., Ltd.

2015 - Present Director / I.T. Applications and Services Co., Ltd.

**Illegal Record in past 10 years** None



## 12. Mr. Tee Seeumpornroj

Age (years) 43

- Chief Finance Officer

**Appointed** 1 Oct 2018

**Share Ratio (%)**\* None

**Relationship with Management** None

### Highest Education

- Master of Science in Management (Science and Engineering), Stanford University, USA

### Related Training Program held by IOD

- Director Certification Program (DCP 257/2018)

- Director Accreditation Program (DAP 113/2014)

(Deoitte Forum 2019: TFRS Version 2019 and 2020 Practical implication CDP hour: 7 hours)

### Working Experiences

2018 - Present Chief Finance Officer /  
Advanced Info Service Plc.

2017 - 2018 Deputy Chief Finance Officer /  
Advanced Info Service Plc.

**Illegal Record in past 10 years** None



### 13. Mr. Weerawat Kiattipongthaworn

Age (years) 59

#### • Chief Corporate Officer

**Appointed** 1 Oct 2016

**Share Ratio (%)\*** None

**Relationship with Management** None

#### Highest Education

- Master of Engineering (Computer ) University of Michigan at Ann Arbor, USA
- Master of Business Administration, Thammasat University

#### Related Training Program held by IOD

- Capital Market Academy (CMA 19)

#### Working Experiences

- 2016 - Present Chief Corporate Officer / Advanced Info Service Plc.
- 2013 - 2016 Senior Executive Vice President - Operation / Advanced Info Service Plc.
- 2011 - 2015 Group Director / Telephone Number Portability Service Center Ltd.
- 2006 - 2013 Executive Vice President - Operation / Advanced Info Service Plc.

**Illegal Record in past 10 years** None



### 14. Ms. Kantima Lerlertyuttitham

Age (years) 49

#### • Chief Human Resources Officer

**Appointed** 16 Jul 2015

**Share Ratio (%)** 0.0001

**Relationship with Management** None

#### Highest Education

- Master of Psychology Counselling Service, Rider University, USA

#### Related Training Program held by IOD

- Director Certification Program (DCP 244/2017)
- Board Nomination and Compensation Program (BNCP 9/2019)

#### Working Experiences

- 2018 - Present Director / CS Loxinfo Plc.
- 2016 - Present Group Chief Human Resources Officer / Intouch Holdings Plc.
- 2015 - Present Chief Human Resources Officer / Advanced Info Service Plc.
- 2013 - 2015 Deputy Chief Operation Officer / MC Group Plc.
- 2011 - 2013 Chief Human Resources Officer / Prudential Life Insurance (Thailand) Plc.
- 2007 - 2011 Human Resources Director / Central Watson (Thailand) Co., Ltd.
- 2004 - 2007 Human Resources Director / Microsoft (Thailand) Co., Ltd.

**Illegal Record in past 10 years** None



## 15. Mr.Chavin Chaivatcharaporn

Age (years) 47

### • Company Secretary

**Appointed** 3 Jan 2013

**Share Ratio (%)\*** None  
**Relationship with Management** None

#### Highest Education

- Master of Law (LL.M), University of Pennsylvania, USA

#### Related Training Program held by IOD

- Seminar-Anti Corruption Seminar 1/2016
- Role of the Compensation Committee (RCC 19/2014)
- Director Certification Program (DCP 192/2014)
- Company and Board Reporting Program [CRP 6/2013, BRP 11/2013]
- Anti-Corruption for Executive Program (ACEP 10/2014)
- Fundamental Practice for Company Secretary (FPCS 29/2014)
- Company Secretary Program (CSP 51/2013)

#### Working Experiences

2013 - Present Company Secretary / Advanced Info Service Plc.  
2010 - 2013 Assistant Vice President-Legal / Advanced Info Service Plc.  
2003 - 2010 Associate / Hunton & Williams Thailand Ltd.

**Illegal Record in past 10 years** None

## 16. Mrs.Suvimon Kulalert

Age (years) 59

### • Chief Audit Executive

**Appointed** 1 Jan 1999

**Share Ratio (%)\*** 0.0012  
**Relationship with Management** None

#### Highest Education

- Master of Business Administration -Track Management Information System, Oklahoma City University, USA

#### Professional Certification

- Certified Public Accountant, year 1985
- Certified Internal Auditor, year 2000
- Certificate in Risk Management Assurance, year 2013

#### Related Training Program held by IOD

- Director Certification Program [DCP 136/2010]

#### Working Experiences

1999 - Present Chief Audit Executive / Advanced Info Service Plc.  
1999 - Present Guest Speaker (internal audit, internal control and risk management) / Federation of Accounting Professions  
2009 - Present Internal Audit Lecturer / University of the Thai Chamber of Commerce

**Illegal Record in past 10 years** None

## 17. Ms.Nattiya Poapongsakorn

Age (years) 44

### • Head of Investor Relations and Compliance Department

**Appointed** 1 Apr 2013

**Share Ratio (%)\*** 0.0003  
**Relationship with Management** None

#### Highest Education

- Master of Technology Management, Washington State University, USA
- Master in Finance, Chulalongkorn University

#### Related Training Program held by IOD

-

#### Working Experiences

2017 - Present Head of Investor Relations and Compliance / Advanced Info Service Plc.  
2015 - 2017 Vice President, Investor Relations and Compliance / Advanced Info Service Plc.  
2013 - 2014 Assistant Vice President, Investor Relations Advanced Info Service Plc.  
2011 - 2013 Acting Assistant Vice President, Investor Relations / Advanced Info Service Plc.  
2008 - 2011 Investor Relations Manager / Advanced Info Service Plc.

**Illegal Record in past 10 years** None

## 18. Mr. Tachahat Hemakul

Age (years) 45

### • Head of Accounting Department

**Appointed** 1 Apr 2015

**Share Ratio (%)\*** None  
**Relationship with Management** None

#### Highest Education

- Master of Business Administration Sasin Business School

#### Related Training Program held by IOD

- Risk Management Program 2019 (Deloitte Forum 2019: Future Account, Are you ready? CDP hour: 3.30 hours  
Workshop on Thai Financial Reporting Standard No. TFRS9 CDP hour: 7 hours)

#### Working Experiences

2015 - Present Head of Accounting Department / Advanced Info Service Plc.

**Illegal Record in past 10 years** None



# Directors and Management's shareholding in AIS and subsidiaries

As of 31 December 2019, the number of ordinary share includes holding by spouse and minor child.

Name	ADVANC				AWN		DPC		ADC		ACC		AMP		AMC		SBN		AIN		WDS		MMT		FXL		ABN		ADD		CSL		TMC		YPC		ADV	
	Ordinary share		ESOP (warrants)		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share		Ordinary share			
	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019		
1. Mr. Kan Trakulhoon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Minor Children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2. Mr. Somprasong Boonyachai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Minor Children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
3. Mr. Krairit Euchukanonchai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Minor Children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4. Mr. Prasan Chuaphanich	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Spouse	2,000	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Minor Children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
5. Mr. Surasak Vajasit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Minor Children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
6. Mr. Allen Lew Yoong Keong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Minor Children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
7. Ms. Jeann Low Ngiaop Jong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Minor Children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
8. Mr. Gerardo C. Ablaza, Jr.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Minor Children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
9. Mr. Anek Pana-apichon <sup>1)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Minor Children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
10. Mr. Somchai Lertsutiwong	80,126	87,390	220,540	219,652	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Minor Children	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11. Mr. Hui Weng Cheong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Spouse	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									

Note:

1) Appointed as director on 28 March 2019 in replacing of Mr. Stephen Miller who resigned from the Company's directorship

2) Head of Accounting Department

# Nomination and Governance Committee Report

The Nomination and Governance Committee (NGC) consists of three (3) members namely: Khun Surasak Vajasit as Chairman, Khun Krairit Euchukanonchai and Khun Jeann Low Ngiap Jong as members.

During the year 2019, the NGC held a total of seven (7) meetings. All members of NGC attended all the meetings. The summaries of NGC's performance for the year 2019 are described as follows:

## 1. Compliance and Corporate Governance Policy Review

The committee contributed to increase awareness among employees to comply with the Code of Business Ethics in the Corporate Governance Policy through video clips and other media. In 2019, the committee monitored and view that the Corporate Governance Policy in Section Code of Business Ethics shall be revised in order to enhance our good governance in accordance with the standard best practices regarding the executives' board membership in non-organization which requiring written

notification to the Company including certain regulations concerning employees doing business with the Company. In addition, the committee considered and concurred with amendment to Human Rights Policy by assigning the Business Ethics Committee to implement and drive policies and guidelines in relation thereto as well as communicating and promoting human rights issues among the Company's employees, supplies and business partners.

## 2. Policy and Criteria Formulation on Directors' Nomination

The committee adopted the director recruitment and selection policy that, apart from the board composition diversity in term of qualification and expertise enhancing company sustainable development, an independent female candidate should be taken into consideration when nominating an independent director.

The committee invited shareholders to propose candidate(s) to be nominated as a director so as to combine in the recommended list from other source. The committee

considers qualification of proposed candidate (s) to be nominated as director thoroughly by referring to Board Skill Matrix, expertise and experience of proposed candidate before proposing the qualified candidate to the Board and shareholders for consideration.

Mr. Surasak Vajasit  
Chairman of Nomination  
and Governance Committee

# Leadership Development and Compensation Committee Report

The Leadership Development and Compensation Committee (LDCC) consists of three (3) highly experienced members namely: Mr. Kan Trakulhoon as Chairman, Mr. Allen Lew Yoong Keong and Mr. Gerardo C. Ablaza Jr. as members. In 2019, LDCC held a total of six (6) meetings so as to complete its assignments as stipulated in the Charter. The summary of LDCC's performance for the year 2019 is described as follows:

## 1. Compensation

### Directors and Top Executives' Compensation

The LDCC considered and concurred with the directors and top executives' compensation schemes based on study and analysis of benchmarking with similar-sized listed companies and other companies in the same industry which could attract and retain highly qualified directors and top executives to the Company.

### Employees' Compensation


The Committee considered and concurred with the principle of employees' compensation by benchmarking with the practice of top leading companies within the same size of market and/or industry capitalization.

## 2. Leadership Development

The LDCC promotes the development of executives' capabilities of the Company so as to lead its telecom business which has been facing the rising competition, the disruptive technological evolvement and the rapid change in consumer behavior. The LDCC has approved the participation in many critical projects which providing opportunities for our executives and employees to learn and study from world-class academic and research institutes with a view to enhancing managerial capability and prepare our human capital to handle new challenges on regular basis.

## 3. Executives' Succession Plan

The LDCC determines executive succession plan and strategies in all aspect comprehensively and transparently for potential successors for Chief Executive Officer position and head of business unit and other equivalent or high executive seniority and reports to the board for acknowledgement.

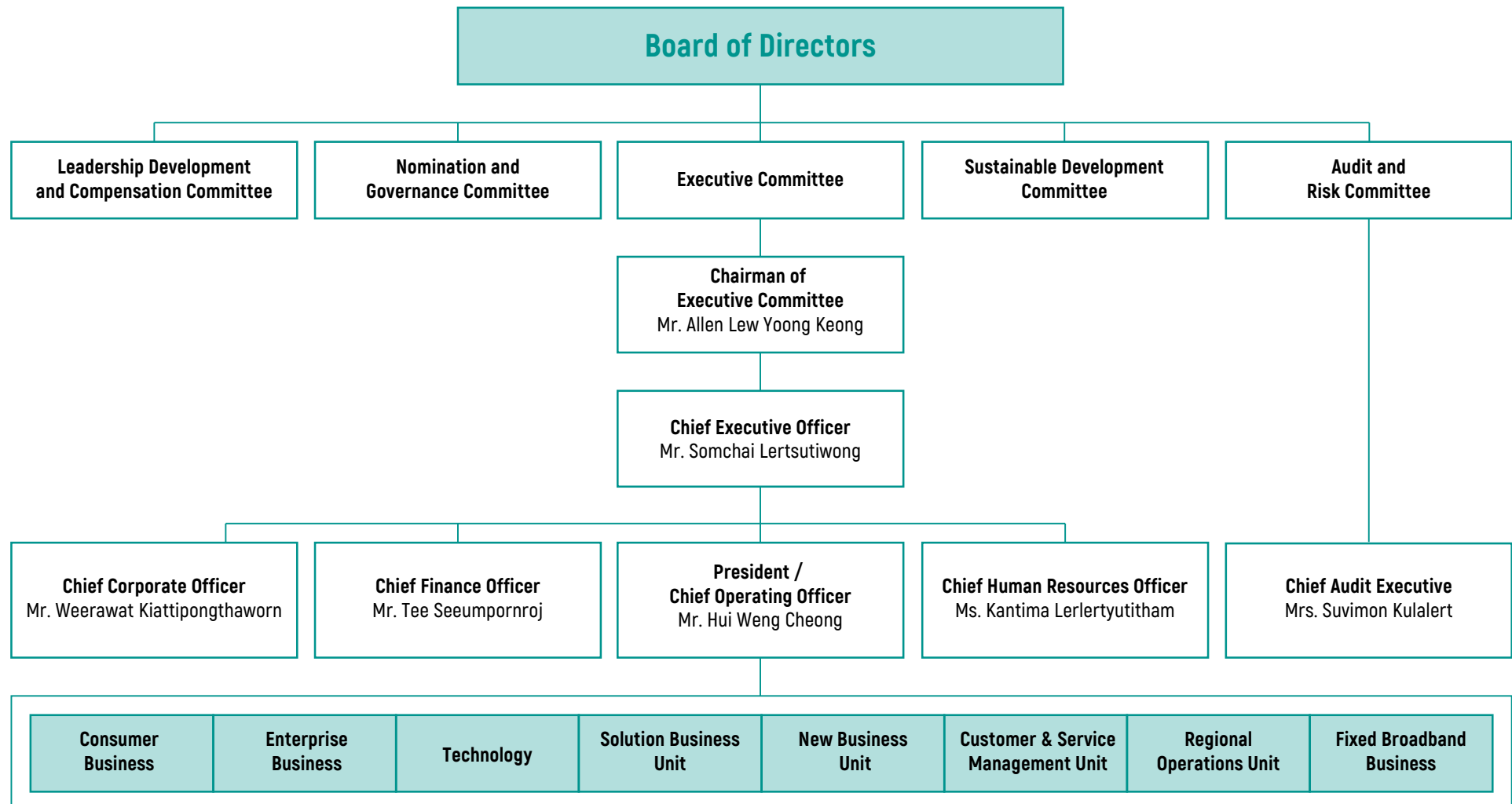


Mr. Kan Trakulhoon  
Chairman of Leadership Development  
and Compensation Committee

-



# Management Structure





## Board of Directors and Board-Committees



Name	Board of Directors	Audit and Risk Committee	Nomination and Governance Committee	Leadership Development and Compensation Committee	Sustainable Development Committee	Executive Committee
Mr. Kan Trakulhoon	Chairman of Board of Directors and Independent Director	-	-	Chairman and Independent Director	-	-
Mr. Somprasong Boonyachai <sup>1)</sup>	Non-executive Director	-	-	-	Non-executive Director	-
Mr. Prasan Chuaphanich <sup>2)</sup>	Independent Director	Independent Director	-	-	Chairman and Independent Director	-
Mr. Surasak Vajasit	Independent Director	Independent Director	Chairman and Independent Director	-	-	-
Ms. Jeann Low Ngia Jong <sup>1)2)</sup>	Non-executive Director	-	Non-executive Director	-	-	-
Mr. Allen Lew Yoong Keong <sup>1)</sup>	Non-executive Director	-	-	Non-executive Director	-	Chairman and Non-executive Director
Mr. Krairit Euchukanonchai <sup>2)</sup>	Independent Director	Chairman and Independent Director	Independent Director	-	-	-
Mr. Gerardo C. Ablaza Jr <sup>1)2)</sup>	Independent Director	-	-	Independent Director	-	Independent Director
Mr. Somchai Lertsutiwong <sup>1)</sup>	Executive Director	-	-	-	Executive Director	Executive Director
Mr. Hui Weng Cheong	Executive Director	-	-	-	-	-
Mr. Anek Pana-apichon <sup>2)</sup>	Non-executive Director	-	-	-	-	Non-executive Director

### Remark:

- 1) Mr. Somprasong Boonyachai, Mr. Allen Lew Yoong Keong, Ms. Jeann Low Ngia Jong, Mr. Gerardo C. Ablaza, Jr., Mr. Somchai Lertsutiwong and Mr. Hui Weng Cheong are directors who have expertise in telecommunications business. Summary profiles of these directors and executives are shown in profile of the directors and managements.
- 2) Mr. Prasan Chuaphanich, Mr. Krairit Euchukanoncha, Mr. Gerardo C. Ablaza, Jr. and Ms. Jeann Low Ngia Jong are directors who have expertise in account and finance. Summary profiles of these directors and executives are shown in profile of the directors and managements.
- 3) Investors can look at the Company's definition of independent director criteria at <http://advanc-th.listedcompany.com/misc/cg/20171122-advanc-qualification-independent-th.pdf> The criteria defined by AIS are stricter than the criteria established by the Securities and Exchange Commission and the Stock Exchange of Thailand.



## Meeting Attendance Summary



Name	Meeting Attendance /Total Numbers of Meetings <sup>1)</sup>					
	Board of Directors	Audit and Risk Committee	Nomination and Governance Committee	Leadership Development and Compensation Committee	Sustainable Development Committee	Executive Committee
Mr. Kan Trakulhoon	9/9	-	-	6/6	-	-
Mr. Somprasong Boonyachai <sup>3)</sup>	9/9	-	-	3/3	3/4	-
Mr. Prasan Chuaphanich	7/9	16/16	-	-	4/4	-
Mr. Surasak Vajasit	9/9	16/16	7/7	-	-	-
Ms. Jeann Low Ngiaop Jong	8/9	-	7/7	-	-	-
Mr. Allen Lew Yoong Keong	5/9	-	-	6/6	-	11/11
Mr. Krairit Euchukanonchai	9/9	16/16	7/7	-	-	-
Mr. Gerardo C. Ablaza Jr. <sup>3)</sup>	8/9	-	-	3/3	0/1	10/11
Mr. Somchai Lertsutiwong	9/9	-	-	-	4/4	11/11
Mr. Hui Weng Cheong	9/9	-	-	-	-	-
Mr. Anek Pana-apichon <sup>2)</sup>	5/5	-	-	-	-	11/11

### Remarks:

1) The meeting attendance includes physical and telephone or video conference participation.

2) Mr. Anek Pana-apichon has been appointed as the member of the Executive Committee on 21 January 2019 and as the director on 28 March 2019 replacing Mr. Stephen Miller who resigned.

3) Mr. Gerardo C. Ablaza Jr. has been appointed as member of Leadership Development and Compensation Committee replacing Mr. Somprasong Boonyachai and Mr. Somprasong Boonyachai has been appointed as member of Sustainable Development Committee replacing Mr. Gerardo C. Ablaza Jr. on 28 March 2019.

## The Authorized Directors



Any two of the following three directors namely: Mr. Somprasong Boonyachai, Mr. Somchai Lertsutiwong or Mr. Hui Weng Cheong jointly sign with the Company's seal affixed.

## The Scope of Authority and Duties of the Board of Directors and Board-committees



### The Board of Directors

The Board of Directors is the representative of all shareholders, not of a particular group of shareholders. Nonetheless, the number of directors nominated by the controlling shareholders is in corresponding fairly to the shareholding percentage in the Company. The scope of authority and duties of the Board of Directors is as follows:

1. Perform its duties with honesty, integrity and prudence in accordance with the law and the Company's objectives and Articles of Association including the resolutions of shareholders' meeting, and carefully protect the Company's interests;
2. Set out the vision, policy and direction of the Company's operations and supervise the management team to act in accordance with the plans which are set out efficiency and effectively, and thereby maximize the economic value and wealth of the Company and its shareholders;

3. Consider and approve major issues such as large investments, purchase of assets etc. and any actions/ transactions as prescribed by law;
4. Approve and/or agree to major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of the Stock Exchange of Thailand;
5. Assess the performance of the Chief Executive Officer and high-level executives, and assign appropriate remuneration on a regular basis;
6. Be responsible for overseeing operational results and the management team's performance to ensure due attentiveness and care;
7. Arrange appropriate accounting systems, including the production of financial reports and a reliable auditing system; oversee and monitor the effectiveness and efficiency of the internal control, internal audit and risk management systems;
8. Ensure avoidance of conflict of interests amongst the Company's stakeholders;
9. Supervise business operations to enforce ethical work standards;
10. Annually review the Company's Corporate Governance Policy and assess due compliance;
11. Report on the execution of the Board of Directors' responsibility to prepare financial reports, along with the external auditor's report in the annual report covering key issues according to the Company's policy statement and the Stock Exchange of Thailand's Code of Best Practices for Directors of a Listed Company.

### Reserved key matters for the Board's approval

The Board of Directors has reserved its authorization over certain matters so as to protect the highest interests of the Company and its shareholders, including:

- Strategic directions, strategic action and annual budget
- Capital expenditure and expense which exceeds the approval authority of the relevant board-committee or executives
- Strategic investments in new business and divestments
- Significant policies
- Material contracts
- Material litigation
- Dividend policy

### The segregation of duty of the Board of Directors and Management

The Board of Directors has its duty to govern the operations in accordance with the provisions of the law, the Company's objectives, articles of association, the resolutions of the shareholders' meetings, and the Corporate Governance Policy. In governing the Company, the directors must exercise their business judgment and act in what they reasonably believe to be the best interests of the Company and its shareholders. The Management is responsible for implementing the Company's strategy, achieving the planned objectives, and handling the day-to-day administration and affairs of the Company. The Chairman of the Board is an independent director who has not authorizes to sign and bind the Company.



### The segregation of duty of Chairman of the Board of Directors and Chief Executive Officer

The Chairman of the Board of Directors and the Chief Executive Officer shall not be held by the same person and both are competent with the appropriate experience and qualifications for their positions.

Roles of Chairman of the Board of Directors	Roles of Chief Executive Officer
<ul style="list-style-type: none"><li>• To perform leadership roles of the Board of Directors;</li><li>• To perform chairperson' roles of the Board of Directors' meeting, the Shareholders' meeting and the Non-Executive Directors' meeting;</li><li>• To collaborate with Chief Executive Officer in setting the Board meeting agenda;</li><li>• To promote directors' contribution to the company's ethical culture and good corporate governance;</li><li>• To promote directors to debate important matters thoroughly;</li><li>• To coordinate with directors and executives for the constructive relations.</li></ul>	<ul style="list-style-type: none"><li>• To formulate and identify vision statement, mission, strategies, business plan and annual balance scorecard (BSC) index propose to the Board of Directors for approval. Monitor the progress against budget and plan as well as report the results to the Board of Directors regularly;</li><li>• To manage and control the business of the company in accordance with the company's vision statement, mission, strategies, and business plan;</li><li>• To seek for new business opportunities which are consistent with the company's vision, direction and strategies;</li><li>• To reserve and strengthen the capability of competent management team to achieve the company's goals and strategies. Identify and recruit qualified candidates to succeed senior management;</li><li>• To coordinate with directors and executives.</li></ul>

### The Audit and Risk Committee

1. Review the accuracy of the Company's financial reports in accordance with legally defined Accounting Standards and Financial Reporting Standards, and to ensure there is adequate disclosure;
2. Review the qualifications, independence, and overall performance of the external auditors including rotation of the external auditors and recommend to the Board on the proposal to shareholders on the appointment, reappointment or removal of the external auditors, and the auditor's remuneration, as well as to make a decision in the case where the management and the external auditors cannot agree on financial reports or limitations of audit engagement;
3. Hold a meeting with the external auditor without management in attendance, at least once a year;
4. Review the policy on the engagement of the external audit firm to provide a non-audit service to the Company;
5. Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine the Internal Audit's independence, as well as to approve the appointment, transfer, dismissal, performance appraisal and remuneration of the Chief Audit Executive, and to hold a meeting with the Chief Audit Executive without management in attendance in order to review limitations of internal audit engagement that might impair independence;
6. Review and approve the Internal Audit Charter, annual audit plan and activities of Internal Audit, and coordinate with the external auditor;



7. Oversee that quality of the Internal Audit be reviewed independently by external assessor once every 5 years;

8. Review that the Company has established an appropriate and effective risk management system, and to support the Board of Directors in overseeing enterprise risks, whereby the Committee shall have the following duties and responsibilities:

(a) to consider the Company's enterprise risk management framework which comprises risk appetite, risk capacity, and tolerance, including enterprise risk management, and to review adequacy of the enterprise risk management policy prescribed by Risk Management Committee prior to the proposal to the Board of Directors;

(b) to independently consider and recommend to the Board of Directors the enterprise risk oversight to ensure appropriate risk assessment, monitoring, reporting and control activities;

(c) to assess adequacy and appropriateness of strategic risk management for the business sustainability by overseeing and balancing performance and risk taking, as well as to consider risks impacting all concerned stakeholders and persons;

9. Review that the Company complies with the requirements of The Securities and Exchange Commission, SET and all laws relating to its business;

10. Review all connected transactions and possible conflicts of interest to ensure they are in compliance with the laws and regulations of Regulators to ensure that all transactions are reasonable and beneficial to the Company and all its stakeholders;

11. Review the Company's compliance with Fraud and/or Misconduct Reporting and Whistleblower Protection Policy, consider all concerns of misconduct or fraud and the investigation report quarterly, be one channel to receive the notification of complaints according to such policy, and concur on the preparation and revision of Fraud and/or Misconduct Reporting and Whistleblower Protection Guideline;

12. Oversee the Anti-Bribery and Corruption Policy and its programme to ensure compliance with legal and ethical obligations;

13. Prepare, and to disclose in the Company's annual report, an Audit and Risk Committee's report which must be signed by the Committee's Chairman and consist of at least the following information:

(a) an opinion on the accuracy, completeness and credibility of the Company's financial report;

(b) an opinion on the adequacy of the Company's internal control system and the effectiveness of risk management;

(c) an opinion on the compliance with the law on securities and exchange, SET's regulations, or the laws relating to the Company's business;

(d) an opinion on the suitability of an auditor;

(e) an opinion on the transactions that may lead to conflicts of interests;

(f) the number of the Committee meetings, and the attendance of such meetings by each committee member;

(g) an opinion or overview comment received by the Committee from its performance of duties in accordance with the charter; and

(h) other transactions which, according to the Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors;

14. Continue the inspection when the external auditor informs regarding any suspicious circumstance that the director, manager or any person responsible for the operation of such juristic person commits an offence under the law on the Securities and Exchange and the Audit and Risk Committee shall report the result of preliminary inspection to the Office of the Securities and Exchange Commission and the external auditor within thirty days;

15. Report the discussion and/or decision of the Audit and Risk Committee at its meetings and make recommendation as necessary to the Board of Directors at least four times a year. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts, which may materially affect the Company's



financial condition and operating results, the Audit and Risk Committee shall report it to the Board of Directors for rectification within the period of time that the Audit and Risk Committee thinks fit:

- (1) any transaction which causes any conflict of interest; or
- (2) any fraud, irregularity, or material defect in an internal control system; or
- (3) any infringement of the law on securities and exchange, SET's regulations, or any law relating to the Company's business,

If the Company's Board of Directors or management fails to make a rectification within the period of time under the first paragraph, any Audit and Risk Committee Member may report on the transaction or act under the first paragraph to the Office of the Securities and Exchange Commission or SET;

- 16. Have the authority to invite concerned executives, management and officers of the Company to express opinions, attend meetings or deliver documents as deemed necessary;
- 17. In performing their duties and responsibilities assigned, the Audit and Risk Committee may engage consultants or experts to provide opinions, advice or work, if necessary;
- 18. Conduct the Audit and Risk Committee's individual and group self-performance assessment annually;
- 19. Review this charter annually and propose to the Board of Directors for approval if changes are needed;

20. Perform other duties as assigned by the Board of Directors of the Company with the consent of the Audit and Risk Committee.

#### **The Leadership Development and Compensation Committee**

- 1. Fix appropriate annual remuneration in monetary and/or non-monetary form for the Board of Directors, committee members, and high level executives for the benefit of shareholders as a whole;
- 2. Prepare policy and guidelines to designate appropriate remuneration of the Board of Directors and high level executives to be proposed to the Board of Directors and/or the shareholders' meetings for approval;
- 3. Review and approve the Company's performance in order to determine the annual KPI bonus and merit-based salary increase across the Company;
- 4. Consider and approve the Long Term Incentive Plan and related practices;
- 5. Consider and approve the performance evaluation of the Company's Chief Executive Officer and those high-level executives who report directly to the Chief Executive Officer in order to determine their annual bonus, merit-based salary increase and long term incentives;
- 6. Consider and approve the annual bonus allocation of the Board of Directors;
- 7. Disclose policies governing the directors' remuneration in the annual report;
- 8. In consultation with the Chief Executive Officer, identify and evaluate potential successors for the Chief Executive Officer position and those high level executives who report

- directly to the Chief Executive Officer, and report annually to the Board of Directors on executive succession planning;
- 9. In consultation with the Chief Executive Officer, prepare succession planning policies for the Chief Executive Officer position and those high level executives who report directly to the Chief Executive Officer;
- 10. Oversee the process by which the Chief Executive Officer and high level executives;
- 11. Engage consultants or independent persons to provide opinions or advice if necessary, especially on leadership development;
- 12. The Committee is accountable to the Board of Directors and under obligation to explain its decisions at the shareholders' meetings, and answer any questions that may arise;
- 13. Annually review and reassess the adequacy of the charter and proposed any changes to the Board of Directors for approval;
- 14. Report regularly to the Board of Directors on matters within the scope of the Committee, as well as any special issues that merit the Board of Directors' attention;
- 15. Request members of the management or staff to attend the Committee meetings or provide pertinent information on the matters under discussion;
- 16. Perform other tasks requested by the Board of Directors.



**The Nomination and Governance Committee**

1. Draw up criteria and policy with respect to nomination of Board members and committee members of the Company;
2. Supervise implementation of the policy on the good corporate governance of the Company, annually review such policy including recommendation of any revision thereof for further consideration by the Board of Directors;
3. Consider and nominate appropriate persons to become Board members and/or committee members to be proposed to and approved by the Board of Directors and/or at shareholders' meetings, as the case may be; and
4. Perform other tasks as designated by the Board of Directors.

**The Sustainable Development Committee**

1. Define policy, strategy, operating target and sufficient budget including any other relevant action in connection with sustainability development and propose to the Board of Directors for approval;
2. Propose any material issues of the Company in connection with sustainability development to the Board of Directors for consideration;
3. Ensure that the implementation of sustainability development policy and strategy meets the target;
4. Advise and assist the Chief Executive Officer concerning the sustainability development operations;
5. Report the sustainability development performance to the Board of Directors;

6. Review the sustainability development report and propose to the Board of Directors for approval;
7. Perform other tasks as designated by the Board of Directors.

**The Executive Committee**

1. Formulate the Company's strategic direction, management structure, and annual business plan and budget for the Board of Directors' approval;
2. Manage the Company's business operations in order to achieve the planned objectives and targets;
3. Monitor the Company's financial and operating results, and keep the Board members informed by monthly report;
4. Identify and evaluate new business opportunities;
5. Review and make recommendations to the Board of Directors regarding the Company's dividend policy;
6. Review and approve all transactions concerning investments and disposal of assets, human resource management, finance and treasury, general administration and any other transaction related to the Company's business within the limits of delegated approval authority granted by the Board of Directors;
7. Review matters that require the Board of Directors' approval and make appropriate recommendations with the exception of activities that have been delegated to other Board sub-committees;
8. The Committee may delegate its authority to any member of the management or staff as it deems

appropriate. However, such authority does not permit the Committee or appointed persons to approve any transaction between them or related persons having mutual benefits or conflicts of interest (as prescribed in the Company's Articles of Association and Notifications of the Securities and Exchange Commission). The approval for transactions shall be in accordance with the policies and principles already determined by the Board of Directors and regulatory bodies;

9. Engage consultants or independent persons to provide opinions or advices if necessary;
10. The Committee may ask members of the management or other persons to attend its meetings or provide pertinent information as necessary;
11. Report to the Board of Directors on a quarterly basis regarding the material actions taken by the Committee under the Chief Executive Officer Report agenda;
12. Annually review its own performance and assess the adequacy of the Charter, which may be done in conjunction with the annual evaluation of the Board of Directors and its other committees, conducted under the oversight of the Nomination and Governance Committee; and
13. Take any other action or assume any other powers and responsibilities that may from time to time be assigned or delegated to the Committee by the Board of Directors.

## Management Team



In addition to the Board of Directors and the Board Committees, the Company supports the performance of the Board of Directors with the following management team:

- |                                   |                                     |
|-----------------------------------|-------------------------------------|
| 1. Mr. Somchai Lertsutiwong       | Chief Executive Officer             |
| 2. Mr. Hui Weng Cheong            | President / Chief Operating Officer |
| 3. Mr. Tee Seeumpornroj           | Chief Finance Officer               |
| 4. Mr. Weerawat Kiattipongthaworn | Chief Corporate Officer             |
| 5. Ms. Kantima Lerlertyuttitham   | Chief Human Resources Officer       |

## Nomination of Directors and Management



### Criteria and Procedure for Director Nomination

1. The Nomination and Governance Committee (NGC) is responsible for identifying and selecting qualified candidates to be appointed by the Board of Directors or proposed through the Board of Directors for election at the shareholders' meetings in accordance with the Company's Articles of Association.

2. In connection therewith board skill matrix to identify gaps in the board of directors' current composition conducting, the NGC consider overall compositions of skills and qualification of present directors and current profile of new nominated directors, characteristics required of directors' diversity (i.e. gender, age, and experience), illegal records, and the Company's current and future business directions. In conducting annual review of nomination

criteria and procedures, the NGC also consider in term of identifying nominating candidates by the sources of recommendations from current board members and shareholders, professional search firm, or Thai Institute of Directors' director pool, etc.

3. In determining whether to recommend a director for re-election, the director's performance, history of attendance at and participation in meetings, and other contributions to the activities undertaken by the Board of Directors are taken in to consideration. In case of independent directors, their respective independence qualifications shall also be considered. The appointment procedure of the Board members at the shareholders' meeting shall be as follows:

- (1) Each shareholder shall be entitled to one vote for each shareholding;
- (2) Each shareholder shall be entitled to cast all the votes as defined under (1) to elect one or several persons to be

the Company's director(s) but cannot split their votes for any particular person or persons;

(3) Persons who receive the highest number of votes, arranged in order from highest to lowest in a number equal to that of the number of directors to be appointed, are elected to be the Company's directors. In the event of a tie at a lower place, which would make the number of directors more than required, the Chairman of the meeting shall have the casting vote.

In the case of a vacancy in the position of director, for reasons other than the completion of the term, the Board of Directors shall appoint a new director, with the required qualifications, and without any characteristics that would prohibit him/her from acting as director, to serve as a new director in the board meeting, excluding such case where the remaining term is less than two months. Such appointed director shall assume the position for the

remaining term of the vacating director. To approve such new director appointment, a resolution must be passed by not less than three-fourths of the total remaining directors.

The Company provides an opportunity for minority shareholders to nominate qualified candidates for election as the Company's directors in advance, at least three months prior to the fiscal year end date and through SET's disclosure channel. In 2019, no minority shareholder nominated a candidate for director appointment.

## Nomination of Chief Executive Officer and Management



The Leadership Development and Compensation Committee shall nominate the suitable person(s) either internally or externally including the preparation of a succession plan relating thereto on the principle of considering the qualified person(s) either internally or externally. The Leadership Development and Compensation Committee may consider hiring professional consultants if required.

In addition, the Company shall prepare the succession plan of the high level head of unit up by identifying the suitable persons to hold such positions, and shall utilize the human resource development and management system to prepare the subordinates for succession.

On 31 October 2019, the Leadership Development and Compensation Committee proposed the top executive

succession plan to the Board of Directors' Meeting including recommendations in relation thereto for further improvement of succession plan.

## Term of Directors



### Term of Directorship

(1) According to the Public Companies Act B.E. 2535 and the Articles of Association, at the annual general meeting of shareholders, one-third of the directors shall vacate office. If one-third is not a round number, the number closet thereto shall be the applicable number. The directors who have held office the longest shall vacate. The vacating directors may be re-elected.

(2) In the case of a vacancy in the position of director, for reasons other than the completion of the term, the Board of Directors shall appoint a new director, with the required qualifications and without any characteristics that would prohibit him/her from acting as director, according to article 68 of the Public Companies Act B.E. 2535, to serve as a new director in the board meeting, excluding such case where the remaining term is less than two months. Such appointed directors shall assume the position for the remaining term of the vacating director.

### Term of Membership of Audit and Risk Committee

(1) A Committee Member shall serve for a term as long as they are serving on the Board of Directors. A retiring member may be re-elected. For a committee member who has completed a total of nine years, or three consecutive

terms, the Board of Directors shall review their respective independent qualifications each year.

(2) A Committee Member who wishes to resign during his or her term of office must give notice to the Chairman of the Board of Directors. The resignation date is effective upon the Company receiving the notice. A new qualified member shall be considered to fill the vacancy for the remaining unexpired term. The Board of Directors must fill the vacancy within 90 days from the date on which such Committee Member resigned.

In the case that all members vacate office except otherwise by reason of disqualification or as prohibited by law, the Audit Committee shall remain in office as necessary until a new Audit Committee is appointed.

### Term of Membership of Other Board Committees

(1) Members of the Board Committees may hold their posts for as long as they are serving on the Board of Directors. Any Member who vacates office at the end of their term may be re-elected.

(2) In addition to section (1), membership of the Board-Committees will be automatically cancelled in the following situations: Death, Resignation, being disqualified as sub-committee, Removal from office by resolution of the Board of Directors.

### Remuneration for Directors and Management

The Company has specified the remuneration for directors which reflect to their duties and responsibilities and at a rate similar to the industry standards and companies

of similar size. The remuneration is considered to be appropriate to retain quality directors within the Company. The remuneration for the directors and management is in accordance with the Company's operational performance and the performance of the individuals.

The Leadership Development and Compensation Committee will determine necessary and appropriate remuneration in both monetary and non-monetary terms for the Company's directors, members of the board-committees, and the Chief Executive Officer, including senior executives reporting directly to the Chief Executive Officer. Additionally, the Directors' Compensation Survey published by the Stock Exchange of Thailand and the Thai Institute of Directors Association shall be considered annually.

The remuneration policy and budget for directors and members of the board-committees shall be proposed, respectively, to the Board of Directors meeting and the Company's general shareholders' meeting, which is held on an annual basis.

### Directors' Remuneration

Total monetary remuneration for the Chairman of the Board of Directors, independent directors, and non-executive directors totaling 6 persons was Baht 27.28 million. The remuneration was paid from the director's individual performance results and approved by the general meeting of shareholders, held on 28 March 2019, in an amount not exceeding than Baht 36 million which comprised of monthly allowances, meeting allowances and bonus payments.

### Directors' remuneration policy for the year 2019

Director	Monetary Remuneration (Baht)		
	Monthly Retainer	Meeting Allowance	Bonus
<b>The Board of Directors</b>			
• Chairman	300,000	x	✓
• Member	75,000	25,000	✓
<b>Audit and Risk Committee/Executive Committee</b>			
• Chairman	25,000	25,000	✓
• Member	x	25,000	✓
<b>Other Board-Committees</b>			
• Chairman	10,000	25,000	✓
• Member	x	25,000	✓

#### Notes:

- 1) Directors who are executives or employees of the Company or its controlling shareholders are not entitled to receive such remuneration.
- 2) Chairman of the Board of Directors is not entitled to receive an additional monthly retainer or meeting allowance when he or she holds any chair or membership of the board-committees.



The remuneration for 6 directors in year 2019 is as follows:

Name	Position	Monthly Retainer (Baht)	Meeting Allowance (Baht)	Bonus (Baht)	Others <sup>2)</sup> (Baht)
Mr. Kan Trakulhoon	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of the Board of Directors</li> <li>Chairman of Leadership Development and Compensation Committee</li> </ul>	3,600,000	-	3,160,000	-
Mr. Somprasong Boonyachai	<ul style="list-style-type: none"> <li>Vice Chairman of the Board of Directors</li> <li>Non-executive Director</li> <li>Member of Sustainable Development Committee</li> </ul>	900,000	375,000	2,253,600	4,030
Mr. Krairit Euchukanonchai	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of Audit and Risk Committee</li> <li>Member of Nomination and Governance Committee</li> </ul>	1,200,000	800,000	3,160,000	10,075
Mr. Surasak Vajasit	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of Nomination and Governance Committee</li> <li>Member of Audit and Risk Committee</li> </ul>	1,020,000	800,000	2,299,000	10,075
Mr. Prasan Chuaphanich	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of Sustainable Development Committee</li> <li>Member of Audit and Risk Committee</li> </ul>	1,020,000	675,000	2,299,000	10,075
Mr. Gerardo C. Ablaza, Jr.	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Member of Executive Committee</li> <li>Member of Leadership Development and Compensation Committee</li> </ul>	900,000	525,000	2,263,600	-
	Total <sup>1)</sup>	8,640,000	3,175,000	15,435,200	34,255

Notes:

1) The above payments are the transactions during 2019 period including bonus 2019 paid in February 2020.

2) Other is per diem which paid to directors in performing their duties for the Company by traveling and overseas.

## Management's remuneration



The Company's compensation philosophy seeks to recognize and reward the executives' performance in implementing the approved business plans and policies. The Leadership Development and Compensation Committee, as delegated by the Board, annually reviews and approves the Executives' Compensation Policy, which incorporates the following key elements:

### Pay for performance

- Variable compensation is tied directly to the achievement of Company's strategic direction.
- Balanced scorecard is used to measure performance, comprising of financial, customer, internal process and learn & growth metrics.

### Shareholder alignment

- Appropriate performance metrics are selected for annual and long-term incentive plans that will support business strategies and enhance value for shareholder.
- Ensure that appropriate success index is set for the company's operational capability, goals, and stretch levels of performance.

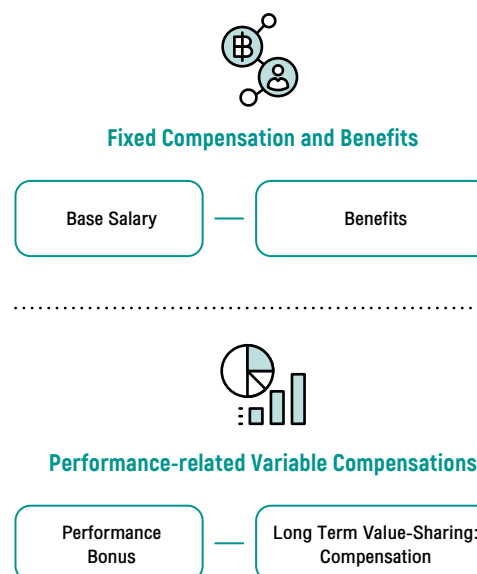
### Competitive compensation

- Compensation benchmarking helps the Company attract and retain highly experienced and talented individuals.
- A significant proportion of remuneration is linked to performance, both on an annual and long-term basis.

## Compensation structure



The compensation provides to CEO and Executives, as approved by the Board, consists of the following components:



### Base Salary

The level of base compensation reflects each associate key responsibilities, job characteristics, experience and skill sets. It is paid in cash, monthly. Base compensation is

reviewed annually, and any increase reflects merit based on performance, as well as market movements.

### Benefits

The primary purpose of benefits is to establish a level of security for employees and their dependents with respect to age, health, disability and death. The provident fund, insurance plans, and other welfare provisions are in line with market practices and legislative requirements.

### Annual Performance Bonus

Provides a variable level of remuneration dependent on short-term performance against the annual plan, as well as relevant market remuneration benchmarks. The performance bonus is tied to annual Key Performance Indicator (KPI) and weights the various scorecard measures in order to determine overall company and individual performance evaluations and bonus awards.

### Long term Value-Sharing Compensation

Long Term Value-Sharing Compensation focuses on a long-term incentive that reinforces the delivery of sustainable growth and increase shareholder value as well as retain key management position. The incentive scheme is intended to drive fundamental performance and business decision that align the interest of shareholders and executives based on the economic profit, absolute total shareholder return, and relative total shareholder return.

The compensation is based on three-year performance period and has three-year vesting period. Such award is also subjected to clawback policy in cases such as misconduct, resignation or termination of employment.

### Company's Compensation Structure

	CEO	Executives	All Employees	Awarding	Link to compensation principle
Base Salary	✓	✓	✓	Cash - all employees	Attract and retain high quality employees and provided for ongoing performance and delivery in position
Benefits	✓	✓	✓	Provided fund and insurance	Establishes a level of security for employees
Performance Bonus	✓	✓	✓	cash - all employees	Performance-based compensation that reward employees on annual to individual performance
Long-term Value-Sharing Compensation (Cash /Equity)	✓	✓		<ul style="list-style-type: none"> <li>• Cash - Executive</li> <li>• Warrants to purchase the ordinary shares of the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Performance-based compensation that reward employees on annual to individual performance</li> <li>• Drives fundamental performance that aligns interests of shareholders and the Executives based on total shareholder return and economic profit performance of the Company</li> </ul>

In 2019, the total amount of remunerations for four (4) executives of the management team was calculated at Baht 54.39 million comprised of salary, bonus, provident fund and other benefits.



## Warrants



The Company has issued warrants as part of the long term performance-base incentive from 2013 to 2017. The top 4 executives, defined by the notification of the Office of Securities and Exchange Commission, were granted the warrants as follows.

		2017	%	2016	%	2015	%	2014	%	2013	%	Total
1. Mr. Somchai Lertsutiwong	Units	88,700	6.3	56,800	6.87	51,600	5.92	29,816	4.38	19,824	4.89	246,740
2. Ms. Sunitaya Shinawatra	Units	35,440	2.5	11,900	1.44	11,890	1.36	11,020	1.62	6,864	1.69	77,114
3. Mr. Weerawat Kiattipongthaworn	Units	44,300	3.1	30,200	3.65	30,174	3.46	27,116	3.99	19,864	4.90	151,654
4. Ms. Kantima Lerlertyuttitham	Units	44,300	3.1	33,200	4.01	0	-	0	-	0	-	77,500

Notes:

1) % of total warrants issued.

2) Khun Sunitaya Shinawatra resigned from the Company effective on 1 October 2018.

### Company Secretary

Mr. Chavin Chaivatcharaporn has been assigned to perform duties in accordance with Section 89/15 of the Securities and Exchange Act B.E. 2535 (1992) and to give advice to the Board of Directors in order to comply with relevant rules and regulations pertaining to responsibilities of directors. In this regard, Company Secretary also ensures that the Company acts in accordance with the Board of Directors' resolution as well as ensures that the Board of Directors acts in compliance with related laws and Notifications.

### Head of Compliance

As Head of Compliance, Ms. Nattiya Poapongsakorn is responsible for overseeing the Company's operations and transactions to ensure that the company is in compliance with SET/SEC regulations for listed companies and other enforcements related to Public Company Limited Acts.

In this regard, the credentials of the company secretary and head of compliance are provided in profile of the directors and management.

## Personnel



In 2019, the total amount of compensation for all employees of the Company and its subsidiaries was Baht 7,023.4 million, comprising salary, bonus and provident fund payments and as of 31 December 2019, the Company and its subsidiaries consisted of 12,701 employees (including temporary staff) as follow

Key Operations	Number of Employees
Regional operations	3,316
Contact center	3,056
Technology and information	2,328
Consumer business	1,940
Enterprise business	580
Fixed broadband business	582
Finance	412
Human resources	227
New Business	100
Other business	160
Total	12,701

The Company and its subsidiaries have a guideline for recruiting and retaining quality personnel by collaborating with both Thai and foreign universities. AIS organizes activities to introduce the Company to allow talented students to work with AIS to push new concepts and businesses. Also, to maintain quality personnel, AIS places a high priority on career growth planning for quality personnel. In which employees are required to receive recommendations from their supervisors and define tools to help develop that group of staff to match the "AIS career framework."

For human resource development, AIS had established AIS Academy to provide online and offline courses with the following strategy; 1. Provide diversified learning programs for developing desirable competencies, 2. Require all employees to adopt the self-development program, 3. Require a leadership development program for key positions, 4. Provide learning programs through various channels 5. Determine the reliable measurement. Detail for "Integrated human resource development" could be explored from Sustainability Report 2019.

Furthermore, to create fairness, especially between executives and employees, the Company and its subsidiaries provide adequate and sufficient internal communication channels for every level of employees such as "CEO Chit Chat" and communication through SMS, E-mail, or people champion of each department. Moreover, the Company and its subsidiaries establish a system where employees can report misconduct and fraud through "Nokweed Hotline" or directly to an internal audit committee. The transparent and definite process of investigating and protecting the informant will encourage good organizational culture and also retain skilled personal. Although, further details of internal communication can be found in the sustainability report 2019.

# Corporate Governance

## Achievement and Recognition in 2019



- Listed in Dow Jones Sustainability Indices (DJSI) for both DJSI World and DJSI emerging market.
- Received “Excellent CG Scoring” from Corporate Governance Report of Thai Listed Companies 2019 by Thai Institute of Directors Association.
- Received “Best Investor Relation Awards” for 8 consecutive years from SET Awards 2019.
- Received the Perfect score of 100 based on the evaluation of the quality of the Annual General Meeting of Shareholders from the Thai Investors Association.
- ADVANC was selected as one of the Thailand Sustainability Investment for 5 consecutive years by the Stock Exchange of Thailand (SET).

## Corporate Governance Policy



Corporate Governance Policy of AIS adheres fundamentally to laws and developed to be transparent, reliable and acceptable in line with best practice of good corporate governance and sustainability growth, both domestic and international standard, which can be divided into 5 sections:

1. Board of Directors
2. Rights and Equitable Treatment of Shareholders, and the Role of Stakeholders
3. Disclosure of Information and Transparency
4. Internal Control and Risk Management Systems
5. Code of Business Ethics

The Corporate Governance Policy was adopted in accordance with the Corporate Governance Code 2017, Corporate Governance Report of Thai Listed Companies (CGR) by Thai Institute of Directors Association, ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) and DJSI indices (Dow Jones Sustainability Indices) with the supervisory process as per the following.

- To monitor by Nomination and Governance Committee
- To approve by the Board of Directors
- To be complied by directors, executives and employees of the Company and subsidiaries.
- To be reviewed at least once every year.

In 12 December 2019, the Nomination and Governance Committee and the Board of Directors has reviewed and revised the CG policy with respect to the following:

1. Apart from approval required for profit driven entities, any executive's board membership in non-profit

organization is nonetheless required written notification to the Company.

2. Integrated the Company's data privacy policy into operation data management.

Shareholders may further study all of these policies on “<http://advanc-th.listedcompany.com>” under Corporate Governance section

## Performance Report on Corporate Governance for the year 2019



### Section 1: The Board of Directors

1. The Board of Directors is the experts who have a strong leadership and vision aiming to lead AIS to be the most admirable digital service provider. The Board has set up vision and mission of the Company so as to lead the management in formulating strategies and long-term goals and reviews and monitors this matter annually. The Board of Directors monitors and supervises the implementation of the Company's strategies. The performance and the operating results of the company especially in terms of financial goals and plans are required to report to the Board of Directors' meeting in every quarter in order to

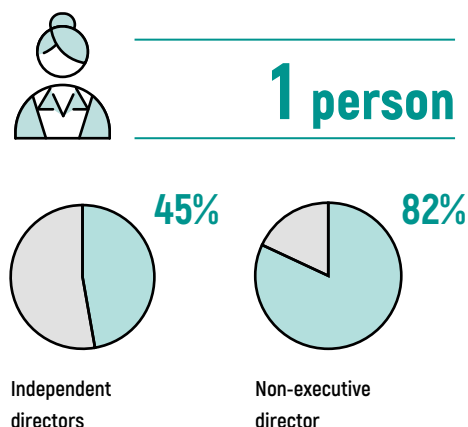
ensure that they are in line with the stipulated strategy. In addition, in 2019, the Board of Directors has reviewed the vision, mission and strategy of the company (Strategic direction) in to be consistent with the changing circumstances and current business operations of the Company.

2. Composition of the Board of Directors is diversifying from experiences, education, gender, race, country of origin and nationality. Additionally, more than half of the Board of Directors is composed of independent directors and non-executive directors. As such the board would be able to make decisions independently as a representative of all shareholders and balance the power of management.

## The Board of Directors

Finance	Laws	Human Resources	Startup and innovation
<b>4</b>	<b>1</b>	<b>1</b>	<b>3</b>
Auditing	Logistics and Supply Chain	Transformation	Corporate Governance
<b>2</b>	<b>1</b>	<b>3</b>	<b>5</b>
Capital Market	Information Technology	Marketing	Telecommunication
<b>1</b>	<b>2</b>	<b>3</b>	<b>9</b>
Risk Management	Environment	Sustainability	Public Policy
<b>7</b>	<b>1</b>	<b>3</b>	<b>4</b>

### Female Directors



3. In term of power separation, the Chairman of the Board of Directors: Khun Kan Trakulhoon, an independent director, and Chief Executive Officer are not the same person nor have any genetic or personal business relationship. The Board of Directors has mandated the segregation of the roles and responsibilities of the Chairman of the Board and Chief Executive Officer explicitly in Corporate Governance Policy. Nonetheless, apart from such segregation, AIS has set the separation of roles and responsibilities between the Board of Directors and management as per details shown in page 57.

In any case, the Board of Directors encourages the directors and management forming a good relationship on the culture of respect for each other's roles and responsibilities in coordination under good governance principle.

4. Independent Director qualification has been defined stricter than criteria stipulated by laws such as holding shares not exceeding 0.5 percent, not 1 percent as required by law, of the total number of voting right of the Company, its parent company, subsidiary, and juristic person which may have conflicts of interest, including the shares held by related persons of the independent director. Shareholders may further study AIS's independent director eligible qualification at <http://advanc-th.listedcompany.com> on Corporate Governance section: "Governance Policy".

5. The Board meeting was scheduled in advance. The Company Secretary will circulate notice and the supplement documentation to the Board at least seven (7) days before each meeting so that each director shall have sufficient time to analyze the information in advance. The Chairman of the Board of Directors presides over the meetings and ensures that sufficient time is allocated for directors



to discuss and express their opinions freely on each agenda item. At every Board meeting, high level managements are encouraged to attend the meeting to receive suggestion from the Board. In connected therewith decision-making in the board meeting, the meeting quorum is required at least 2/3 of the directors attending the meeting when passing a resolution and to prevent any conflict of interests, directors who may have conflict in any agenda, shall not be part of consideration and abstain from voting therein.

AIS has set up a video conference system and developed the channel to submit meeting documents via the Board Portal which is a secure electronic channel to enhance the efficiency of the meeting and to facilitate directors to attend the conference. In case of there being no Board's meeting in any particular month, the Company Secretary will provide the Board with the monthly operating report for their acknowledgement.

6. On 12 December 2019, a non-executive board of directors' meeting was held without presence of executive directors and management. There were discussions on issues related to long-term strategic direction as well as the development of executives' succession plan. After the meeting, the results of the meeting were reported to the executive directors and top executives for acknowledgement and further action.

7. Directors and executives shall submit report declaring any potential conflict of interests related to the Company and/or its subsidiaries when they take the position as directors or managements and subsequently regularly updating whenever there is any change in circumstance. Hence, the Company

shall have sufficient information to identify any potential connected transaction pursuant to the rules and regulation of the competent authorities in relation thereto. The Company Secretary shall update the report of conflict of interest including any change in holding of securities issued by the Company by the Board of Director and the management on a quarterly basis.

8. The Board of Directors has developed a succession plan with respect to the Chief Executive Officer and other senior executives in order to ensure that the Company's business operations shall continue without interruption when these positions become vacant. The Board of Directors has authorized the Leadership Development and Compensation Committee to establish the succession plan which shall be reviewed, updated and reported to the Board of Directors on regular basis. Apart from Chief Executive Officer and other senior executives, our Human Resources Department has formulated the succession plan and strategies for mid-level and junior executives in order to manage our diversified groups of talent and critical roles suitable for the current business composition. The details of the succession plan are listed in the <http://sustainability.ais.co.th/th/sustainability-priorities/human-capital-development> section of the Sustainability Report page 42-43 and 47.

9. The Company Secretary shall act as the coordinator between directors and the management team. While the Internal Audit Office shall act as the coordinator between audit and risk committee and management team. The Company shall not obstruct communication between directors and

management. However, this access and communication shall not interfere with or interrupt the Company's normal business operations.

10. The Leadership Development and Compensation Committee (LDCC) has been authorized by the Board of Directors to consider and review a policy and structure of director's remuneration. The LDCC has considered remuneration policy by taking into consideration of directors' roles and responsibilities, remuneration payment by comparing to industry standards, companies of a similar size, the Company's strategic direction and individual performance of each director. The details of the directors' remunerations are listed in the "Management Structure" section on part 2 page 4.

11. A newly appointed director will be provided with all necessary business information about the Company required to perform their fiduciary duties. In this regard, in organizing the director orientation, the management has been invited to present a summarized roles and responsibilities of each business unit, practices in compliance with relevant laws and regulations such as roles and responsibilities of the board of directors of listed company, trading AIS securities procedures of directors, executives. In 2019, the Company did not recruit any new directors.

12. AIS also places a great emphasis on continuing training and development provided to all director, executives, and company secretary, paid for by the Company. In 2019, the training programs and activities are listed below:



Training & Seminar Program/Activities	Objectives	Participants
Workshop on collaboration of 5G Technology and devices trends organized by business partners in China	To provide an opportunity for the board to update on innovations and technology particularly in 5G including the trend of mobile phone market and industry	Directors and Management: <ul style="list-style-type: none"> <li>• Khun Kan Trakulhoon</li> <li>• Khun Somprasong Boonyachai</li> <li>• Khun Krairit Euchukanonchai</li> <li>• Khun Surasak Vajasit</li> <li>• Khun Prasan Chuaphanich</li> <li>• Khun Allen Lew Yoong Keong</li> <li>• Khun Anek Pana-aphichon</li> <li>• Khun Somchai Lertsutiwong</li> <li>• Khun Hui Weng Cheong</li> </ul>
Showcases of Innovfest Unbound 2019, Advanced Security Operation Centre and FutureNow Innovation Centre in Singapore	To provide opportunities for the board to update the current trend on data privacy and cyber security	Directors: <ul style="list-style-type: none"> <li>• Khun Kan Trakulhoon</li> <li>• Khun Somprasong Boonyachai</li> <li>• Khun Jeann Low Ngiap Jong</li> <li>• Khun Anek Pana-aphichon</li> </ul>
Advanced Corporate Governance Training by Institute of the Philippines Directors	To provide an opportunity for the board to gain knowledge and understanding regarding principles of good corporate, rules and regulations in relation thereto including roles and duties of the board on good corporate governance implementation	Directors: <ul style="list-style-type: none"> <li>• Khun Gerardo C. Ablaza Jr.</li> </ul>
Deloitte Forum 2019: TFRS Version 2019 and 2020 Practical Implication by Deloitte Touche Tohmatus Jaiyos Advisory Co., Ltd. (CDP hour: 7 hours)	To provide opportunities for the Company's executive to understand the difference of the new adopted Thai Financial Reporting Standard (TFRS) compared with the previous version	Chief finance officer and Head of Accounting department: <ul style="list-style-type: none"> <li>• Khun Tee Seeumpornroj</li> <li>• Khun Tachahat Hemakul</li> </ul>
Deloitte Forum 2019: Future Account, Are you ready? by Deloitte Touche Tohmatus Jaiyos Advisory Co., Ltd. (CDP hour: 3.30 hours)	To provide opportunities for the Company's executives to update the newly adopted roles and responsibilities of accountant and other financial principles	Head of Accounting department: <ul style="list-style-type: none"> <li>• Khun Tachahat Hemakul</li> </ul>
Workshop on Thai Financial Reporting Standard No. TFRS9 (TFRS9) (CDP hour: 7 hours)	To provide opportunities for the Company's executives to deeply understand the newly adopted principles and implication of Thai Financial Reporting Standard (TFRS)	Head of Accounting department: <ul style="list-style-type: none"> <li>• Khun Tachahat Hemakul</li> </ul>

13. The Board of Directors and all board committees determine that there will be their performance evaluation on both individual and as a group on an annual basis. Presently, the board committees comprise of Audit and Risk Committee, Leadership Development and Compensation Committee, Nomination and Governance Committee, Sustainable Development Committee and Executive Committee. In 2019, the Board has engaged an external professional performance evaluator to do the assessment, the scope of work covered the board's composition, its roles and responsibilities, the data management, the stakeholder commitment, the achievement of the Company's strategic directions, the development of executives' succession plan, the senior executives' performance evaluation process, the risk management, etc.

### Procedures of Board Performance Evaluation

- 1) Questionnaires session
- 2) One-on-one interview session including top executive participation
- 3) Board performance evaluation and result based on questionnaires score and one-on-one interview results including recommendation and improvement session

In this regard, the professional assessor viewed that the board of directors has materially completed its roles and responsibilities in accordance with the laws and the company's corporate governance policy. Nonetheless, the assessor has suggested the board of directors to consider adjust their approach in certain minor areas and issues which could further improve their performance in the future. In this regard, the board of directors and the management have taken the assessor's advice into consideration and adjusted the processes as recommended.

### Section 2: Rights and Equitable Treatment of Shareholders

AIS respects the shareholders' rights and treats to all shareholders equally, including the right to approve and receive dividend at the same rate per share, right to purchase, sell, and transfer of their own securities independently not being intervened in market transactions,

right to nominate, appoint and dismiss directors, right to appoint independent auditors and fix annual audit fee, right to express opinion in the shareholder's meeting independently, right to participate in deciding and approving concerning major corporate action which affect AIS's financial statement and operating result. In addition, apart from aforementioned right, AIS also arranged various activities to support its shareholders. Key actions are being summarized as follows:

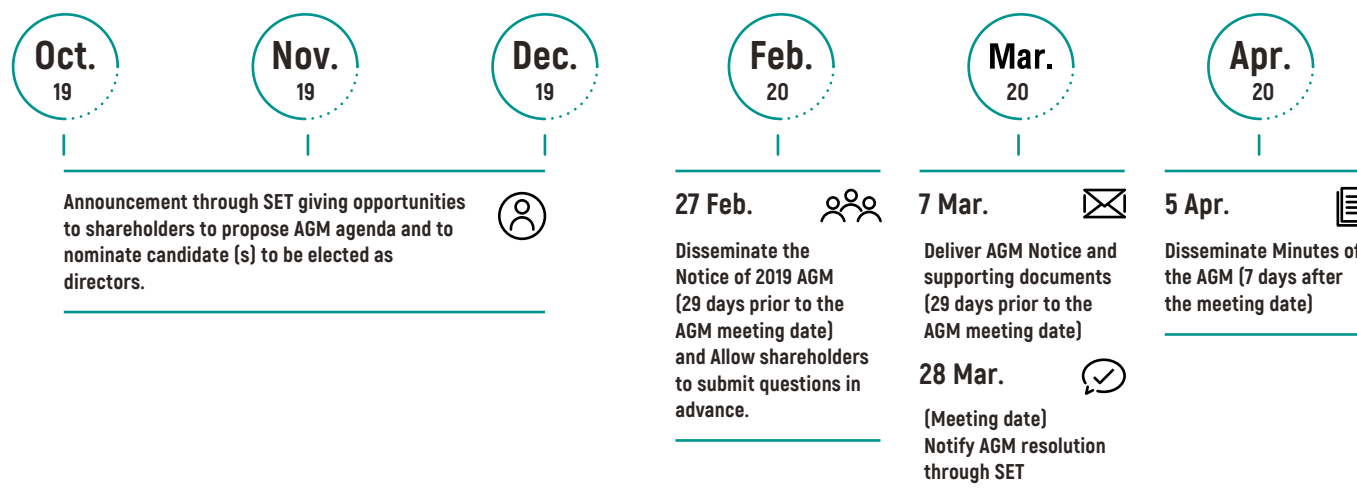
1. Disclosing important information related to operations, execution of transactions, quarterly and annual financial result through website of the Company and SET so as to facilitate shareholders to access the Company's performance data in a variety of channels and a timely manner.
2. Establishing the investor relation department to be function as the center of communication between shareholders and the Company, to provide an opportunity for minor and institutional shareholders to raise questions and to recommend matters deemed as beneficial to the management as well as suggest useful information for investment decisions, participate in Opportunity Day organized by SET on the quarterly basis in order to meet with investors and to present the Company's performance

result and engage in Road Show to meet up with domestic and foreign institutional investors.

3. Announcing the «Securities Trading Policy for Directors, Executives and Employees» to prescribe rules and guidelines related to securities trading for directors, executives, and employees, and to prevent the use of inside information that has not been publicly disclosed for their own interest and/or related persons. In this regard, the policy encompasses the securities of AIS and Intouch Holdings PCL., a listed company and a major shareholder of AIS.

Further, the Company also identifies persons, who are in the position or duty that have access to or possess inside information (Designated Person). This group of persons is prohibited to trade or accepts transfer AIS and Intouch's securities during the thirty (30) days period prior to the disclosure of quarterly and annual financial statements including any other period occasionally announced. Directors, Executives, and Designated Person are obliged to file report on their securities holding including those held by their spouse and minor children and any changes thereto with Capital Market Compliance Department within three (3) working days as from the date of such changes.

#### 4. Practicing in relation to Annual General Meeting of Shareholders.



4.1 Preparing the notice of AGM and supporting documents both in Thai and English version. In this regard, shareholders could acknowledge and understand information thereto that will be presented to shareholders accurately and equally. The Company has provided clarification relating to documents and evidence that shareholders shall bring to attend and vote at the Meeting including those for attaching to the proxy. The description was prepared in a manner there is easy to understand by classifying the participation into categories such as attending in person or by proxy, as well as individual or juristic person. In this regard, the requirement is applicable to the law for identifying shareholders and proxy but not to restrict the shareholders' right or to create unnecessary burden.

4.2 Appointing three (3) independent directors presented as proxies namely Khun Krairit Euchukanonchai, Khun Surasak Vajasi and Khun Prasarn Chuaphanich for shareholders inconvenient to attend the meeting in person.

4.3 Establishing procedure of examination of the details of shareholding and submission of the proxy form in advance to facilitate institutional shareholders and custodians as they were taking care of a large number of shareholders. In case institutional shareholders and custodian, who grant a proxy to the independent directors, the Company will send a copy of proxy form having a signature of independent director to the institutional shareholders and custodian after the meeting in order to use as evidence.

4.4 Utilizing the barcode system to quickly and accurately facilitate the registration and vote counting. The registration counters were set up and segregated for minority shareholders and institutional shareholders. In addition, the Company assigned adequate staffs and other amenities to facilitate shareholders (i.e. copy machine, duty stamp, and signage for registration process). In this regard, the Company conducted a survey on the satisfaction of shareholders with regard to the quality of the AGM to gain feedback on how to improve in the following year.

4.5 The Board had scheduled the AGM on March 28, 2019 which is not a holiday or a weekend and the meeting time was appropriate. The venue of AGM was at Centara Grand Central Plaza Ladprao which is convenient in terms of transportation and access and is appropriate to accommodate large numbers of shareholders.

4.6 The Chairman of the Board of Directors and the Chairman of all board committees including Chief Finance Officer and Senior Executives attended the meeting so as to address and clarify any queries or concerns of the shareholders.

4.7 The Chairman presided over the meeting in sequence in accordance with the meeting agenda stated in the meeting notice without adding any additional matters and allocated sufficient time for shareholders to make any queries on each item in the agenda. Prior to the onset of the meeting, a company representative explained the meeting procedure and voting method to the shareholders.





4.8 Company Secretary, the moderator, has notified to the shareholders, who participated in the meeting in person and or with proxies, the amount of participants, procedure of the meeting, casting votes and vote counting.

4.9 The Company issued voting cards for each item on the agenda. For the director appointment item, the voting related thereto was organized on an individual basis. Independent legal counsel was also engaged to examine vote counting process in order to ensure accuracy and reliability of vote counting process.

4.10 Chairman of the meeting regarding the voting results for each agenda item and there was no objection in relation thereto from shareholders.

4.11 The Company Secretary prepares the minutes of the meeting and posts them on the Company's website within seven (7) days after the meeting date. The minutes cover all material facts in compliance with the good corporate governance of the Stock Exchange of Thailand such as list of director and management who participated in the meeting, resolution of the meeting, issues, queries and recommendations of shareholders and clarification of director/management.

5. AIS provides channels for stakeholders to inquire, suggest, or file any complaints to the Board of Directors through:

Department	Address
Office of Company Secretary and Corporate Compliance	Advanced Info Service Public Company Limited 414, 28th Floor, AIS 1 Tower, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400  Tel: (66) 2029 5352 Fax: (66) 2029 5108 E-mail: companysecretary@ais.co.th

The Company Secretary will forward all suggestions, complaints or reports to the related departments and all actions taken with respect to the abovementioned shall be reported to the management and the Board of Directors including notify the results to relevant stakeholders. In case of fraud and breaches against the Code of Business Ethics, the Company shall conduct the investigation of such misconduct or fraud in compliance with reporting and investigation of misconduct and or fraud and whistleblower protection policy.

For other matters, stakeholders may directly contact responsible departments such as Community Relation who is the intermediate responsible for listening to suggestions and promoting relationship between the Company and communities as well as non-profit organization while Business Relation who acts as the intermediate and spokesperson between the company and telecommunication regulatory agency.

6. AIS is aware of the rights of every group of stakeholders, irrespective of whether they are customers, partners, communities, society, or the environment. As a result, the Company has established guidelines on how to treat for all stakeholders according to the law and the sustainable co-existence principle pursuant to the Company's sustainability development strategy, Code of

Business Ethics, human resource management policy and other relevant policies of the Company. Additionally, the Company also designates appropriate guidelines, internal control systems and anti-bribery and corruption policy to prevent corruption in the organization and fulfill fair benefit to every stakeholder. In this respect, the shareholders can study the guidelines from Section 5: Code of Business Ethics and the sustainability development report 2019.

### Section 3 Disclosure of Information and Transparency

1. The Company discloses the Company's financial and non-financial information, such as article of association, memorandum of association, risk management policy, financial statements, and analysis and performance report, in accordance with the relevant laws and regulations accurately, completely, punctually, and transparently to all shareholders and investors. As such, the investors can have confidence in the Company's reliability and integrity. "Disclosing information policy" of AIS applicable to changes in the social context, AIS adheres strictly to three (3) principles as follows:

- 1.1 Compliance with all legal and regulatory requirement;
- 1.2 Transparency and accountability;
- 1.3 Fair and equitable access to information.

2. The Company set up an Investor Relations Department to be responsible for communicating material information to shareholders, investors, analysts and other stakeholders. In addition, the Company set up a Compliance Unit to ensure that all material information of the Company is properly disclosed through various channels in accordance

with disclosing information policy to disclose information accurately, sufficiently, in a timely manner and regularly as well as not to disclose or inform confidential or insider information to any persons prior to the public disclosure through SET channel. The details are listed in the "Investor Relation" section page 94-97.

3. The Company has specified a period of non-communication with analysts and investors (silent periods) with respect to financial results, including not holding press conferences or disclosing financial information publicly by executive and/or investor relation officers, at least thirty (30) days prior to the specified announcement date. The Board of Directors and executives of AIS shall report their shareholding of the Company including those held by their minor child and spouse including unmarried spouse as well as submit report of the change in securities holding sending to Compliance within 3 working days.

4. The Board stipulated the rules and procedures for reporting the declaration of directors and executives' interests since 2008 so as to provide AIS with necessary information in order to monitor interests and transactions that may cause conflict of interests of directors and executives. This policy encourages the Company's directors and executives to exercise their duties of care, integrity and honesty and to avoid any conflict of interests by disclosing their interests, including those of their related persons when entering into any transaction with the Company and its subsidiaries and abstain from expressing any comment and casting vote considering such transaction.

5. The Board of Directors and executives of AIS shall report their shareholding of the Company including those held by their minor child and spouse in the annual report.

6. When executing connected transaction, AIS abides to Notification of Capital Market Advisory Board, and discloses the information in accordance with SET's regulations and Thai Accounting Standards so as to execute such transaction accurately and transparently with the best interest for the Company as if the Company executes transaction with other third parties (Arm's length basis) and is in compliance with the good corporate governance principles. The Board of Directors has approved "Connected Transaction Policy" and assigned Compliance Department to be responsible for communicating, supervising and disclosing the information when executing transactions to the Stock Exchange of Thailand and in the annual report. Such details are demonstrated on part 2 page 57.

#### Section 4 Internal Control and Risk Management Systems

As the Board considers the internal control, audit and risk management systems crucial for protecting the shareholders' investment capital and the Company's assets, it has therefore set up relevant policies, measures and supervising departments. In 2019, the Board approved the expansion of Audit Committee's scope of work so as to cover the risk governance and approved the name change of Audit Committee to Audit and Risk Committee. The details of which are listed in the "Internal control, internal audit and risk management" section on part 2 page 42

#### Monitoring the Business Operations of Subsidiaries and Associated Companies

The Board of Directors has monitoring each Subsidiary and Associated Company's business operations for the best interest of shareholders as follows:

1. Support the subsidiaries and associate companies to perform their duties in compliance with good corporate governance policy;
2. The Board of Directors selects the representative of the Company to be appointed as directors of the Subsidiaries and Associated Companies in order to monitor and control business performance in proportion to its shareholding percentage;
3. Monitor through representative directors, executives, and policies which were issued at the parent company level;
4. Consider any significant matter including strategic, business plan, capital increase/decrease, dissolution, and any other important policies;
5. Follow up the performance result through the Company's executives, Executive Committee, and the Board of Directors;
6. Monitor the Subsidiaries and Associated Company to operate business under the rules and regulation of competent authorities including connected transaction, asset acquisition and deposition, information disclosure, and accounting and financial statement report;
7. All transactions in any subsidiary, which may significantly affect the business operation or financial status of the



Company, must be reviewed and approved by the Board of Directors of the parent company;

8. Being audited by the Company's Internal Audit Department to ensure that there is sufficient and effective internal control system;

9. In order to disclose the financial information and operating results of the subsidiaries, the Company has engaged auditors from the same auditing firm that provides auditing services for the Company to perform audits and disclose the financial and non-financial information of the Subsidiaries in the consolidated financial statements of the Company.

10. Communicate code of business ethics and anti-corruption policy further to AIS's subsidiaries and joint ventures.

The information of positions held by directors and executives in the subsidiaries are shown in Appendix 2

### Section 5 Code of Business Ethics

Further, in order to ensure that AIS's operation and the performance of employees in the organization are honestly and ethically in accordance with laws and regulation which is the heart of sustainable business, the Board of Directors established "Code of Business Ethics" comprises of 12 chapters ranging from responsibility to stakeholders, prevention on conflict of interest, respect for human right as well as compliance with the laws and regulations. The Ethic Committee has been formed and comprising of Chief Executive Officer (CEO) as chairperson and other executives. This Committee acts as a driving force and

integrates the ethics into corporate culture. Shareholders may further study the Code of Business Ethic on the company's website: [http://advanc-th.listedcompany.com/governance\\_policy.html](http://advanc-th.listedcompany.com/governance_policy.html)

AIS provides confidential channels for staff and outsiders to inform any suspicion or concerns on unethical actions to the Board of Directors which includes investigation procedure and whistleblower protection measure under "The Reporting and Investigation of Misconduct and/or Fraud and Whistleblower Protection Policy". The Board of Directors assigned Ethic Committee to communicate the policy to everyone through channels and activities such as email, intranet, billboards, announcements and internal campaigns.

In 2019, operation to promote business ethics can be summarized as follows.

1. Amendment to the guidelines on asset acceptance from business partners or other business-related parties with respect to guest speaker events and New Year gifts. A summary of the guidelines with easy explanation was communicated to the Company's executives and employees via all internal communication channels (i.e. social intranet, email, AIS LearnDi, AIS Doodi, poster and desktop).

2. Raising awareness and organizing training for employees to improve understanding of the Code of Business Ethics and encourage every employee to adhere to and comply therewith;

### • Create Self Awareness

AIS continues to place a great emphasis on the idea of creating a mindset at work which consists of 3 questions that employees should always ask themselves whether they should or should not do prior to making any decisions: (a) If this is done, will it cause damages to the company? (b) Does this make me look bad? (c) If I do this, will it distress me or will I be worried later? If the employee is unsure with any of these questions, they shall refrain from taking such action.

In 2019, AIS has been continued promoting in public awareness in the workplace using different channels such as Social Intranet / E-mail / AIS LearnDi / Poster/Desktop / SMS / People Champion. In connection therewith, there are 5 matters that have been emphasized and communicated throughout the year as follow;

1. Engaging business with the Company
2. Using of inside information and trading the Company's securities
3. Assets acceptance for executive and employees from business partners or other related business parties
4. Safeguard of the Company's asset
5. Responsivity to Business partners

### • Business Ethics Workshop and Nokweed

The committee has initiated and conducted business ethics workshops for the Company's executives and employees. The workshop objectives are to comprehend and improve the understand of the code of business ethics and anti-corruption policy as well as to adapt the principles thereof

into day-to-day operation. In connection therewith, the facilitators provided explanations and examples regarding violent actions which occurred and against the Company's business ethics, shared feedbacks and recommendations so as to improve code of business ethics, related policies and guidelines in the future. In summary, there was a total of 483 executives and employees participated.

• **An Assessment of Employee and Business Partners' Level of Understanding regarding the Code of Business Ethics**

In 2019, all employees have undergone an assessment of their understanding of the Code of Business Ethics and Anti-Bribery and Corruption Policy. The assessment was conducted via various channels, especially electronic online "LearnDi and Doodi", mobile application, to facilitate to access in anywhere and anytime.

In 2019, the assessment results of employees, business partners, subsidiaries, and affiliates on level of understanding regarding code of business ethics as below;

	Number of Employees/Companie Being Communicated or Engaging Seminar (%)		
	Communicating through letters or public relation medias	Online and offline seminar	Communicating through other channels such as notification through agents who contact with business partners
AIS employees	100	98.95	-
Business partners	100	81.31	Communicate through sales agents
Subsidiaries	100	98.95	-
Affiliates	100	90.57	-

The Business Ethics Committee has provided opportunities for employees to address and clarify any queries concerning the business ethics of the Company. The employees can contact the committee by e-mail at [ethicclinic@ais.co.th](mailto:ethicclinic@ais.co.th). In 2019, there are / breached situations/ circumstances against code of business ethics, detail is shown below:

Unethical Conduct	Company Action
Wrongdoing concerning fraud by exercising the authorities for self-benefits	After investigation by the Business Ethics Committee, Internal Auditor, Legal and Human Resources Management, disciplinary punishment was imposed in accordance with the Company's regulations by verbal and written warning, termination of employment without pay as the case may be.
2. Wrongdoing concerning conflict of interest	After investigation by the Business Ethics Committee, Internal Auditor, Legal and Human Resources Management, disciplinary punishment was imposed in accordance with the Company's regulations by written warning and termination of employment without pay as the case may be.

## Human Rights Policy



AIS recognizes the importance and respect for the rights, freedom and equality of all people which is the basic virtue of working and living together in society. In the previous year, the Board of director has issued a policy on human rights to be the operational guideline of AIS's business partners and all stakeholders throughout the business value chain ranging from duties and responsibilities of person in each group, employee treatment, lawful labour, and not participating in any actions violating to human rights, determining guidelines for monitoring operational activities and assessing human rights risk from business operation.

Human rights policy of the Company is in conformity with United Nations Universal Declaration of Human Rights (UNDHR) and The International Labor Organization (ILO). The policy can be found at [http://www.ais.co.th/sustainability/policy/thai/Human\\_Rights\\_Policy\\_TH.pdf](http://www.ais.co.th/sustainability/policy/thai/Human_Rights_Policy_TH.pdf)

In 2019, the Company engaged and implemented in promoting human rights as follow;

- Amendment to Human Rights Policy by assigning the Business Ethics Committee to implement and drive policies and guidelines in relation thereto as well as communicating and promoting human rights issues among the Company's employees, supplies and business partners.

- The Business Ethics Committee established its new working team to implement and integrate Human Rights policy into day-to-day operation, analyse significant working procedure and identify issues regarding human rights as well as to create a communication plan with a view to promoting best practice in relation thereto to the Company's supply chains (i.e. representatives, suppliers, business partners).

- The Company integrated sustainability principles on Environmental, Social, and Governance into day-to-day operation and encouraged its related business parties for promoting best practice by conducting assessment of level of understanding on code of business ethics and anti-bribery corruption policy which included in annual business assessment. The business partners have harmoniously cooperated to take the ethic test which is accounted for 81.31 percent of total business partners. In addition, the Company analyzed the ethics test results and recommendation in order to identify issues regarding contractors' management, plan and establish preventive mechanism against violation to human right which may have impact to the Company's business operation.

## Anti-Bribery and Corruption Policy



The Company intends to operate its business with a sense of honesty, transparency and is in accordance with good corporate governance principles. The Company is also against any types of giving, bribing and corruption by recognizing that giving or bribing and corruption is a serious threat that destroys free and fair competition including causes damages to the economic and social development. In this regard, the Board of Directors recognizes the importance and consideration of Anti-bribery and Corruption Policy in order to use as the guideline for performing duties of directors, executives and employees and to comply with the rules and guidelines as well as to prevent the company and directors, executives, employees and other stakeholders from violating the law concerning anti-bribery and corruption. The policy can be found at [http://advanc-th.listedcompany.com/anti\\_bribery.html](http://advanc-th.listedcompany.com/anti_bribery.html)

AIS received the renew certification from the Thai's Private Sector Collective Action Against Corruption (CAC). The existing certification period is still valid. This certificate confirms that AIS and AIS Group of Company's personnel do not undertake or engage in any form of corruption either directly or indirectly provided that AIS and AIS Group of Company's personnel shall strictly comply with the Anti-Bribery and Corruption guidelines which encompasses several operations such as charitable donation and sponsorship, human resource management, etc.

In addition, AIS has communicated its Anti-Bribery and Corruption Policy to AIS's subsidiaries, joint venture and other controlling companies, business partners and stakeholders including the public via various communication channels such as email, website, social intranet, exhibitions or inclusion in the Board' meeting agenda, etc., in this regard, in order to ensure that all stakeholders acknowledged and comply with the guidelines as specified by the Company.

Furthermore, AIS has continuously communicated and offering training to its personnel in order to offer knowledge and to gain an understanding related to Anti-corruption measures, Company's expectations and penalties for failing to comply with such measures such as offering training related to Anti-Bribery and Corruption to new employees as part of the orientation program, organizing training related to Code of Business Ethics via Information technology (LearnDi) as well as initiate an assessment related to business partners, executives, employees' level of understanding concerning the Code of Business Ethics and Anti-Bribery and Corruption annually. AIS has made an announcement related to the implementation of "No Gift Guideline" during New Year including amended and promulgated Anti-Bribery and Corruption policy, Guideline related to Accepting Gifts of Executives and Employees in order to inform business partners and other stakeholders, who are involved in the business, and to promote a good standard among employees at all levels to implement provided that the

Company expects employees at all level shall perform his/her duties without illicit compensation. This will reinforce the Company's compliance with the good corporate governance principles.

To establish requirements and guidelines related to complaints and fraudulent clues. (Whistleblowing) to be more appropriate and is in the same direction throughout the organization. The measures to protect and to treat complainants fairly has been put in place provided that Whistleblowing shall be used as a tool as an advance warning signal and as a channel to counter frauds because it permits the Company to solve the problem promptly before the problem is enlarged and may cause serious impact to the image and financial status of the organization thereafter.

In 2019, in order to emphasize the company's mission under the "Zero Tolerance Policy Against Corruption" concept, our executives and employees more than 100 joined held by state agencies; Office of National Anti-Corruption Commission and Anti Organization of Thailand, sharing the same value on 6 September and 9 December 2019.

## Market Disclosure Policy



As a listed company in the Stock Exchange of Thailand, AIS aims at disclosing material information both financial and non-financial information to shareholders accurately, sufficiently, in timely manner, equitably and in compliance to relevant laws to promote confidence in shareholders and investors on the company's reliability and honesty.

The market disclosure policy is based on 3 principles which are practices in compliance with applicable laws and regulations, transparency and information disclosure responsibility, and equality to access to information. The essential part of this policy includes roles and responsibilities of executives as authorized spokespersons, guideline on disclosure material information, keeping confidential information, responding to rumors or unusual market activity, announcing temporary halt, determining the period of time to prohibit the dissemination of information before the performance announcement and prohibiting the communication with investors in various aspects as well as penalty for breach of the policy.

## Connected Transaction Policy



In order that the business transaction between the company or its subsidiaries and its connected persons shall comply with the laws, announcements, regulation and other relevant notifications from the authorized agency based on transparency and for the maximized benefit of

the company, AIS announced the Connected Transaction Policy for the business transaction between the company or its subsidiaries and its connected persons shall be in accordance with the company's policy, procurement procedure, and business code of business ethics.

Role and responsibility of the Board of Directors, the Audit and Risk Committee, and Capital Market Compliance Section are set to consider the reasonable of the transaction and to oversee the compliance with laws and all departments involving in or acknowledging the occurrence of the connected transactions are required to notify such information to the Capital Market Compliance Department before executing the transaction.

The essential part of this policy is the business transactions between the company or its subsidiaries and its connected persons shall be done for the ultimate benefit of the company similar to those transacted with external parties under arm's length basis. There is the procedure on considering before engaging to the connected transactions which Board of Directors and the executives who are interested parties or have conflict of interest concern shall not participate in the consideration and approval process nor vote in any agenda relating thereto.

Board of directors and executives are required to report their conflict of interest in accordance with rules and guidelines both an existing and when there is any change. Securities Trading Policy for Directors, Executives and Employees

The Board of Directors has considered and approved the Securities Trading Policy for directors, executives and employees with the objective of maintaining the sense of confidence among shareholders and investors who invest in the Company and Intouch Holdings Plc's securities. (INTUCH is the Company's major shareholder.) The essential part of this policy is to prohibit the Company's personnels from using inside information to gain the benefit of trading AIS and INTUCH securities, whether directly or indirectly. This is in line with the Securities and Exchange Act (as amended) including other related announcements.

In this regard, the requirements and guidelines have encompassed several groups of people such as directors, executives, and employees. Furthermore, the requirements also spelled out special duties for designated persons namely directors, executives and employees, whose roles and responsibilities entitled them to assess the insider information that they shall disclose to Capital Market Compliance Department any securities holding in AIS and INTOUCH HOLDINGS PUBLIC COMPANY LIMITED. This also includes filing a report for any changes in securities holding for the benefit of good corporate governance and transparency. In addition, the designated persons are prohibited from trading securities for a period of thirty (30) days prior to the date of disclosure of the quarterly and annual financial statements (Blackout Period). The policy can be found at [http://advanc-th.listedcompany.com/governance\\_policy.html](http://advanc-th.listedcompany.com/governance_policy.html)



## Online and Social Media Guideline



Technological development has changed the way people communicate. As such, the Business Ethics Committee has endorsed the appropriate guideline – which is in compliance with applicable laws – with the purpose of guiding Company's employees when using the Internet and social media. The essence of the guideline is to recognize the impacts that may arise as a result of using the Internet and social media inappropriately, especially when the employees use the Internet and social media with lack of care. This also includes avoiding any violation related to the computer law, for instance, employees shall use the Internet and social media in compliance the intellectual property might not belongs to Company, etc.

## Audit fee and non-audit fee



In 2019, audit fee and non-audit fee of the Company and its subsidiaries are as follows:

### The Company's audit fee

The Company's Audit fee	1,714,000
Annual audit fee for the consolidated financial statements, and quarterly review fee for the financial statements	712,000
Total	2,426,000

The aforementioned audit fee for the year 2019 excluded non-audit fee paid for the valuation assurance of the Company's the fourth warrants to purchase ordinary share granted to executives in the amount of Baht 30,000 and the out of pocket expense in the amount of Baht 131,875.

### The Company's subsidiaries audit fee

Subsidiaries: Audit fee and quarterly review fee (Baht)	8,873,900
Number of Subsidiaries (companies)	17

The above audit fees for the year 2019 excluded non-audit fees paid by subsidiaries for the auditing fee relating ledger account in telecommunication industry and others in the amount of Baht 792,000 and out of pocket expense in the amount of Baht 314,396 to audit firm and persons or business related to the auditors and the audit firm.

## Good Corporate Governance Guidelines in other aspects



The company considered to apply the Corporate Governance Code 2017 (CG Code) issued by the Securities and Exchange Commission, Thailand with AIS's business operations. However, in 2019 there are certain matters that the company opts for other suitable mechanism and record in the minutes of the meeting for a regular review annually as follows:

- One of the company's independent director's tenure is over 9 years continuously, the Board considered that the independent director is qualified, able to give opinion independently in accordance with relevant regulations including being a director who brings experience, knowledge and expertise to provide suggestions useful in determining the company's strategy and business operations.



# Relationship with Investors

The Investor Relations Department is the center for the publication of company information to allow investors and analysts to make informed decisions on investing in AIS. It is the aim of the Investor Relations Department to build trust and understanding of the Company's direction, strategies and operations to reflect the Company's fair value. Committed to transparency, fairness, and trustworthiness, Investor Relations adheres to the disclosure policy and IR code of conduct, the key points of which are as follows.

## Disclosure Policy & IR Code of Conduct



### Transparent and fair disclosure

1. Disclosure of information shall be in compliance with applicable legal and regulatory requirements.
2. Disclosure of information shall be accurate, adequate, timely and consistent.
3. Disclosure of information shall ensure fair and equitable access by all investors and analysts.

### Prevention of use of inside information

1. The Company must not publicly disclose material price-sensitive information until it has announced such information publicly through the Stock Exchange of Thailand (SET).
2. The Company observes a 30-day silent period prior to its planned earnings release to the SET.
3. The Company's designated persons privy to relevant internal information must refrain from trading or transferring the Company's securities for a 30-day period prior to the quarterly financial statements.
4. The Company's designated persons privy to relevant internal information are required to report their Company securities holdings, including the holdings of their spouse, minors, and unmarried partners. Upon any changes being made to such holdings, a subsequent report shall be submitted within 3 days.

AIS releases all relevant company information in both Thai and English, including annual reports, quarterly results reports, as well as investment newsletters and other

public relations news. For the convenience of the investor, various channels for communication and disclosure are provided. These include, for example, on the website at <http://investor.ais.co.th>, via e-mail and LINE application, as well as through quarterly results meetings including attendance at SET's Opportunity Day joined by press and through domestic and international roadshows attended by executives.

Additionally, the Investor Relations Department has established a system for collecting investor satisfaction data on an annual basis, in order for such data to be analysed and the results used to improve the working methods of the Investor Relations Department to be more effective.

Investors and analysts can contact our staff in the Investor Relations Department by phone on 02 029 3112/4443, by email at [investor@ais.co.th](mailto:investor@ais.co.th) or on LINE at @ais\_ir or by using the QR code to the right.



# The Audit and Risk Committee Report 2019

## To the Shareholders of Advanced Info Service Public Company Limited

The Audit and Risk Committee of Advanced Info Service Public Company Limited is composed of three (3) independent directors with combined skills and expertise in finance, accounting, laws, and business administration. All members possess adequate qualifications as required by the Audit and Risk Committee Charter and the regulations of the Securities and Exchange Commission, Thailand (SEC) and the Stock Exchange of Thailand (SET). Its members include:

1. Mr. Krairit Euchukanonchai  
Chairman of the Audit and Risk Committee
2. Mr. Surasak Vajasit  
Member of the Audit and Risk Committee
3. Mr. Prasan Chuaphanich  
Member of the Audit and Risk Committee

The Audit and Risk Committee held sixteen (16) meetings in 2019. All members of the Audit and Risk Committee attended every meeting. Mrs. Suvimon Kulalert, the Company's Chief Audit Executive, acts as Secretary of the Audit and Risk

Committee. The summary of meeting attendance of the members in 2019 is shown in "Management Structure".

The Audit and Risk Committee has performed duties independently and with objectivity according to the Audit and Risk Committee Charter and the regulations of the SET, and has reviewed such matters in accordance with current situations and approval by the Company's Board of Directors every year. The Audit and Risk Committee has performed its responsibilities in auditing and reviewing to assure good corporate governance, accurate and reliable financial reports, and adequate internal control; and to assure that the Management executes its duties with integrity, accountability, and in accordance with the Company's policies. The Audit and Risk Committee's duties in the year 2019 are summarized below:

**1. Financial Report:** The Audit and Risk Committee has reviewed accuracy, completeness and reliability of the quarterly and annual separate and consolidate financial statements of the Company and its subsidiaries for 2019, conducted in accordance with Thai Financial Reporting Standards and the International Financial Reporting Standards. The Audit and Risk Committee discussed

significant matters, important accounting policies, estimates, and judgements applied in the preparation of these financial statements with the external auditor. The Audit and Risk Committee also discussed the disclosure in the notes to the financial statements with prudence to assure that the preparation of these financial statements and the disclosure in the notes to the financial statements are reliable, transparent, and in accordance with Thai Accounting Standards and the Financial Reporting Standards.

In addition, The Audit and Risk Committee held a private meeting with the external auditor without the Management's participation for and independent discussion on important issues concerning independence in operations, significant information in the preparation of financial statements, and recommendations for the internal control over financial reporting. For the year 2019, the external auditor did not have any significant remark.

The Audit and Risk Committee concluded that the Company's accounting and financial reports were prepared in accordance with the appropriate internal control system. The external auditor performed auditing duties



independently without limitation of any audit scope. This reasonably assures that the financial reports reflect the Company's financial status and operation performance accurately including adequate disclosure according to Thai Accounting Standards and the Financial Reporting Standards.

## **2. Connected Transactions or Any Transactions that Potentially Conflicted with the Company's Interests:**

The Audit and Risk Committee has quarterly reviewed, overseen, and provided opinions concerning the connected transactions or any transactions that potentially conflicted with the Company's interests based on reasonability, transparency, adequate disclosure, business normality and the best interest of the Company. The Audit and Risk Committee concluded that the Management has conducted these transactions in the interest of the Company and at arm's length basis, with general business trading conditions and reasonable prices compared to the general market price in a similar industry.

**3. Legality:** The Audit and Risk Committee has reviewed the Company's compliance with the Securities and Exchange Act, the regulations and requirements of the SEC, SET, National Broadcasting and Telecommunications Commission (NBTC), and other relevant laws related to the Company's business operations as well as business obligations with third party agreements.

The Audit and Risk Committee concluded that the Company could demonstrate compliance with the aforementioned regulatory requirements in material respects. The Audit and Risk Committee and the external auditor jointly reviewed that relevant material issues under disputes, which the Management believes that such issues shall turn out to be in the Company's favor, were disclosed in the notes to the financial statements adequately.

**4. Internal Control System and Internal Audit:** The Audit and Risk Committee has reviewed the effectiveness and adequacy of the internal control system from the internal audit reports presented in 2019. The Audit and Risk Committee has consistently considered and monitored results pertaining to the recommendations in the internal audit and external audit reports to acknowledge root causes and provide guidelines for the Management to prevent from future potential loss. The Audit and Risk Committee has monitored and reviewed the results to ascertain that the Management performs duties in accordance with the recommended internal control system guidelines to prevent from recurrence. The Audit and Risk Committee concluded that the Company's internal control system is effective and the Company does not have any material internal control deficiency.

The Audit and Risk Committee has encouraged Internal Audit Department to enhance an advisory role to be

Trusted Advisor. For example, several workshops on high-risk areas and significant processes were conducted to create a better understanding of the internal control principle according to the Three Lines of Defense, and recommendations on preventive control were given to safeguard the Company from risks potentially arising. The Management has been tasked with the role of the Second Line of Defense to enhance the internal control effectiveness and mitigate risks to the acceptable level in a timely manner. Furthermore, the Audit and Risk Committee has encouraged Internal Audit Department to apply Robotic Process Automation (RPA) principle in auditing; and implement data analytics tools as well as Automated Audit Platform (AAP) to conduct audit activities in an agile and precise manner. The Risk Center system has been implemented as a supporting tool for the risk-based audit approach that could identify emerging risks and improve internal control system to prevent risks in a timely manner. Also, several workshops have been conducted for the Company's executives and employees to boost the understanding level of the Code of Business Ethics and the Fraud Risk Awareness. Relevant knowledge and information have been shared throughout the organization via the e-learning system so as to ensure that all employees could learn and perform duties in compliance with the Code of Business Ethics and the Fraud and or Misconduct Reporting and Whistleblower Protection Policy.



The Audit and Risk Committee has also overseen Internal Audit function and independently held a formal exclusive meeting with Chief Audit Executive to ensure that all assurance and advisory activities concerning internal control system, risk management systems, and corporate governance systems were performed effectively and efficiently, and achieved objectives in comparison with the efficiency indicators.

The Audit and Risk Committee has approved the 2020 annual internal audit plan, conducted in accordance with the Company's strategies and risk-based principles, emphasizing the effectiveness of the preventive key control function. The preventive control over fraud and the Management's self-assessment of control had been conducted and reviewed. Operation scope, responsibilities, adequate number of personnel, and competence of personnel were all taken into consideration accordingly.

The Audit and Risk Committee concluded that the Company's internal audit system is appropriate, effective, independent, and in conformity with the Company's goals and key risk areas, and Internal Audit Department thus achieved its performance targets.

**5. Review and Oversight of Risk Management:** The Audit and Risk Committee reviewed the appropriateness and effectiveness of the Company's risk management in four (4) meetings with participation of executives from the

Risk Management Committee in 2019 in order to review the appropriateness of risk assessment, risk control, risk monitoring and risk reporting. In addition, the Audit and Risk Committee has overseen risks and reviewed the adequacy of the Risk Management Policy and Enterprise Risk Management Framework in accordance with COSO ERM 2017: Enterprise Risk Management Integrating with Strategy and Performance, including risk capacity, and tolerance.

The Audit and Risk Committee concluded that the Company has the appropriate risk management system facilitating the efficient and effective business operations. The Audit and Risk Committee also suggested that new potential risks including significant changes concerning the Company and the telecommunications industry should be identified and data analytics should be applied for both internal and external matters so as to respond to risks and new challenges affecting the Company in an agile, efficient, and effective manner.

**6. Review of Fraud Investigation:** The Audit and Risk Committee has reviewed and overseen the Company's adherence to the Fraud and/or Misconduct Reporting and Whistleblower Protection Policy. Eleven (11) meetings with the Company's Investigation Committee were conducted in 2019 to review complaints and investigation results according to the Company's processes, including the efficiency of the whistle-blowing channels. The Audit and

Risk Committee also considered and concurred on the preparation and revision of the Fraud and/or Misconduct Reporting and Whistleblower Protection Guideline, and concluded that complaints were managed with appropriate actions and fair treatments, and in compliance with the Company's Corporate Governance Policy and Fraud Risk Management Policy. Most complaints were due to non-compliance with the Company's Code of Business Ethics and regulations, but with no material loss. Complaints submitted were taken into consideration for future preventive measures.

**7. Oversight of the Anti-Bribery and Corruption Policy and Measures:** The Audit and Risk Committee has reviewed the Company's practices in terms of the anti-bribery and corruption.

The Audit and Risk Committee conclude that the Company complies with the Anti-Bribery and Corruption Policy and Measures.

**8. Nomination and Appointment of the External Auditor and the Annual Audit Fee:** The Audit and Risk Committee took into consideration the nomination and appointment of the external auditor and the annual audit fee for 2020 based on the assessment of qualification, competency, experience in auditing, independence in auditing according to the Code of Ethics for Professional Accountants and requirements of the SEC, auditing quality in the past year,

and the audit fee, After careful consideration, the Audit and Risk Committee therefore proposed to the Board of Directors to seek approval to appoint the external auditor from Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. As the external auditor for the year 2020 at the Shareholder Meeting. In addition, the Audit and Risk Committee has reviewed non-audit services in terms of independence provided by the said audit firm.

**9. Performance Assessment:** The Audit and Risk Committee's self-performance assessment has been conducted annually, as an individual and group assessment, according to the SET guidelines. The result showed that the Audit and Risk Committee has performed its duties and responsibilities, according to the Audit and Risk Committee Charter, with a commitment to accuracy, prudence, transparency, and independence. The Audit and Risk Committee has full access to all pertinent information from management, employees and associated parties. The Audit and Risk Committee has given beneficial and practical comments and recommendations benefiting all stakeholders.

**10. Revision of the Audit and Risk Committee Charter:** The Audit and Risk Committee has reviewed the revision of the Audit and Risk Committee Charter annually by taking into consideration best practice in accordance with the SEC's regulations and international standards.

In summary, the Audit and Risk Committee concluded that the Board of Directors, Management, and Executive Directors could perform their duties with integrity and diligence in pursuit of the Company's goals and in preparation for new challenges, and that the company could demonstrate commitment to effective, transparent Corporate Governance including prudent risk management and internal control system.

Mr. Krairit Euchukanonchai  
Chairman of the Audit  
and Risk Committee

-

Mr. Surasak Vajavit  
Member of Audit and Risk  
Committee

-

Mr. Prasan Chuaphanich  
Member of Audit and Risk  
Committee

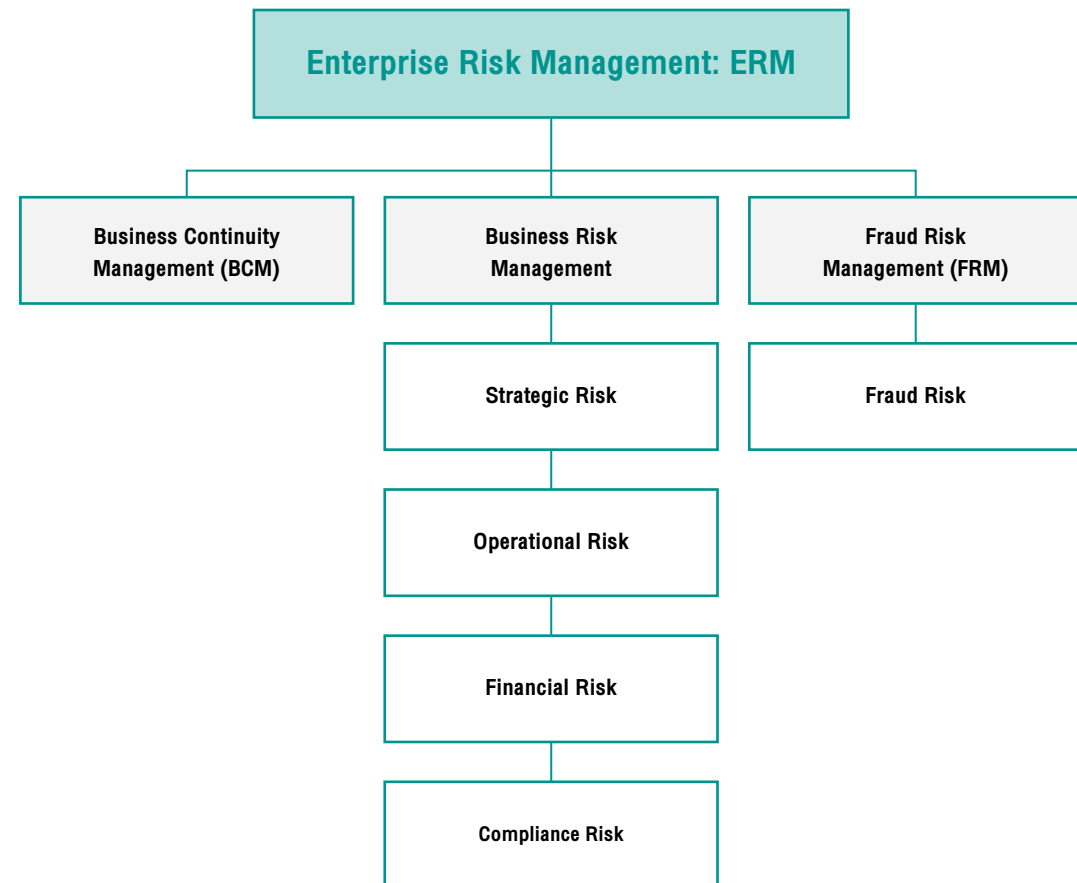
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# Risk Management, Internal Control, and Internal Audit

## Enterprise risk management

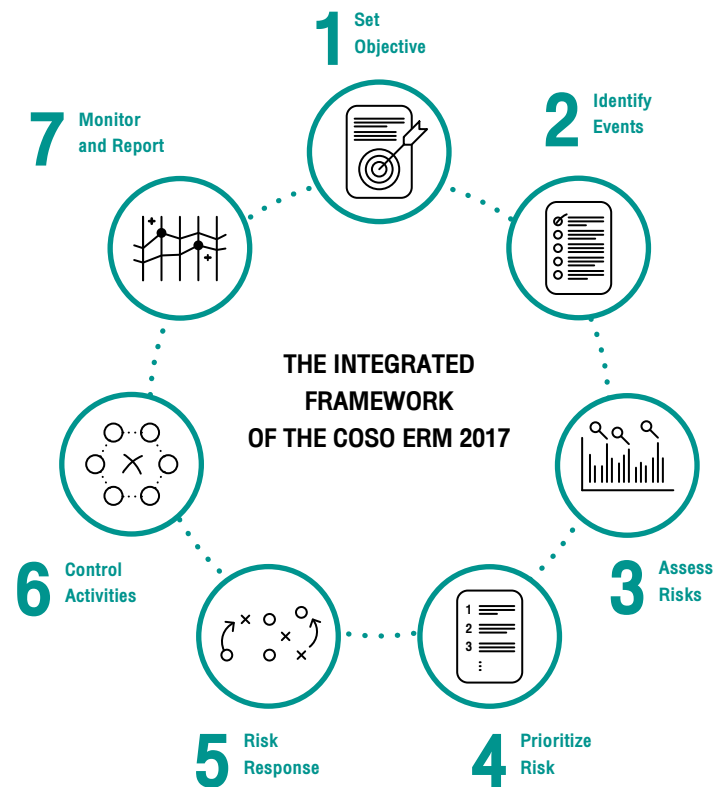


Risk management is an important process that helps AIS and its group companies (AIS) achieve the company's objectives and goals as well as respond to the expectations of various stakeholders properly. AIS has established an Enterprise Risk Management Policy and Framework which applicable to the corporate level and operational level in order to manage and maintain risks at an acceptable level (Risk Appetite). The Enterprise Risk Management framework of AIS is consists of the following components,



## AIS Enterprise Risk Management Framework & Processes

The AIS Enterprise Risk Management framework and process are aligned with the integrated framework of the COSO ERM 2017: Enterprise Risk Management Integrating with Strategy and Performance and applied to business risk management and fraud risk management. The 7 steps in the risk management process are



1. Set objectives at both corporate and functional levels, which are aligned with AIS's corporate strategy and are within its risk appetite levels as approved by the Board of Directors and reviewed annually.

2. Identify the events that could have a negative impact (risks) on AIS's ability to achieve its goals and its targets from both internal factors, for example, operational processes and human resources, and external factors, for example, customers, the economy, politics, and regulations.

3. Assess the identified risks by considering the likelihood of the risk occurring and the potential impact if the risk occurred; in addition, the correlation between the impact of any risk and how it could affect another risk must also be assessed.

4. Prioritize Risk with consideration of prioritizes risks as a basis for selecting responses to risks and impact to the organization then prioritizes risks as a basis for selecting risk response

5. Plan risk response measures with consideration given to the level of risk involved and the corresponding cost and benefit.

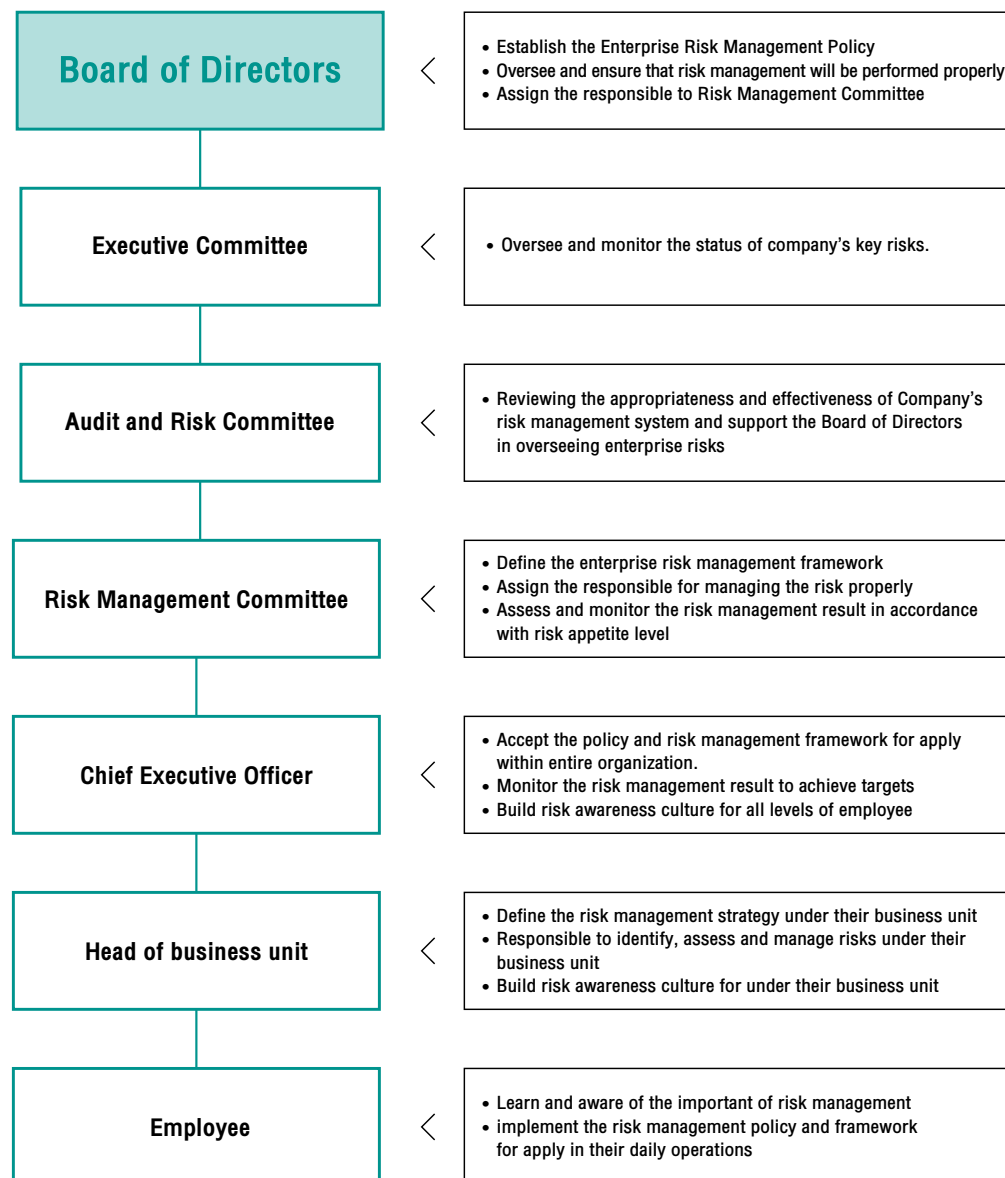
6. Establish control activities to help ensure that the desired risk responses are implemented as intended and are carried out effectively.

7. Monitor and report the status of the risks and the effectiveness of the risk management processes. The report shall be made and informed to the Audit and Risk Committee, the Executive Committee, and the Board of Directors regularly.

### Roles and responsibilities of AIS Risk Management

The Risk Management Committee consist of Chief Executive Officer as the Chairman and heads of business units. The Risk Management Committee held quarterly meetings in order to identify and assess both new risk and correlation with other identified risks as well as to review and follow up on the accomplishments of its risk management strategy. This was achieved by comparing the management action plans against the reliable measured results of the plans. At each meeting, the responsible management representative reported the results of the risk management approach identified in the previous meeting to the Risk Management Committee.

The Risk Management Committee submits its report on risk management to the Audit and Risk Committee, the Executive Committee, and the Board of Directors on a quarterly basis for close monitoring to ensure that its risk appetite is acceptable and that is able to accomplish its goals and objectives. In 2020, AIS plans to develop risk analysis and assessment in business operation together with process of developing of company business strategy for multi-layers of management and employee in order to create awareness and better understanding for risk management







## Fraud Risk Management



AIS announced the Fraud Risk Management policy to prevent, investigate, report, and manage the fraud matters which established 3 practical guideline namely:

**1. Prevention** – to proactively identify, assess, review and respond to all possible frauds in the organization and communicate them to the employees in all levels to build awareness and importance of fraud reporting, corruption and misconducts.

**2. Detection** – to check or investigate any misconduct or fraud or case where there is a reasonable suspicion of such activity.

**3. Response** – to perform investigation processes and through it to punishment process

**1. Prevention** – to proactively identify, assess, review and respond to all possible frauds in the organization and communicate them to the employees in all levels to build awareness and importance of fraud reporting, corruption and misconducts.

**2. Detection** – to check or investigate any misconduct or fraud or case where there is a reasonable suspicion of such activity.

**3. Response** – to perform investigation processes and through it to punishment process

The company anticipates that directors, executives and employees are aware of the essence of fraud risk and shall notify the Company of any action possibly leading to fraud immediately as well as cooperate fully in any investigation relating thereto. In this regard, the Company has appointed Fraud Risk Management Committee (FRMC) to oversee the policy and fraud risk management process. Also to support other functions to develop fraud risk management including self-manage and systematically control risk.

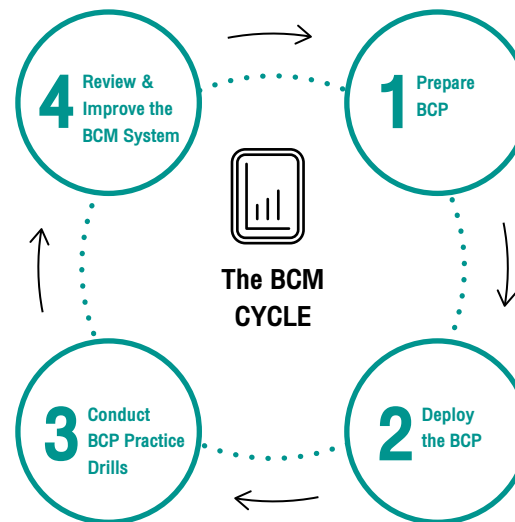
## Business Continuity Management



The Company has set in place a business continuity management system in accordance with international standards. The objective is to continue operations in the event of natural disasters or any other situations that are beyond the Company's control and which have the potential for causing an interruption to the core operating system and a loss of company property and personnel at both central and regional levels, including AIS group and subsidiary companies.

To support this system, the Company has established the Business Continuity Management policy and manual, also appointed the Business Continuity Management Committee, comprised of top executives from each business unit and chaired by the Chief Executive Officer, to oversee the effectiveness and sustainability of the Company's business continuity management.

The business continuity management (BCM) process comprises 4 main steps



### 1. Prepare business continuity plan:

Prepare a business continuity plan to cope in the event of a disaster in accordance with the objectives of the business continuity management of the core business processes. This will be based on consideration of both business impact analysis and risk assessment to determine the critical business process of each unit, as well as to define the period of time after which outages of the business process become unacceptable.

### 2. Deploy business continuity plan:

Distribute and communicate the approved business continuity plan to all related parties and ensure its understanding. This also includes the preparation of the resources, both internal and external, that are necessary and sufficient to implement the business continuity plan.

### 3. Conduct business continuity plan practice drills:

Arrange to conduct the business continuity plan practice drills, according to the defined schedule and targets; update the plan to make it current and report the results of the practice drills to the commander accountable for the business continuity plan; gain acknowledgment from the Business Continuity Management Committee.

### 4. Review & improve business continuity management system:

Review and improve the business continuity management system to ensure its effectiveness and alignment with the risk level currently faced by the organization.



## Overall of Business Continuity Management framework



- **Put in place enterprise and departmental BCP:** AIS has in place a Business Continuity Management System that is comprised of an Enterprise Business Continuity Plan (Enterprise BCP), Departmental Business Continuity Plan (Departmental BCP) and significant functions of AIS. Risk assessment of any threat to the Company must assess both the likelihood of that threat occurring and its impact in order to prepare the Enterprise BCP for coping with the crisis or any emergencies which adversely affect or damage the working facilities or staff.
- **Based on the findings of the business impact analysis,** Departmental BCPs are also in place to manage the situation in the event that any department is not able to perform any process that could directly impact the company's products or services.
- **A Disaster Recovery Plan (DRP)** of IT systems has also been established to provide the strategy and working process in order to recover all information technology systems that support critical processes. This includes all of the resources required to ensure our business continuity within acceptable recovery time and at an acceptable operational level.
- **BCP for critical business process:** AIS's Business Continuity Management Committee has assigned senior executives and the heads of related parties to prepare the business continuity plan to ensure continuation of the critical business processes which have a direct impact on AIS's ability to deliver its Critical Services. It is the responsibility of all management and staff to support the activities related to business continuity management, such as the preparation of the business continuity plan; the allocation of resources according to the business continuity plan, especially in the practice drills; and the review of the plan to ensure the effectiveness of the business continuity management.

## Building an organizational culture in Enterprise Risk Management



In addition to the determination of Risk Management framework and roles and responsibilities of all level employees, AIS has also promoted and cultivate Risk Management culture to build awareness and understanding about the Risks conformed to achieving the organization's objectives and goals. AIS performed to create an organizational culture in Risk Management as follows:

- Establish the Risk Management policy, manual and procedures, publish on a social intranet for employees can read and understand.
- Develop the Risk Management plans in both the corporate level and functional level covers efficiency internal control process and internal audit.
- Communicate through the semi-annual performance review event to ensure that employees at all levels have the same understanding and acknowledge the direction and obstacles/challenges of the company's business operations in the short-term and long-term.
- Provide knowledge of Risk Management principles to employees via presentation documents and publish on social intranet.



## Performance result of 2019 and goal in 2020



In 2019, AIS achieved ISO 22301:2012 Business Continuity Management System certifications are Cloud service and Co-Location service as a company that developed a complete business continuity management system to cope with crisis or disaster. This lead to the sustainability development of the Company. In addition, AIS continues to conduct the business continuity plan practice drills on the continuation of critical business processes, in 2019 a simulation exercise; cyber threat attacked at main data center which caused an interruption to our network and services was carried out to test responsiveness of company's business continuity plan to ensure the continuity of our service. In 2020, The company proposes of applied ISO 22301: 2012 framework to all business processes and ensure that AIS is ready and able to respond to and manage a variety of situations in times of crisis.

## Internal Control



AIS has established internal control systems prudently under COSO Internal Control – Integrated Framework 2013 (COSO 2013) of the Committee of Sponsoring Organizations of the Treadway Commission which comprises 5 components and 17 principles in order to achieve significant objectives relating to operations, financial reports and compliance with relevant regulations. It also supports and enhances performance, and safeguards the Shareholders' investment and the Company's assets.

During the Board of Directors Meeting No. 1/2020, on 23 January 2020, the Board of Directors assessed the adequacy of internal control systems according to the assessment form prepared by Securities and Exchange Commission (SEC). Five (5) independent directors attended the said meeting and three (3) of them are the Audit and Risk Committee members. The Board of Directors concluded that the Company has effective and adequate internal control systems to oversee operations to achieve goals and objectives; comply with applicable laws; and safeguard and optimally utilize assets for the Company's interest, as well as to ensure accurate and reliable financial reports.

In addition, AIS and its subsidiaries' consolidated and separate financial statements ended 31 December 2019 have been audited by the independent certified public accountants in conformance with Thai Standards on Auditing ("TSAs"). The external auditors exercise professional judgment; maintain professional skepticism;

and address concerns throughout the audit. The external auditors also identify and assess the risks of material misstatement of the consolidated and separate 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 their 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. Furthermore, the external auditors 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 AIS and its subsidiaries' internal control. After auditing, the external auditors express unmodified opinions for the consolidated and separate financial statements of AIS and its subsidiaries.

Internal control activities in 2019 can be summarized as follows:

### Control Environment

- AIS is committed to integrity and ethical values.

The Board of Directors and the Management have established the Corporate Governance Policy, the Code of Business Ethics and the Anti-Bribery and Corruption Policy to have directors, executives and employees embrace integrity, ethical values, honesty, accountability, transparency and legal compliance. Interests of business

partners, communities and environment are taken into consideration. In addition, Audit and Risk Committee is responsible for the oversight of the Anti-Bribery and Corruption Policy and measures. The Business Ethics Committee, including Chief Executive Officer (CEO) as the Chairman, was appointed with responsibility to promote integrity and ethical values of AIS executives, personnel, and any related parties including outsourced staff and business partners. The evaluations of understanding levels of the Code of Business Ethics and the Anti-Bribery and Corruption Policy have been conducted annually for eight (8) and four (4) years consecutively.

Furthermore, since 2013, the Board of Directors has approved the Fraud and/or Misconduct Reporting and Whistleblower Protection Policy (previously known as "Reporting and Investigation of Misconduct and/or Fraud and Whistleblower Protection Policy"). In 2019, the said policy has been revised and approved to be more appropriate. Apart from that, the Fraud and/or Misconduct Reporting and Whistleblower Protection Guideline has been revised and enforced as a part of the said policy, and has been concurred by the Audit and Risk Committee in order to provide whistle-blowing channels and guideline on receiving reports on complaints, confidentiality, whistle-blower protection, investigation and penalties on perpetrators.

- [The Board of Directors has overseen the Management diligently](#); is independent from the Management; and maintains relevant expertise. Chairman of the Board of Directors was independent and one-third or 45.5% of board

members were independent. For more details, please see the Structure of the Committee, page 57. Moreover, authority and duties of each board's sub-committee were defined in regard to internal audit, risk management, sustainability, good governance, development and remuneration for the committee. Results of each committee are reported to the Board of Directors every quarter. For more details, please see the Structure of Committee, page 57.

- [AIS structures and authorities are defined in accordance with business goals and objectives](#) under the oversight of the Board of Directors by emphasizing on balance, prudence, flexible operation, and disruptive innovation. Authorities and responsibilities have been delegated to employees based on demonstrated competence of each person. Segregation of duties was applied to ensure check and balance. All personnel are responsible and accountable for internal controls and Internal Audit Department can perform duties independently.

- [Personnel are valuable assets to AIS and are included in the mission, aiming to build the corporate culture of "FIT, FUN, FAIR"](#) which encourages personnel to possess competencies, perform duties professionally with a sense of business owner, and create innovative and state-of-the-art work procedures. The said mission and corporate culture also aim to balance work life, motivate personnel to have a sense of AIS's family, retain high caliber personnel with proven commitment to their duties. AIS has also created a culture of innovation for employees to achieve the goal of being the Innovation Organization through communications, activities, management support. For more

details, please see "Innovation Management and Innovation Organization" section in the Sustainability Report, page 43 and 47. AIS Academy is responsible for developing competencies regarding management and leadership; and encourages employees to enhance their knowledge and skills through various approaches such as on-the-job trainings, internal and external trainings, and e-learning.

- [The Board of Directors has established a clear succession plan](#) to ensure the business continuity, and such succession plan covers successors from Senior Management, such as Chief Executive Officer, through Head of core business units. In this matter, the succession plan, training, and advice have been developed to equip the potential successors with necessary competencies. In addition, the Company identified key function to set the plan to facilitate business continuity. For example, the system development process relating to engineering and IT systems operated by service providers will be included in the knowledge sharing program for IT and engineer teams periodically. Moreover, related working papers and other documents have been stored systematically to facilitate workflow.

- [In each year, the Board of Directors and Senior Management have established Balanced Scorecard](#) and key performance indicators to evaluate actual performance in comparison to goals in order to ensure proper practice and direction. Such performance measurements were conducted at all levels including the Board of Directors, executives, permanent and temporary employees and outsourced staff. In every performance evaluation comprising objective appraisals and behavioral appraisals

according to the corporate culture, supervisors provided positive and negative feedback to their subordinates in order to encourage them to improve their performances efficiently.

### Risk Assessment

- AIS risk management has been in corporate and functional levels to ensure the achievement of the Company's objectives, under oversight of the Risk Management Committee and coordination of the Enterprise Risk Management Department. For more details, please see Risk Management, page 92. From 1st of January 2019 onwards, the Board of Directors has assigned the Audit and Risk Committee to oversee enterprise risk management framework which comprises relevant policies, risk appetite, risk capacity, and tolerance, as well as review enterprise risk management and adequacy of such risk management policy stipulated by Risk Management Committee prior to proposal to the Board of Directors. The Audit and Risk Committee is also responsible for considering and providing advice on enterprise risk oversight to the Board of Directors, and assessing adequacy and appropriateness of strategic risk management.

### Control Activities

- AIS has selected and developed written internal control activities, in response to specific risk needed to be controlled regarding environment, complexity, operation manner and scope, and unique corporate features. For example, clear policies, procedures and approval

authority levels concerning finance, purchase, connected transactions, securities trading by AIS's Board of Directors, Management and Employees have been in place and regularly reviewed. For significant matters, there will be a mix of control between manual control and automated control, which are preventive and detective controls. In addition, AIS segregates duties performed regarding record, approval and assets management to ensure check and balance. AIS's policies and practices have been reviewed regularly to ensure appropriateness.

- AIS has selected and developed proper general controls over technology to ensure integrity, continuity, security, proper acquisition, development and maintenance of information technology systems. AIS has also assigned certain departments to be responsible for technology infrastructures and software. In addition, Managing Personal Data and Cyber Security Committee has been appointed to establish the policy, direction, principles, and framework with respect to cybersecurity management and personal data protection. The said Committee is also tasked to educate personnel to ensure compliance with the policies, standards, framework, and work instructions; and to provide recommendations and legal advice to ensure accurate and appropriate practice. The established foundation will secure computer and information systems of AIS and its subsidiaries from any intrusions, thefts, destruction, interruptions, or stealth, that may cause damage to the business operations of AIS and its subsidiaries; and will protect the customer data to

ensure data security as required by applicable laws. For more details, please see "Protection of IT Security and Data Privacy" section in the Sustainability Report, page xx-xx. Moreover, AIS has managed internal and external threats by configuring access to critical information systems, such as mobile network, computer network and database. Authorizations of different logical and physical access levels have been set for using data on network operation systems. In case of piracy or intrusion, it will be automatically and consistently monitored by security tools. Then, the relevant team will be notified to take actions accordingly.

- Board of Directors, Management and Supervisors shall clarify purposes and internal control activities to all relevant personnel to ensure proper practice. Furthermore, the Management as the Second Line of Defense and Internal Audit Department as the Third Line of Defense against risks shall provide advice on designing efficient and effective internal control systems.

### Information & Communication

- AIS emphasizes on quality of information underpinning internal control activities. AIS information systems are efficient, updated, and improved continuously to enable processing huge amount of data into managerial information (big data analysis) in a timely manner to remain competitive in consideration of costs and benefits.

- AIS regularly ensures adequacy of material reports presented to the Board of Directors for making decision prior to the board meeting as required by applicable law, as well as preparing minutes of the board meeting with adequate details and storing such documents by Company Secretary Office for reviewing or reference.

- AIS maintains several efficient internal communication channels through the Company's website social intranet, Microsoft Teams application, SMS, email, People Champions of each department, From the Desk of CEO, and Half-Year Business Plan Kick-Off. Certain departments have been assigned to share necessary information within the organization. In addition, the Company provides communication channels via Board Portal and the Company Secretary Office for the Board of Directors, Executive Committee and Sub-Committee.

- Any employee can safely report actual and suspicious cases of misconduct or fraud via available channels prescribed in the Fraud and/or Misconduct Reporting and Whistleblower Protection Policy or directly to Audit and Risk Committee at [AuditandRiskCommittee@ais.co.th](mailto:AuditandRiskCommittee@ais.co.th). Under the Fraud and/or Misconduct Reporting and Whistleblower Protection Policy, employees who provide such information shall be protected. To build more awareness of results from misconduct or fraud, AIS has been communicating of such matters with penalties through cartoon without disclosing any names.

- AIS assigns Company Secretary Office and Investor Relations to be responsible for communication and interaction with external parties according to types of stakeholders. Processes are in place to track troubleshooting and complaints from all parties. For more details, please see page 77. Apart from that, any external parties could report actual and suspicious cases of misconduct or fraud relating to the Company directly to the Audit and Risk Committee at [AuditandRiskCommittee@ais.co.th](mailto:AuditandRiskCommittee@ais.co.th), or directly to the Chief Audit Executive at [nokweed@ais.co.th](mailto:nokweed@ais.co.th), or to Chief Human Resources Officer at [HR-Nokweed@ais.co.th](mailto:HR-Nokweed@ais.co.th), or via ethics hotline at 02029333. Protection shall be provided under the Fraud and/or Misconduct Reporting and Whistleblower Protection Policy.

#### Monitoring Activities

- AIS Management and Supervisors have established processes to monitor effectiveness of the internal control systems by means of follow-up meeting, unusual activity investigation, as well as control self-assessment, whereby Internal Audit Department is tasked with assessing effectiveness of internal control systems independently, and reports results to Audit and Risk Committee on a monthly basis. After that, Audit and Risk Committee will present such results to the Board of Directors and hold meetings with External Auditors to assess adequacy and effectiveness of internal control systems on a quarterly basis.

- When significant internal control deficiency was detected, the Management analyzed its root cause and assigned employees responsible for remediation in a timely manner. The Board of Directors has established level of deficiency that requires the Management or the Internal Audit Department to report to the Board of Directors promptly; for example, the matters with high financial impact, damage to the reputation, non-compliance to the laws and regulations, violation of key control system, or possible case of fraud. Internal Audit Department and other assigned departments are responsible for following up on the Management's corrective actions and reporting to the Audit and Risk Committee until such matter is completely remediated.

#### Internal Audit



Mrs. Suvimon Kulalert was appointed as Chief Audit Executive on 1st of January 1999. Her expertise in the field and adequate understanding in the Company's functions and operations support her roles and responsibilities appropriately. Approval, appointment, dismissal or transfer of the Chief Audit Executive must be concurred by Audit and Risk Committee.

For Chief Audit Executive's portfolio, please see page 46.



### **Roles and Responsibilities of Chief Audit Executive and Internal Audit Department**

1. Chief Audit Executive (CAE) reports directly to Audit and Risk Committee who oversees to ensure that Internal Audit Department (IAD) performs internal auditing with independence, objectivity, integrity, and expertise, in adherence to the internal audit standards. CAE reports administratively to the Chief Executive Officer.

2. IAD operates independently under the internal audit charter which clearly specifies the internal audit mission, scope, authority, duties, responsibilities and procedures. The charter is revised for its appropriateness periodically.

3. IAD's duties include provision of assurance and consulting services through the evaluation of effectiveness and efficiency of internal control systems, risk management systems, and good governance in order to support the Company's business objectives and targets.

4. IAD prepares its annual audit plan aligning with AIS and its subsidiaries' strategic direction, change in the risk level, and Audit and Risk Committee's directives. The plan is conducted based on severity of risks focusing on critical risks to AIS's operations, objectives, and strategies. In 2019, IAD plan focused on effectiveness of operations critical to preventive control, prevention of fraud, and advisory services by means of value-added workshops. The plan is approved by Audit and Risk Committee. Audit reports and

following up on the Management's corrective actions are reported for Audit and Risk Committee's consideration on a monthly basis.

5. Additionally, IAD acts as Secretary to Audit and Risk Committee, supporting their oversight responsibilities as assigned by the Board of Directors. IAD also acts as a channel for internal or external parties to file complaints on possible misconduct and fraudulent actions. After receiving such complaints, IAD will find facts and investigate in accordance with the Fraud and/or Misconduct Reporting and Whistleblower Protection Policy, and report the case results to the Audit and Risk Committee on a monthly basis.

6. Apart from the internal audit activities, CAE gives advice on internal controls, risk management, business ethics, information security, etc. The Audit and Risk Committee also oversees CAE's other roles other than internal auditing to prevent from the independence impairments of IAD.

7. IAD regularly coordinates with external auditors to ensure that audit scopes appropriately cover all critical risks.

8. IAD adheres to the International Professional Practices Framework, and revises the internal audit charter and the internal audit manual as well as conducts internal audit quality self-assessment on an annual basis. IAD also receives a Quality Assessment Review (QAR) by external, independent assessors every five years to ensure that

IAD adds values to its stakeholders and promotes the sustainable development of the Company's internal control systems, risk management and good governance. Latest external, independent assessment suggests that IAD generally conforms to the international standards and is ranked "Standard" when benchmarking against other internal audit functions globally.

9.

### **Internal Audit Activities in 2019 and Future Plans**

#### **1. Encouraging the Management to implement internal control systems and self-business assurance effectively**

Since 2018, Internal Audit Department has been supporting AIS and its subsidiaries in enhancing more understanding level and implementation of good internal control systems in accordance with COSO's 2013 framework and the model of Three Lines of Defense. Several workshops with the Management were held to remediate several internal control issues. In addition, IAD has been promoting self-business audit concepts and developed tools, such as the Second Line of Defense Website, to facilitate the Management in Control Self-Assessment (CSA).

#### **2. Promoting awareness of the Code of Business Ethics and Fraud Risks among company employees**

In 2019, IAD has built the awareness and the understanding of the Code of Business Ethics and fraud risks among the company employees in order to ensure compliance with the Code of Business Ethics and the Fraud and/or Misconduct Reporting and Whistleblower Protection Policy.



Several workshops have been conducted for executives and employees, resulting in better understanding of the Code of Business Ethics and the fraud risk awareness.

### 3. Creating Risk Center to enhance the efficiency of audit activities

IAD has emphasized building awareness of risk management among internal auditors. The proactive Risk Center has been established to gather and analyze risk issues in order to design audit programs for high risk areas including operational risks and fraud risks. The integrated risk management has been implemented according to COSO's Enterprise Risk Management - Integrating with Strategy and Performance and Fraud Risk Management Policy. All internal auditors are encouraged to propose ideas relating to preventive controls.

### 4. Aligning internal audit activities with digital era

IAD has developed and started deploying Robotic Process Automation (RPA) since 2017 as a tool to automatically analyze data from multiple databases. Data analytics tools have also been adopted and applied to internal audit activities to boost agility and accuracy, as well as giving an early warning of potential risks to the Company when any risk identification or internal control deficiency is found. In other respects, the Automated Audit Program (AAP) has been developed in 2019 to facilitate internal audit activities in the digital era. For example:

- Supporting systems have been developed to identify and assess risks in the Risk Center platform; design audit programs; and utilize RPA in analyzing data.
- Audit Knowledge Sharing Center has been developed to serve as the search engine for obtaining internal and external information and knowledge necessary for audit in an easy, convenient, and agile manner.
- E-report system has been implemented to save paper and environment, and this system allows having audit reports reviewed by relevant internal audit management before soliciting approval and e-signature from the CAE in order to automatically submit audit reports to executives and auditees.
- Online Customer Satisfaction Index Survey has been implemented to get feedbacks from the Audit and Risk Committee, executives, and auditees, in a convenient, agile, accurate, and precise manner.

### 5. Transforming into Trusted Advisor

Since 2018, IAD has enhanced an advisory role including the review of all functions which cover revenue assurance, expenditure, and compliance to regulators' requirements and acts, such as sales and marketing processes, billing and collection, and engineering. RPA has been adopted as a tool to analyze data and strengthen the Second Line of Defense to transform into the Trusted Advisor according to the Internal Audit Roadmap.

## Internal Audit Training and Competency Development

### 1. Pursuit of knowledge and updated international professional practices standard

To enhance effectiveness of AIS's internal audit and stay updated, IAD regularly reviews and moves towards updated domestic and international professional practices and standards relating to internal control systems, risk management, good governance and other fields relating to AIS's business.

### 2. Integrated and innovative audit

IAD encourages all internal auditors to acquire more skills and enhance competencies in order to perform multi-functions or integrated audit. All internal auditors are also encouraged to be innovative in developing more effective and efficient audit techniques.

### 3. Competency development roadmap under global internal audit competency framework

Internal auditors are encouraged to continuously improve their competencies by acquiring multiple knowledge and skills critical to AIS's business operation. Therefore, IAD has developed the "Development Roadmap" according to roles and responsibilities of IAD under global internal audit competency framework of The Institute of Internal Auditors (The IIA) as follows:

- Core Competency
- Essential Competency



Each internal auditor shall attend trainings for at least 11 days per year according to the established strategy.

#### 4. Acquiring related professional certificates to promote internal audit profession.

All internal auditors are encouraged for self-development to build internal audit expertise by acquiring professional auditor certification or other relevant qualifications. In 2019, IAD has set a target that 50% of the total number of IAD staff should acquire professional certificates. At present, 15 out of 52 IAD staff, or 31%, obtain following certificates.

Certificates	Details	Number of IA Staff with Certificates (persons)
Certified Internal Auditor (CIA), USA	This internal audit certificate requires competency of internal audit, risk management and related matters.	7
Certified Information System Auditor (CISA), USA	This certificate relates to control activity and information system security uplifting international professional standard.	5
Certified Information Systems Security Professional (CISSP), USA	This certificate requires competency in 10 aspects of information security called "Common Body of Knowledge" (CBK) – that is access control, telecom & network security, application & system development security, security management, cryptography, security management, operation security, business continuity planning & disaster recovery planning, law investigation & ethic and physical security.	1
Certification in Risk Management Assurance (CRMA), USA	This certificate is designed for internal auditors or risk management officers whose responsibilities and expertise could provide risk management assurance, good governance, quality assurance or control self-assurance with respect to business environment assessment and enterprise risk management, as well as provide advice and assurance on such matters.	9
Certified Professional Internal Audit of Thailand (CPIAT), Thailand	This certificate is for Professional Internal Audit of Thailand, aiming at enhancing internal audit competencies.	1
Certified Public Accountant (CPA), Thailand	Certified Public Accountant has competency of accounting practice and standard, auditing, related laws, information system, computer literacy and accounting report.	4
Tax Auditor (TA), Thailand	Tax Auditor has competency of accounting practice and standard, auditing, Revenue Code, and Civil and Commercial Code.	1
Information Security Management Systems Auditor/Lead Auditor: ISO/IEC 27001:2013	This certificate requires competency of information security management systems and the principle of assessments regarding to ISO/IEC 27001:2013 standard to perform auditing as standard defined.	3
Business Continuity Management System Auditor/Lead Auditor : ISO 22301:2012	This certificate requires competency of internal and external threat management for business continuity to perform auditing according to the international standard ISO 22301:2012.	2
CQI and IRCA Certified ISO 14001:2015 Lead Auditor	This certifies competencies and specialization for providing advice on protecting environment, preventing pollution, and compliance with relevant matters to ensure sustainable development according to ISO 14001:2015.	1

A number of internal auditors are studying to acquire CIA, CISA, and CFE [Certified Fraud Examiners] in order to support internal audit tasks as professionals and to meet international audit control standards.

# Sustainable Development Committee Report

The Sustainable Development Committee (SDC) consists of three (3) members namely: Mr. Prasan Chuapanich as Chairman, Mr. Somprasong Boonyachai and Mr. Somchai Lertsuthiwong as members.

In 2019, the Sustainable Development Committee held a total of 4 meetings. Significant actions taken by the committee in 2019 are as follow:

**The committee approved and oversaw operations for sustainable development based on 7 strategies;** digital innovation, data privacy&cyber security, cyber wellness and online security, human capital development, social inclusion, emission and waste management. The committee implemented a policy for the strategies to be integrated into the work processes, policies and guidelines of relevant departments with the intent to drive the organization towards being a leading digital life services provider and commissioned studies into work processes and short, medium and long term goals as well as management approaches to achieve such goals, calling for clear assessment metrics with details of all these actions as set out in the Sustainable Development Report 2019.

**The committee approved the flagship projects according to the sustainable development strategy,** comprising 2 projects, namely; Aun Jai Cyber, a project satisfying the strategy on cyber wellness and online security designed to support and protect the Thai people against cyber threats using digital tools while bolstering confidence in AIS in terms of protection and internet service provision, and E-waste with AIS, a project satisfying the strategy on waste management and proper disposal designed to reduce and recycle waste generated by business operations and to promote proper E-waste disposal by the Thai people. Both projects were carried out with clear metrics focused on social benefit.

**The committee acknowledged** AIS being selected for inclusion on the Dow Jones Sustainability Index's World Index and Emerging Market Index for 2019 in the Telecommunications Industry category and set policy to apply sustainable development practices to all operations of the company, spurring a sustainable development drive across the organization in accordance with international standards.



(Mr. Prasan Chuapanich)  
Chairman of the Sustainability  
Development Committee

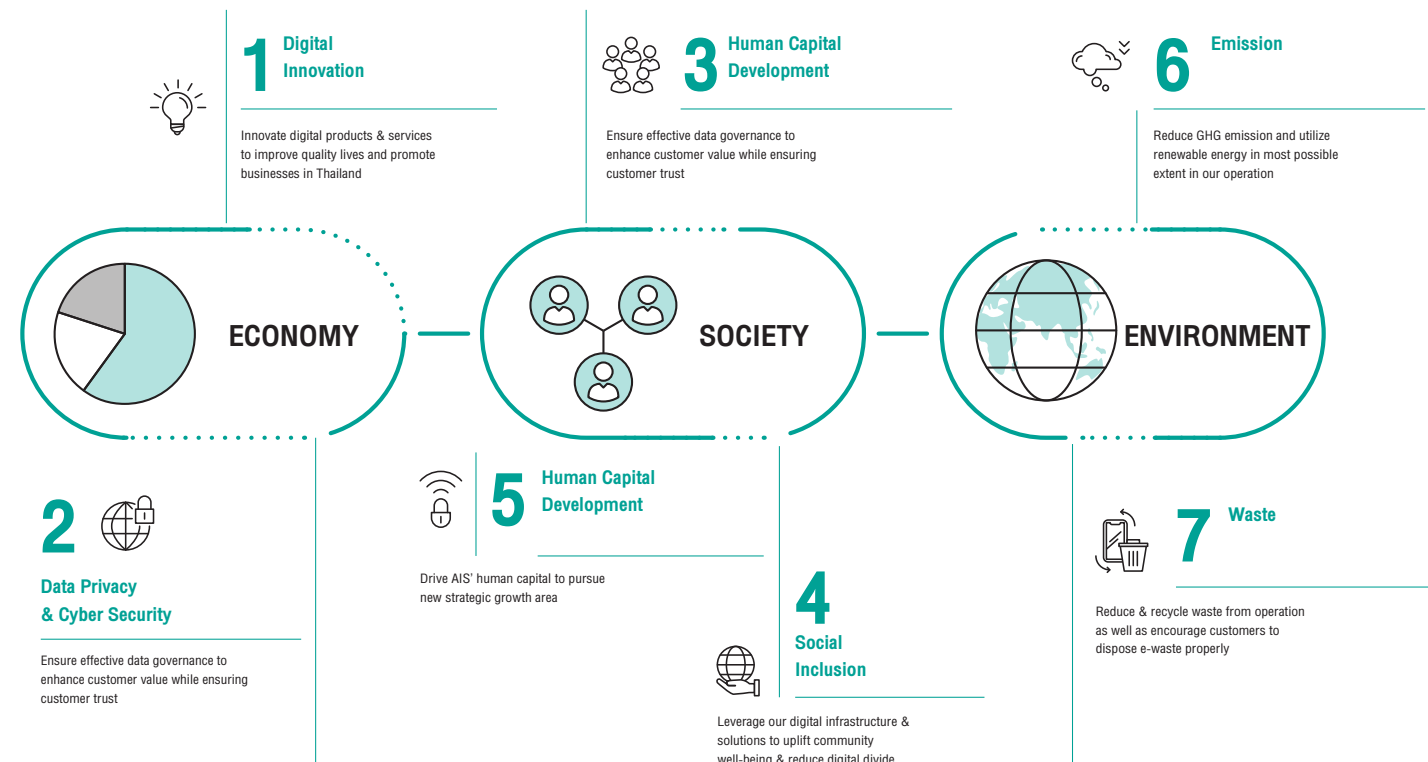
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# Sustainable Development

With our vision as Digital Life Service Provider, AIS defines our sustainable business strategy leveraging upon our expertise in technology, customer relationship management and telecommunication infrastructure. AIS also devotes great importance to being ready to take on the significant challenges and opportunities that may arise so that it may create positive economic, social and environmental impacts. The seven strategies for sustainable business development AIS implements are as follows:

AIS has embedded its 7 sustainability strategies into day-to-day business operations; defining the Company's business direction, product and service development, innovation, and human resource management. In doing this, we set a clear performance measurement as well as short-term and long-term targets. For further information, please refer to the Sustainability Report 2019 (<http://sustainability.ais.co.th/en/report/sustainability-report>).

## The 7 strategic focuses





# Connected Transactions

The Company and its subsidiaries have entered into transactions with connected persons in the ordinary course of business and based on general trading conditions.

In alignment with the Security and Exchange Act (No. 4) B.E. 2551, Article 89/12 (1), the Company's Board of Directors has approved in principle, on 13 August 2008, that the management shall have the authority to undertake the connected transactions which are carried out based on general trading conditions and arm's length basis. The approval of the above transactions shall not constitute such authority to allow the director, an executive, or a related person to approve with a conflict of interest.

For approval process, the connected transactions shall be processed in the same practice as other general trading transactions with outside parties with the authorized executives designated and empowered to endorse up to a certain limit of budget according to their respective rank and position. The Audit and Risk Committee of the Company and its subsidiaries is responsible for reviewing the connected transactions every quarter to ensure no conflict of interest and maximize the overall company's benefits.

Policy and future trend of connected transactions will continue to be based on normal business transactions and will follow the policy of the market determining prices in negotiated transactions, as in the past. No special benefit will accrue either to companies or relevant individuals from connected transactions.

For the period year ended 31 December 2019, the Company and its subsidiaries had the connected transactions which the auditors disclosed in the notes to audited financial statements and reviewed by the Audit and Risk Committee. The Audit and Risk Committee had an opinion that Management conducted such transaction for the benefit of the company at an arm's length basis with general trading conditions and reasonable price that compared with the general market price in such industry. The connected transactions in 2019 are as follow.



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>1. Intouch Holding Public Company Limited (INTOUCH)/</b>  INTOUCH is a major shareholder, holds 40.45% - Co-directors: 1. Mr. Somprasong Boonyachai 2. Ms. Jeann Low Ngiap Jong 3. Mr. Kan Trakulhoon	The subsidiaries pay service fee and interest expense from long-term debentures to Intouch. While the subsidiaries provide mobile services and handset sales to INTOUCH.  <b>Sales and services</b> 1. Service income 2. Other income 3. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and Other service expenses 2. Trade and other accounts payable 3. Interest expenses 4. Debenture							The subsidiaries charge mobile services and handset sales at the same rate as external customers.          The subsidiaries pay service fee and interest expense to INTOUCH at the same rate as others parties.
		-	0.91	1.20	3.09	1.20	7.01	
		1.11	1.50	0.01	0.13	0.38	0.43	
		0.48	1.54	0.11	0.60	0.44	3.86	
		-	1.13	1.37	1.49	4.41	4.53	
		-	-	1.63	9.51	1.20	1.56	
		-	1.10	-	1.71	-	1.76	
		-	21.00	-	62.50	-	51.50	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>2. Thaicom Public Company Limited (THAICOM)/</b>  INTOUCH is a major shareholder, holds 41.13% - Co-directors: Mr. Somprasong Boonyachai	The subsidiaries pay US\$ 1,400,000 per year for leases satellite transponder (Thaicom7) from THAICOM. The contract has effective to 19 November 2020  Moreover Thaicom has provides satellite downlink equipment and space for transponder equipment installation.  While the subsidiaries provide domestic and international phone services and handset sales to THAICOM.							Thaicom is the only satellite operator in Thailand.
	<b>Sales and services</b>							
	1. Service income	-	140	-	4.27	-	6.63	The subsidiaries charge
	2. Other income	-	0.48	-	0.33	0.19	0.96	mobile services and handset
	3. Trade and other accounts receivable	-	0.13	-	1.92	0.17	2.56	sales at the same rate as
								external customers.
	<b>Purchase of goods and services</b>							
	1. Rental and Other service expenses	-	59.93	-	47.12	-	55.81	The subsidiaries pay service
	2. Trade and other accounts payable	-	6.38	-	9.00	-	4.92	fee (transponder) to
	3. Interest expenses	-	-	-	0.11	-	0.08	THAICOM at the same rate
	4. Debenture	-	-	-	5.90	-	0.90	as external customer.
	5. Purchases of property and other assets	-	0.02	-	2.90	-	2.14	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>3. I.T. Applications and Services Company Limited (ITAS)/</b>  INTOUCH is a major shareholders, holds 100%.	The subsidiaries hire ITAS to provide SAP solution and application development. While the subsidiaries provide mobile services to ITAS.  <b>Sales and services</b> 1. Service income 2. Other income 3. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and other service expenses 2. Purchases of property and other assets 3. Trade and other accounts payable							ITAS provides SAP application development and improvement, including maintenance services. The services are timely and rapidly while the service fee is reasonable.  The subsidiaries charge mobile services at the same rate as external customers.  The subsidiaries pay consultant fee depend on the type of work and the level of consultant and develops application to ITAS with the same rate as other SAP consultant.
		-	0.75	-	1.51	-	1.61	
		-	0.08	-	0.17	0.04	0.15	
		-	0.01	-	0.21	0.04	0.55	
		-	81.86	-	109.90	-	142.84	
		-	24.46	-	10.21	-	66.43	
		-	14.50	-	23.08	-	55.32	





Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>4. Group of SingTel Strategic Investments Private Limited (SingTel)/</b>  SingTel is a major shareholder of the Company, holds 23.32%.	The subsidiaries enter into an agreement with companies of SingTel group: <ul style="list-style-type: none"> <li>- The joint International Roaming operation services (IR)</li> <li>- Network telecom service operator i.e. International Private Leased Circuit (IPLC) and content services.</li> </ul>							The agreement is under the ordinary course of business and both parties charge each other at the accepted price by deduct profit margin from their customers at the same rate as other operators.
	<b>Sales and services</b>							
	1. Service income	-	41.80	-	191.91	-	125.17	The subsidiaries charge IR
	2. Other income	-	-	-	0.67	-	3.83	at the same rate as other
	3. Trade and other accounts receivable	-	25.98	0.42	151.46	0.42	40.62	operators and content
								services at the same rate as
	<b>Purchase of goods and services</b>							other content providers.
	1. Rental and other service expenses	-	139.26	-	268.53	-	280.92	The subsidiaries pay IPLC, IR
	2. Trade and other accounts payable	-	20.96	19.69	60.79	8.82	33.11	fee at the same rate with
								other operators and pay
								service fee (content) at the
								same rate as other content
								providers.



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>5. Thai Advance Innovation Company Limited (TAI)/</b>  INTOUCH is an indirect major shareholder.	The subsidiaries hire TAI to advertising on satellite television. While the subsidiaries provide mobile services and handset sales to TAI.  <b>Sales and services</b> 1. Service income 2. Other income 3. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and other service expenses 2. Trade and other accounts payable	-	0.06	-	0.04	-	0.04	TAI has a specialization in media service, content services on satellite television and satellite dish distributor.  The subsidiaries charge mobile services and handset sales to TAI at the same rate as external customers.
		-	0.04	-	-	-	0.03	
		-	0.04	-	0.01	-	0.03	
		-	-	-	-	-	2.31	
		-	-	-	-	-	2.60	
<b>6. Lao Telecommunications Company Limited (LTC)/</b>  INTOUCH is an indirect major shareholder.	The subsidiaries have cooperated with LTC to provide international roaming (IR).  <b>Sales and services</b> 1. Service income 2. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and other service expenses 2. Trade and other accounts payable	-	14.32	-	26.81	-	26.71	LTC, the telecommunications service provider in Laos, provides fixed line, mobile phone, internet, and international roaming services. Roaming price is based on market rate.  The subsidiaries charge IR services at the same rate as external customers.  The subsidiaries pay roaming fee to LTC at the same rate as other parties.
		-	26.69	-	2.23	-	2.91	
		-	5.91	-	3.73	-	5.04	
		-	0.39	-	0.37	-	0.52	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>7. Ookbee Company Limited (OOKB)/</b>  INTOUCH is a direct shareholder, holds 20.94%.	The subsidiaries hire Ookbee to provide E-booking application on smartphones and tablets by charging per monthly. While the subsidiaries provide mobile services to Ookbee.  <b>Sales and services</b> 1. Service income 2. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and service expenses 2. Trade and other accounts payable							Ookbee is a provider digital publication and E-Booking company such as books, magazines or newspaper on smartphones, tablets and computers.  The subsidiaries charge mobile services at the same rate as external customers.  The subsidiaries pay service fee (Content on mobile) by the percentage of revenue at the same rate as other content providers.
		-	1.80	-	1.29	-	0.93	
		-	0.22	-	0.19	-	0.12	
		-	23.71	-	4.27	-	0.43	
		-	6.47	-	1.17	-	1.72	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>8. Information Highway Company Limited (IH)/</b>  AIS is an indirect major shareholder.	IH provides facilities services under financial lease and transmission network to the subsidiaries. While the subsidiaries provide mobile services to IH.							IH provides facilities services under financial lease and transmission network.
	<b>Sales and services</b> 1. Service income	-	0.04	-	0.04	-	0.05	The subsidiaries charge mobile services at the same rate as external customers.
	<b>Purchase of goods and services</b> 1. Rental and service expenses	-	241.14	-	88.61	-	82.31	The subsidiaries pay transmission network fee to IH at the comparison rate as other providers.
	2. Trade and other accounts payable	-	22.15	-	33.95	-	10.22	
	3. Interest expense	-	6.37	-	4.63	-	2.77	
	4. Financial lease liabilities	-	76.70	-	53.58	-	29.41	
	5. Purchases of property and other assets	-	14.48	-	-	-	-	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>9. Krung Thai Bank Public Company Limited (KTB)/</b>  - Co-directors: Mr. Krairit Euchukanonchai.	KTB provides financial services to the subsidiaries. While the subsidiaries provide mobile services to KTB.							KTB is a provider of full financial services such as bank deposit, arranging loan, merchant services and other services.
	<b>Sales and services</b>							The subsidiaries charge mobile services and handset sales at the same rate as external customers.
	1. Service income	-	86.47	-	17.50	-	24.26	
	2. Other income	-	-	-	1.75	-	-	
	3. Trade and other accounts receivable	-	0.47	-	3.39	-	1.13	The subsidiaries receive interest income from bank deposit and pays interest expense from borrowing at the same rate as other commercial bank.
	<b>Purchase of goods and services</b>							
	1. Bank deposits and Interest income	0.49	101.30	0.87	167.37	0.88	177.87	
	2. Rental and service expenses	-	0.14	-	0.10	-	0.11	
	3. Trade and other accounts payable	-	0.08	-	27.18	-	40.39	
	4. Debenture	-	29.00	-	-	-	20.00	
	5. Long-term loan and Interest expense	-	11.85	-	3,040.68	-	3,188.81	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>10. High Shopping Company Limited (High Shopping)/</b>  INTOUCH is an indirect major shareholder.	The subsidiaries provide mobile services to High Shopping.  <b>Sales and services</b> 1. Service income 2. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and service expenses	-	0.73	-	3.33	-	6.20	High Shopping is a provider of digital content services to customer through TV, mobile devices, the internet and other advertising channels.  The subsidiaries charge mobile services and handset sales at the same rate as external customers.
		-	0.08	-	0.88	-	0.31	
		-	-	-	0.03	-	-	
		-	-	-	-	-	-	
<b>11. TC Broadcasting Company Limited (TCB)/</b>  INTOUCH is an indirect major shareholder.	TCB provides equipment system and television signal service to the subsidiaries.  <b>Purchase of goods and services</b> 1. Rental and service expenses 2. Trade and other accounts payable	-	5.65	-	12.01	-	5.58	The subsidiaries pay services fee (transmission) to TCB at the same rate as other providers.
		-	0.36	-	0.49	-	0.50	
		-	-	-	-	-	-	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>12. Golfdigg Company Limited (Golfdigg)/</b>  INTOUCH is a direct shareholder, holds 25.00%.	The subsidiaries provide mobile services to Golfdigg.  <b>Sales and services</b> 1. Service income 2. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and service expenses 2. Trade and other accounts payable							Golfdigg is a provider of the golf-course booking application on smartphone.  The subsidiaries charge mobile services at the same rate as external customers.
		-	0.08	-	0.09	-	0.12	
		-	0.01	-	0.02	-	-	
		-	0.02	-	-	-	0.17	
		-	0.35	-	0.42	-	0.26	
<b>13. Amata Network Company Limited (AN)/</b>  AIS is an indirect major shareholder.	AN provides transportation rental to the subsidiaries. While the subsidiaries provide of management service and mobile services to AN.  <b>Sales and services</b> 1. Service income 2. Other income 3. Trade and other accounts receivable 4. Sale of property and other assets  <b>Purchase of goods and services</b> 1. Rental and service expenses 2. Trade and other accounts payable							AN is a provider of transmission network in Amata industrial estate.  The subsidiaries charge mobile services at the same rate as external customers and management fee on mutual agreement.  The subsidiaries pay services fee (transportation rental) to AN at the same rate as other providers.
		-	0.04	-	0.29	-	1.81	
		-	1.78	-	6.00	-	5.95	
		-	7.55	-	0.56	-	1.14	
		-	6.60	-	-	-	-	
		-	0.26	-	16.11	-	26.38	
		-	0.88	-	1.96	-	8.11	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>14. Wongnai Media Company Limited (WONGNAI)/</b>  INTOUCH is a direct shareholder, holds 9.54%.	The subsidiaries hire Wongnai to design website and media on smartphone. While the subsidiaries provide mobile services to Wongnai.  <b>Sales and services</b> 1. Service income 2. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and service expenses 2. Trade and other accounts payable							Wongnai is a provider of the application on smartphone to discover and review about restaurants, beauty and spas across Thailand.  The subsidiaries charge mobile services at the same rate as external customers.  The subsidiaries pay services fee (media and advertising) to Wongnai at the same rate as other providers.
		-	0.01	-	0.02	-	0.28	
		-	-	-	-	-	0.09	
		-	2.41	-	3.36	-	4.71	
		-	-	-	-	-	0.27	
<b>15. Digio (Thailand) Company Limited (DIGIO)/</b>  INTOUCH is a direct shareholder, holds 8.05%.	The subsidiaries provide mobile services to Digio.  <b>Sales and services</b> 1. Service income 2. Trade and other accounts receivable	-	0.06	-	1.41	-	5.88	Digio is a provider of the mobile Point of Sale (mPOS) application on smartphone.  The subsidiaries charge mobile services at the same rate as external customers.
		-	0.01	-	0.81	-	0.58	





Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>16. BEC World Public Company Limited and its subsidiaries (BEC)/</b>  - Co-directors: Mr. Somprasong Boonyachai	The subsidiaries hire BEC to provide content on smartphone. While the subsidiaries provide mobile services to BEC.  <b>Sales and services</b> 1. Service income 2. Other income 3. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and service expenses 2. Trade and other accounts payable	-	0.56	-	8.56	-	6.26	The subsidiaries of BEC World provide content services such as television program and entertainment content on mobile application.  The subsidiaries charge mobile services at the same rate as external customers.  The subsidiaries pay service fee (Content) by the percentage of revenue to BEC at the same rate as other content providers.
		-	-	-	-	-	0.07	
		-	0.07	-	1.65	-	0.49	
		-	12.66	-	9.35	-	6.52	
		-	0.40	-	0.98	-	1.02	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>17. Mass Rapid Transit Authority of Thailand and its subsidiaries (MRTA)/</b>  - Co-directors: Mr. Krairit Euchukanonchai	MRTA provides rental services to the subsidiaries. While the subsidiaries provide mobile services to MRTA.  <b>Sales and services</b> 1. Service income 2. Other income 3. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and service expenses 2. Trade and other accounts payable	-	0.10	-	0.37	-	149	MRTA group is a leading organization in providing efficient and complete mass rapid transit service to enhance people's quality of life.  The subsidiaries charge mobile services and handset sales at the same rate as external customers.  The subsidiaries pay rental fee (base station and electricity) to MRTA at the same rate as other lessor.
		-	-	-	0.26	-	0.24	
		-	0.05	-	0.03	-	0.16	
		-	9.00	-	54.09	-	60.12	
		-	0.32	-	0.51	-	9.65	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>18. The Siam Cement Public Company Limited and its subsidiaries (SCG)/</b>  - Co-directors: Mr. Kan Trakulhoon	SCG provides rental services to the subsidiaries. While the subsidiaries provide mobile services and handset sales to SCG.							SCG group is the largest cement and building material company in Thailand and Southeast Asia.
	<b>Sales and services</b>							The subsidiaries charge mobile services and handset sales at the same rate as external customers.
	1. Service income	-	42.85	-	50.81	-	51.43	
	2. Other income	-	0.46	-	-	-	0.03	
	3. Trade and other accounts receivable	-	4.47	-	6.37	-	6.17	The subsidiaries pay rental fee (base station and electricity) to SCG at the same rate as other lessor.
	<b>Purchase of goods and services</b>							
	1. Rental and service expenses	-	1.01	-	0.09	-	0.03	
	2. Interest expenses	-	-	-	7.96	-	2.91	
	3. Trade and other accounts payable	-	-	-	2.39	-	-	
	4. Debenture	-	-	-	255.00	-	-	



Related parties/ Relation to the Company	Detail of transactions	Related transactions for the period 31 December 2017 (Million Baht)		Related transactions for the period 31 December 2018 (Million Baht)		Related transactions for the period 31 December 2019 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	Company	Consolidated	
<b>19. Rabbit - Line Pay Company Limited (RLP)/</b>  AIS is an indirect major shareholder.  * On March 5, 2018, Advanced Mpay Co., Ltd., a subsidiary, has invested in Rabbit Line Pay Co.Ltd which is 33.33% of ownership.	RLP provides e-money and e-payment service to the subsidiaries. While the subsidiaries provide mobile services to RLP.  <b>Sales and services</b> 1. Service income 2. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and service expenses 2. Trade and other accounts payable	-	-	-	1.55	-	3.75	RLP provides e-money and e-payment service to serve customers in the digital economy.  The subsidiaries charge mobile services at the same rate as external customers.  The subsidiaries pay service fee (e-money and e-payment) to RLP at the same rate as other providers.
		-	-	-	1.45	-	0.86	
		-	-	-	18.30	-	24.69	
		-	-	-	17.79	-	4.54	
<b>20. Osotspa Public Company Limited (OSP)/</b>  - Co-directors: Mr. Somprasong Boonyachai	The subsidiaries provide mobile services to OSP.  <b>Sales and services</b> 1. Service income 2. Trade and other accounts receivable  <b>Purchase of goods and services</b> 1. Rental and service expenses 2. Interest expenses	-	0.19	-	5.07	-	9.35	OSP is a Thailand-based consumer products company, with a focus on non-alcoholic beverages and selected personal care products.  The subsidiaries charge mobile services at the same rate as external customers.  The subsidiaries pay rental fee (base station and electricity) to OSP at the same rate as other lessor.
		-	0.07	-	0.68	-	2.44	
		-	0.10	-	0.20	-	0.16	
		-	-	-	-	-	0.03	

# FINANCIAL REPORT

# Board of Directors' Responsibility for Financial Statements

The Board of Directors is responsible for Advanced Info Service Public Company Limited's financial statements and Advanced Info Service Public Company Limited and its subsidiaries consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimation. Important information is adequately, and transparency disclosed in the notes to financial statements for the Company shareholders and investors.

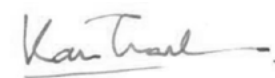
The Board of Directors provides and maintains risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to retain its assets as well as to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit and Risk Committee comprising independent directors to be responsible for reviewing quality of the financial reports, internal controls, internal audit and risk management system. The Audit and Risk Committee also

reviews a disclosure of related party transactions. All their comments on these issues are presented in the Audit and Risk Committee Report included in this annual report.

The separate financial statements and the consolidated financial statements of the Company have been examined by an external auditor, Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, all records and related data, as requested, are provided to the auditor. The auditor's opinion is presented in the auditor's report as a part of this annual report.

The Board of Directors considers the Company's overall internal control system satisfactory and provides credibility and reliability to Advanced Info Service Public Company Limited's financial statements and Advanced Info Service Public Company Limited and its subsidiaries consolidated financial statements for the year ended 31 December 2019. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



Mr. Kan Trakulhoon  
Chairman of the Board of Directors



Mr. Somchai Lertsutiwong  
Chief Executive Officer

# Report of the Independent Certified Public Accountants

## To the Shareholders and Board of Directors Advanced Info Service Public Company Limited

### Opinion

We have audited the consolidated financial statements of Advanced Info Service Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of Advanced Info Service Public Company Limited (the "Company") which comprise the consolidated and separate statements of financial position as at December 31, 2019, and the related consolidated and separate statements of profit or loss, profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Advanced Info Service Public Company Limited and its subsidiaries and of Advanced Info Service Public Company Limited as at December 31, 2019, and its financial performance and its

cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing ("TSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note 24 to the financial statements that Advanced Info Service Public Company Limited and its subsidiaries have adopted Thai Financial Reporting Standard 15 "Revenue from contracts with customers" ("TFRS 15") which become effective for fiscal years beginning on or after January 1, 2019. The Group and the Company elect to recognize the cumulative effect of initially applying this Standard as an adjustment to the beginning balance of retained earnings of the reporting period. Our opinion is not modified in respect of this matter.

### Key Audit Matters

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



## Key Audit Matters

### Revenue recognition

There is a risk around the accuracy of the Group's revenue recorded given the complexity of systems and the impact of changing pricing models to revenue recognition. Furthermore the application of revenue recognition accounting standards is complex.

We focused our audit on the following areas of revenue recognition specifically relating to

- accounting and tariffs during the year;
- the accuracy of revenue recognition

Accounting policies for revenue recognition was disclosed in Notes 3.17 to the financial statements.

## Audit Responses

Key audit procedures included:

- Evaluated the relevant IT systems and the design and implementation and operating effectiveness of controls over the capture and recording of revenue transactions. In doing so, we involved our IT specialists to assist in the audit of automated controls, including interface controls between different IT applications.
- Evaluated the business process controls in place over the authorization of rate changes, the introduction of new plans and the input of this information to billing systems. We audited the access controls and change management controls for such systems.
- Performed audit on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts applied to customer bills; and testing cash receipts for a sample of customers back to the customer invoice.
- Audited key reconciliations used by management from business support systems to billing systems to the general ledger to assess the completeness and accuracy of revenue.
- Audited supporting evidence for manual journal entries posted to revenue accounts to identify any unusual items.
- Validated with the assumptions and key management estimates adopted where revenue is recognized but they have not issued invoice yet and items that have been paid but still has an obligation to provide future services to customers





## Key Audit Matters

### Significant commercial disputes and litigations

The Group has a number of legal, regulatory and commercial disputes. There is a high level of judgement required in estimating the level of provisioning required.

The Group operates under the supervision of the National Broadcasting and Telecommunications Commission (NBTC). If NBTC has acted lawfully upon any interpretation amendments and/or enactment of new rules and regulations, the Group may not lawfully file a lawsuit and/or make any claim for any indemnification.

In addition, the Group cooperates with state-owned enterprises such as TOT Public Company Limited and CAT Telecom Public Company Limited. There is a risk of conflict between the entities from different interpretation in terms and conditions of contract.

Significant events, commercial disputes and litigations were disclosed in Note 40 to the financial statements.

## Audit Responses

Key audit procedures included:

- Designed and performed audit procedures in order to identify litigations and disputes involving the Group which may give rise to a risk of material misstatement, including:
  - Inquired of management and in-house legal counsel about significant events, commercial disputes and litigation.
  - Reviewed minutes of meetings of those charged with governance.
  - Sent legal confirmation to external legal counsel regarding to status of significant legal cases.
  - Reviewed legal expense accounts.
- Considered compliance with laws and regulations of the Group including:
  - As part of obtaining an understanding of the Group and its environment, we obtained a general understanding of:
    - The legal and regulatory framework applicable to the Group and the industry or sector in which the Group operates; and
    - How the Group is complying with that framework.
  - Inquired of management and those charged with governance, as to whether the Group is in compliance with such laws and regulations and inspecting correspondence, if any, with the relevant regulatory authorities such as NBTC.
- Requested management to provide written representations that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to us and accounted for and disclosed in accordance with Thai Financial Reporting Standards.

## Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

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

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial

statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing Group's and the Company's and the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 our 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 and the Company's ability to continue as a going concern. If

we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

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

Dr. Suphamit Techamontrikul

BANGKOK

February 6, 2020

Registration No. 3356

Certified Public Accountant (Thailand)

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

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# STATEMENTS OF FINANCIAL POSITION

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2019

UNIT : BAHT					
	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
ASSETS					
Current assets					
Cash and cash equivalents	4	19,636,627,466	9,066,888,356	1,975,219,680	330,502,410
Specifically-designated bank deposits	5	1,989,089,050	2,220,542,185	-	-
Trade and other current receivables	6, 35	18,297,896,427	19,241,653,605	1,825,357,904	1,786,094,183
Contract assets	7	1,868,738,312	-	-	-
Short-term loans to related parties	35	-	-	50,499,000,000	48,669,000,000
Inventories	8	4,828,455,683	3,822,985,486	-	-
Current tax assets		317,086,768	116,987,006	60,345,445	67,950,252
Other current financial assets	36	-	5,772,175	-	-
Other current assets		204,257,782	429,844,303	4,913,629	53,738
Total current assets		47,142,151,488	34,904,673,116	54,364,836,658	50,853,600,583
Non-current assets					
Investment in an associate	9	24,612,629	17,793,644	-	-
Investments in subsidiaries	10	-	-	27,928,202,917	22,158,565,396
Investments in joint ventures	9	635,509,431	735,995,899	-	-
Other long-term investments	11	67,032,210	59,976,210	46,999,310	47,999,310
Property, plant and equipment	12	125,510,307,301	130,211,973,802	69,709,331	217,277,086
Assets under the Agreements for operations	13	-	-	-	-
Goodwill	14	2,881,699,659	2,881,699,659	-	-
Spectrum licenses	15	103,074,017,347	111,749,059,137	-	-
Other intangible assets	16	5,468,375,759	5,091,828,807	11,053,367	17,336,436
Deferred tax assets	17	3,490,521,588	3,210,339,722	549,988,735	612,954,066
Other non-current assets		1,374,894,316	1,641,645,473	283,036,590	498,214,691
Total non-current assets		242,526,970,240	255,600,312,353	28,888,990,250	23,552,346,985
Total assets		289,669,121,728	290,504,985,469	83,253,826,908	74,405,947,568

UNIT : BAHT					
	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term borrowings from financial institutions	18	-	5,900,000,000	-	2,900,000,000
Trade and other current payables	19, 35, 39	41,376,819,746	37,679,694,758	2,904,665,726	2,846,503,529
Provision for revenue sharing	40	5,248,416,692	5,361,818,613	5,107,842,520	5,221,244,442
Unearned income - mobile phone service		4,189,025,479	3,963,530,920	9,176,967	9,177,072
Advanced received from customers	5	1,989,089,050	2,220,542,185	-	-
Current portion of long-term liabilities	18	24,871,789,053	11,203,598,605	15,326,846	10,504,755
Current portion of spectrum licenses payable	20	24,490,134,874	3,971,753,447	-	-
Short-term borrowings from related parties	18, 35	-	-	4,920,000,000	4,920,000,000
Current income tax payable		2,892,323,884	2,412,564,709	-	-
Other current financial liabilities	36	140,659,105	-	-	-
Other current liabilities		57,041,933	50,952,575	-	3,539,189
Total current liabilities		105,255,299,816	72,764,455,812	12,957,012,059	15,910,968,987
Non-current liabilities					
Long-term liabilities	18, 35	69,171,920,043	92,029,626,131	15,422,866	25,999,851
Provisions for employee benefit	21	2,859,529,007	2,253,764,390	329,248,695	263,096,606
Spectrum licenses payable	20	37,298,912,437	63,516,140,746	-	-
Unrealized adjustment value of spectrum license	1, 20	3,283,532,804	-	-	-
Other non-current liabilities		2,405,757,999	2,272,417,625	16,386,900	16,386,900
Total non-current liabilities		115,019,652,290	160,071,948,892	361,058,461	305,483,357
Total liabilities		220,274,952,106	232,836,404,704	13,318,070,520	16,216,452,344
Shareholders' equity					
Share capital					
Authorized share capital	22				
4,997 million ordinary shares of Baht 1.00 each		4,997,459,800	4,997,459,800	4,997,459,800	4,997,459,800
Issued and paid share capital					
2,973 million ordinary shares of Baht 1.00 each, fully paid	24	2,973,178,632	2,973,095,330	2,973,178,632	2,973,095,330
Share premium					
Share premium on ordinary shares	22	22,386,069,897	22,372,276,085	22,386,069,897	22,372,276,085
Other deficits					
Deficits arising from change in ownership interest in a subsidiary	38	(669,657,282)	(668,455,415)	-	-
Retained earnings					
Appropriated					
Legal reserve	23	500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		43,725,576,066	32,005,107,623	43,725,576,066	32,005,107,623
Other components of shareholders' equity	24	350,931,793	339,016,186	350,931,793	339,016,186
Total shareholders' equity attributable to owners of the Company		69,266,099,106	57,521,039,809	69,935,756,388	58,189,495,224
Non-controlling interests		128,070,516	147,540,956	-	-
Total shareholders' equity		69,394,169,622	57,668,580,765	69,935,756,388	58,189,495,224
Total liabilities and shareholders' equity		289,669,121,728	290,504,985,469	83,253,826,908	74,405,947,568

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



# STATEMENTS OF PROFIT OR LOSS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2019

UNIT : BAHT					
	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>Revenues</b>					
Revenues from rendering of services and equipment rentals	26, 35	150,128,820,094	144,004,927,501	1,727,511,000	1,733,820,000
Revenue from sale of goods	35	30,764,865,144	25,850,919,656	-	-
<b>Total revenues</b>		<u>180,893,685,238</u>	<u>169,855,847,157</u>	<u>1,727,511,000</u>	<u>1,733,820,000</u>
<b>Costs</b>					
Cost of rendering of services and equipment rentals	30, 35	(81,487,209,457)	(76,700,066,883)	(1,341,462,262)	(1,185,153,576)
Cost of sale of goods		(30,412,235,356)	(26,755,621,910)	-	-
<b>Total costs</b>		<u>(111,899,444,813)</u>	<u>(103,455,688,793)</u>	<u>(1,341,462,262)</u>	<u>(1,185,153,576)</u>
<b>Gross profit</b>		68,994,240,425	66,400,158,364	386,048,738	548,666,424
<b>Distribution costs and administrative expenses</b>					
Distribution costs	30	(7,861,311,589)	(9,549,510,004)	(1,710,419)	(1,251,230)
Administrative expenses	30	(19,879,238,500)	(16,745,333,213)	(192,516,104)	(375,886,050)
<b>Total distribution costs and administrative expenses</b>		<u>(27,740,550,089)</u>	<u>(26,294,843,217)</u>	<u>(194,226,523)</u>	<u>(377,137,280)</u>
<b>Profit from services, equipment rentals and sales of goods</b>					
Interest income	27, 35	41,253,690,336	40,105,315,147	191,822,215	171,529,144
Other income (reversal)	28, 35	197,602,961	164,949,049	610,340,003	838,310,045
Share of profit (loss) of an associate, subsidiaries and joint ventures	9, 10	648,896,450	695,878,287	67,516,380	(1,162,752,777)
Net gain on foreign exchange rate		(85,867,508)	(122,974,184)	30,590,075,960	30,044,590,383
Management benefit expenses	35	308,410,189	118,631,111	2,786,812	995,394
Finance costs	31, 35	(144,365,024)	(177,470,136)	(144,335,024)	(157,857,302)
		<u>(4,776,605,533)</u>	<u>(5,147,685,400)</u>	<u>(72,649,111)</u>	<u>(105,657,456)</u>
<b>Profit before income tax (expense) income</b>		37,401,761,871	35,636,643,874	31,245,557,235	29,629,157,431
Tax (expense) income	32	(6,209,242,358)	(5,922,538,911)	(55,986,548)	53,020,706
<b>Profit for the years</b>		<u>31,192,519,513</u>	<u>29,714,104,963</u>	<u>31,189,570,687</u>	<u>29,682,178,137</u>
<b>Profit attributable to:</b>					
Owners of the Company		31,189,570,687	29,682,178,137	31,189,570,687	29,682,178,137
Non-controlling interests		2,948,826	31,926,826	-	-
<b>Profit for the years</b>		<u>31,192,519,513</u>	<u>29,714,104,963</u>	<u>31,189,570,687</u>	<u>29,682,178,137</u>
<b>Earnings per share (in Baht)</b>					
Basic earnings per share	33	10.49	9.98	10.49	9.98
Diluted earnings per share		<u>10.49</u>	<u>9.98</u>	<u>10.49</u>	<u>9.98</u>

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



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	NOTES	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>Profit for the years</b>		31,192,519,513	29,714,104,963	31,189,570,687	29,682,178,137
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that</b>					
<b>will not be subsequently reclassified to profit or loss</b>					
Gains on remeasurements of defined benefit plans	21	279,643,232	-	34,893,915	-
Share of other comprehensive income of subsidiaries	10	-	-	195,825,589	-
Income tax relating to components of other comprehensive income that will not be subsequently reclassified to profit or loss	32	(55,778,079)	-	(6,978,783)	-
<b>Other comprehensive income for the years, net of income tax</b>		223,865,153	-	223,740,721	-
<b>Total comprehensive income for the years</b>		<u>31,416,384,666</u>	<u>29,714,104,963</u>	<u>31,413,311,408</u>	<u>29,682,178,137</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		31,413,311,408	29,682,178,137	31,413,311,408	29,682,178,137
Non-controlling interests		3,073,258	31,926,826	-	-
<b>Total comprehensive income for the years</b>		<u>31,416,384,666</u>	<u>29,714,104,963</u>	<u>31,413,311,408</u>	<u>29,682,178,137</u>

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



# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

## CONSOLIDATED FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES AS AT DECEMBER 31, 2019

UNIT : BAHT

	Notes											
		Issued and		Other deficits	Retained earnings		Other components of shareholders' equity			Total shareholders' equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
		paid share capital	Share premium on ordinary share	Deficits arising from change in ownership interest in subsidiaries	Appropriated Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Total other components of shareholders' equity			
Balance as at January 1, 2018		2,973,095,330	22,372,276,085	-	500,000,000	24,174,742,689	139,053,886	161,186,663	300,240,549	50,320,354,653	106,433,070	50,426,787,723
Transactions with owners, recorded directly in shareholders' equity												
Contributions by and distributions to owners of the Company												
Share-based payment transaction	24	-	-	-	-	-	38,775,637	-	38,775,637	38,775,637	-	38,775,637
Dividends paid	34, 35	-	-	-	-	(21,851,813,203)	-	-	-	(21,851,813,203)	(665,722)	(21,852,478,925)
Total contributions by and distributions to owners of the Company		-	-	-	-	(21,851,813,203)	38,775,637	-	38,775,637	(21,813,037,566)	(665,722)	(21,813,703,288)
Changes in ownership interests in a subsidiary												
Acquisition of non-controlling interests from investment in a subsidiary	38	-	-	-	-	-	-	-	-	-	220,476,756	220,476,756
Change in ownership interest in a subsidiary	38	-	-	(668,455,415)	-	-	-	-	-	(668,455,415)	(210,629,974)	(879,085,389)
Total changes in ownership interests in subsidiary		-	-	(668,455,415)	-	-	-	-	-	(668,455,415)	9,846,782	(658,608,633)
Total transactions with owners, recorded directly in shareholders' equity		-	-	(668,455,415)	-	(21,851,813,203)	38,775,637	-	38,775,637	(22,481,492,981)	9,181,060	(22,472,311,921)
Comprehensive income for the year												
Profit for the year		-	-	-	-	29,682,178,137	-	-	-	29,682,178,137	31,926,826	29,714,104,963
Total comprehensive income for the year		-	-	-	-	29,682,178,137	-	-	-	29,682,178,137	31,926,826	29,714,104,963
Balance as at December 31, 2018		2,973,095,330	22,372,276,085	(668,455,415)	500,000,000	32,005,107,623	177,829,523	161,186,663	339,016,186	57,521,039,809	147,540,956	57,668,580,765



# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

## CONSOLIDATED FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Notes											
				Other deficits	Retained earnings		Other components of shareholders' equity			Total shareholders' equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
		Issued and paid share capital	Share premium on ordinary share	Deficits arising from change in ownership interest in subsidiaries	Appropriated Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Total other components of shareholders' equity			
Balance as at January 1, 2019 - as under previous Thai Financial Reporting Standards												
Effect from adoption Thai Financial Reporting Standard 15	2.4	2,973,095,330	22,372,276,085	(668,455,415)	500,000,000	32,005,107,623	177,829,523	161,186,663	339,016,186	57,521,039,809	147,540,956	57,668,580,765
Balance as at January 1, 2019 - as under new Thai Financial Reporting Standards												
		2,973,095,330	22,372,276,085	(668,455,415)	500,000,000	33,361,025,048	177,829,523	161,186,663	339,016,186	58,876,957,234	147,574,630	59,024,531,864
Transactions with owners, recorded directly in shareholders' equity												
Contributions by and distributions to owners of the Company												
Increase in share capital	22	83,302	13,793,812	-	-	-	(13,877,114)	-	(13,877,114)	-	-	-
Share-based payment transaction	24	-	-	-	-	-	25,792,721	-	25,792,721	25,792,721	-	25,792,721
Dividends paid	34, 35	-	-	-	-	(21,048,760,390)	-	-	-	(21,048,760,390)	(1,477,858)	(21,050,238,248)
Total contributions by and distributions to owners of the Company												
		83,302	13,793,812	-	-	(21,048,760,390)	11,915,607	-	11,915,607	(21,022,967,669)	(1,477,858)	(21,024,445,527)
Changes in ownership interests in a subsidiary												
Change in ownership interest in a subsidiary	38	-	-	(1,201,867)	-	-	-	-	-	(1,201,867)	(21,099,514)	(22,301,381)
Total changes in ownership interests in subsidiary												
		-	-	(1,201,867)	-	-	-	-	-	(1,201,867)	(21,099,514)	(22,301,381)
Total transactions with owners, recorded directly in shareholders' equity												
		83,302	13,793,812	(1,201,867)	-	(21,048,760,390)	11,915,607	-	11,915,607	(21,024,169,536)	(22,577,372)	(21,046,746,908)
Comprehensive income for the year												
Profit for the year		-	-	-	-	31,189,570,687	-	-	-	31,189,570,687	2,948,826	31,192,519,513
Other comprehensive income		-	-	-	-	223,740,721	-	-	-	223,740,721	124,432	223,865,153
Total comprehensive income for the year												
		-	-	-	-	31,413,311,408	-	-	-	31,413,311,408	3,073,258	31,416,384,666
Balance as at December 31, 2019												
		2,973,178,632	22,386,069,897	(669,657,282)	500,000,000	43,725,576,066	189,745,130	161,186,663	350,931,793	69,266,099,106	128,070,516	69,394,169,622

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





## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY SEPARATE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT								
	Notes	Retained earnings				Other components of shareholders' equity		Total shareholders' equity
		Issued and paid share capital	Share premium on ordinary share	Appropriated Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Total other components of shareholders' equity
<b>Balance as at January 1, 2018</b>		2,973,095,330	22,372,276,085	500,000,000	24,174,742,689	139,053,886	161,186,663	300,240,549
<b>Transactions with owners, recorded directly in shareholders' equity</b>								
Share-based payment transaction	24	-	-	-	-	38,775,637	-	38,775,637
Dividends paid	34, 35	-	-	-	(21,851,813,203)	-	-	-
<b>Total transactions with owners, recorded directly in shareholders' equity</b>		-	-	-	(21,851,813,203)	38,775,637	-	38,775,637
<b>Comprehensive income for the year</b>								
Profit for the year		-	-	-	29,682,178,137	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	29,682,178,137	-	-	-
<b>Balance as at December 31, 2018</b>		2,973,095,330	22,372,276,085	500,000,000	32,005,107,623	177,829,523	161,186,663	339,016,186



## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

### SEPARATE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT								
	Notes	Retained earnings				Other components of shareholders' equity		Total shareholders' equity
		Issued and paid share capital	Share premium on ordinary share	Appropriated Legal reserve	Unappropriated	Reserve for share-based payment	Gain on dilution of investment	Total other components of shareholders' equity
<b>Balance as at January 1, 2019 - as under previous Thai Financial Reporting Standards</b>		2,973,095,330	22,372,276,085	500,000,000	32,005,107,623	177,829,523	161,186,663	339,016,186
Effect from adoption Thai Financial Reporting Standard 15	2.4	-	-	-	1,355,917,425	-	-	-
<b>Balance as at January 1, 2019 - as under new Thai Financial Reporting Standards</b>		2,973,095,330	22,372,276,085	500,000,000	33,361,025,048	177,829,523	161,186,663	339,016,186
<b>Transactions with owners, recorded directly in shareholders' equity</b>								
Increase in share capital	22	83,302	13,793,812	-	-	(13,877,114)	-	(13,877,114)
Share-based payment transaction	24	-	-	-	-	25,792,721	-	25,792,721
Dividends paid	34, 35	-	-	-	(21,048,760,390)	-	-	-
<b>Total transactions with owners, recorded directly in shareholders' equity</b>		83,302	13,793,812	-	(21,048,760,390)	11,915,607	-	11,915,607
<b>Comprehensive income for the year</b>								
Profit for the year		-	-	-	31,189,570,687	-	-	-
Other comprehensive income		-	-	-	223,740,721	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	31,413,311,408	-	-	-
<b>Balance as at December 31, 2019</b>		2,973,178,632	22,386,069,897	500,000,000	43,725,576,066	189,745,130	161,186,663	350,931,793

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



# STATEMENTS OF CASH FLOWS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT					
	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>Cash flows from operating activities</b>					
Profit for the years		31,192,519,513	29,714,104,963	31,189,570,687	29,682,178,137
Adjustments for					
Depreciation	12, 30	27,342,646,641	24,821,823,859	62,579,414	74,574,891
Amortization of intangible assets	15, 16, 30	9,886,173,071	9,057,267,056	6,401,580	10,486,524
Interest income	27, 35	(197,602,961)	(164,949,049)	(610,340,003)	(838,310,045)
Finance costs	31, 35	4,776,605,533	5,147,685,400	72,649,111	105,657,456
(Reversal of) doubtful accounts and bad debts expenses	6	2,520,818,756	2,174,515,136	(200,000)	(1,013,216)
Share-based payment transaction	24	25,792,721	38,775,637	25,792,721	38,775,637
Reversal of loss for obsolete, decline in value and write-off inventories	8	(15,611,282)	(151,790,130)	-	-
Loss for unused equipment		952,433,692	635,294,073	-	-
Loss on terminate contract assets	2.4	746,805,695	-	-	-
Loss from impairment on other long-term investment	11	1,000,000	-	1,000,000	-
(Gain) loss on sales and write-off of assets		177,909,650	2,255,237	35,557,433	(8,647,990)
Unrealized (gain) loss on foreign exchange rate		(416,414,806)	201,914,179	(499,486)	24,686,142
Share of (profit) loss from investment in an associate, subsidiaries and joint ventures	9, 10	85,867,508	122,974,184	(30,590,075,960)	(30,044,590,383)
Employee benefit expense		844,012,892	188,448,953	110,446,463	28,106,147
Tax expense (income)	32	6,209,242,358	5,922,538,911	55,986,548	(53,020,706)
Cash provided by (used in) operation before changes in operating assets and liabilities		84,132,198,981	77,710,858,409	358,868,508	(981,117,406)
<b>Changes in operating assets and liabilities</b>					
Specifically-designated bank deposits		231,453,135	422,091,345	-	-
Trade and other current receivables		(1,602,313,048)	(3,889,748,918)	10,954,645	4,991,435
Contract assets		(920,605,134)	-	-	-
Inventories		(989,858,916)	307,110,764	-	-
Other current assets		342,464,732	7,245,801	63,090,360	(2,479,928)
Other non-current assets		266,751,157	260,384,837	215,178,101	22,184,384
Trade and other current payables		1,904,589,590	1,344,423,499	53,326,532	129,096,074
Provision for revenue sharing		(113,401,922)	-	(113,401,922)	-
Unearned income - mobile phone service		225,494,559	553,848,683	(105)	(6,735)
Advanced received from customers		(231,453,135)	(422,091,345)	-	-
Other current liabilities		6,089,356	3,450,146	(3,539,189)	(143,746)
Other financial assets (liabilities)		146,431,280	(401,038,134)	-	4,273,549
Other non-current liabilities		(3,588,355)	23,411,135	-	-
Cash generated by (used in) operating activities		83,394,252,280	75,919,946,222	584,476,930	(823,202,373)
Employee benefit paid		(45,600,833)	(25,551,782)	(20,273,104)	(9,918,501)
Income tax paid		(6,721,408,874)	(6,762,700,249)	(60,345,445)	(67,950,252)
<b>Net cash provided by (used in) operating activities</b>		<b>76,627,242,573</b>	<b>69,131,694,191</b>	<b>503,858,381</b>	<b>(901,071,126)</b>

UNIT : BAHT					
	NOTES	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
<b>Cash flows from investing activities</b>					
Interest received		188,219,053	173,093,607	560,321,637	1,267,582,497
Purchase of property, plant, equipment and other intangible assets		(23,029,006,645)	(20,197,787,650)	(10,934,441)	(26,923,095)
Proceeds from sale of equipment		76,690,654	847,166,956	62,118,468	9,498,379
Payment of spectrum license	20	(4,020,000,000)	(20,535,811,461)	-	-
Net increase in short-term loans to related parties	35	-	-	(1,830,000,000)	(9,135,100,000)
Increase in investments in joint ventures	9	-	(787,498,919)	-	-
Increase in investments in subsidiaries	10	-	-	(1,000,000)	(3,999,700)
Net cash paid for acquisition of business		-	(3,375,339,629)	-	-
Net increase in other long-term investments		(8,056,000)	(576,900)	-	-
Dividend received		7,799,974	-	26,373,181,453	30,540,494,539
<b>Net cash provided by (used in) investing activities</b>		<b>(26,784,352,964)</b>	<b>(43,876,753,996)</b>	<b>25,153,687,117</b>	<b>22,651,552,620</b>
<b>Cash flows from financing activities</b>					
Finance cost paid		(3,106,139,500)	(3,307,213,164)	(63,706,504)	(171,550,050)
Net increase (decrease) in short-term loans from financial institutions	18	(5,900,000,000)	(850,000,000)	(2,900,000,000)	2,900,000,000
Net increase in short-term borrowings from related parties	18, 35	-	-	-	280,000,000
Proceed of long-term borrowings	18	2,000,000,000	3,000,000,000	-	-
Repayments of long-term liabilities	18	(11,153,580,000)	(2,887,953,863)	-	(2,827,953,863)
Proceeds from issue of ordinary shares		-	-	7,844,796	-
Finance lease payments	18	(56,226,064)	(55,685,731)	(8,205,362)	(16,898,416)
Cash paid for purchase of a subsidiary from non-controlling interest		(22,301,381)	(879,085,390)	-	-
Cash received for share capital from non-controlling interest		-	300	-	-
Dividend paid		(21,050,238,248)	(21,852,478,925)	(21,048,760,390)	(21,851,813,204)
<b>Net cash used in financing activities</b>		<b>(39,288,485,193)</b>	<b>(26,832,416,773)</b>	<b>(24,012,827,460)</b>	<b>(21,688,215,533)</b>
Effect of exchange rate changes on balances held in foreign currencies					
		15,334,694	(6,042,459)	(768)	(84,340)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>10,569,739,110</b>	<b>(1,583,519,037)</b>	<b>1,644,717,270</b>	<b>62,181,621</b>
Cash and cash equivalents as at January 1,		9,066,888,356	10,650,407,393	330,502,410	268,320,789
<b>Cash and cash equivalents as at December 31,</b>	<b>4</b>	<b>19,636,627,466</b>	<b>9,066,888,356</b>	<b>1,975,219,680</b>	<b>330,502,410</b>
<b>Supplemental disclosures of cash flow information</b>					
<b>Non-cash transactions</b>					
Outstanding debts arising from investments in capital expenditures and spectrum license		76,777,034,340	80,209,168,345	1,261,780	1,840,617

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



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### 1. COMPANY OPERATIONS AND OTHER GENERAL INFORMATION

Advanced Info Service Public Company Limited (the “Company”) is incorporated in Thailand and has its registered office at 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand in November 1991.

As at December 31, 2019, Intouch Holdings Public Company Limited is a major shareholder, holding 40.45% (as at December 31, 2018 : 40.45%) of the authorized share capital of the Company and is incorporated in Thailand and Singtel Strategic Investments Pte Ltd. is a shareholder, holding 23.32% (as at December 31, 2018 : 23.32%) of the authorized share capital of the Company and is incorporated in Singapore.

The major principal business operations of the Company is to provide consulting and management services to its subsidiaries and the Company and its subsidiaries (the “Group”) is summarized as follows:

- 1) The operation of a DATAKIT VIRTUAL CIRCUIT SWITCH as the operator. Advanced Datanetwork Communications Co., Ltd. (“ADC”), an indirect subsidiary, has been granted permission from TOT Public Company Limited (“TOT”), under the Agreement for operation (the “Agreement”) dated September 19, 1989, for rendering services for DATAKIT VIRTUAL CIRCUIT SWITCH in the area of the Metropolitan Telephone Exchange. Under the Agreement, ADC shall be entitled to immediately transfer the ownership right of its tools and equipment or assets for operation of DATAKIT system to TOT when the installation has been completed and ADC shall pay TOT annual revenue sharing in accordance with the Agreement at the percentage of annual revenues and any benefit from service of DATAKIT VIRTUAL CIRCUIT SWITCH prior to deducting any expenses and any tax or the minimum annual revenue sharing stipulated in the Agreement.

ADC and TOT have mutually agreed to amend the Agreement and signed the Supplemental Agreement on September 25, 1997 to extend the validity period from 10 years to 25 years (such validity period will be ended on September 24, 2022) and waive the collection of annual revenue sharing under the agreements effective from September 25, 1997. ADC issued 10.75 million ordinary shares at a par value of Baht 10 (11.23% of total shares) to TOT on March 17, 1998 in consideration of such waiver. As at December 31, 2019, TOT owns 48.12% of ADC’s total shares (As at December 31, 2018 : 48.12%).

ADC and TOT have mutually agreed to terminate the Agreement for operation which signed the terminated agreement on August 21, 2018. The Company has terminated data communication services to service receiver on December 31, 2018. The entitled of the Company under the Agreement for operation shall terminated except the letter of bank guarantee in force until the Company’s obligations and responsibilities under agreement has relieved and partial of assets under Agreement for operation shall be turned to TOT.

- 2) The operation of a 2.1 GHz cellular telephone system as the operator. Advanced Wireless Network Co., Ltd. (“AWN”), a subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 1950 MHz to 1965 MHz and 2140 MHz to 2155 MHz, nationwide in accordance with the license certificate (the “License”) no. NBTC/FREQ/TEL/55/1, dated December 7, 2012. AWN started the operation commencing from December 7, 2012, ending December 6, 2027 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

License of Spectrum for Telecommunications Service in the Frequency Band of 1800 MHz.

On November 17, 2015, AWN has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 1725 MHz to 1740 MHz and 1820 MHz to 1835 MHz, nationwide in accordance with the license certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.1), dated November 25, 2015. AWN started the operation commencing from November 26, 2015, ending September 15, 2033 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

License of Spectrum for Telecommunications Service in the Frequency Band of 900 MHz.

On May 27, 2016, AWN has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 895 MHz to 905 MHz and 940 MHz to 950 MHz, nationwide in accordance with the license certificate (the “License”) no. NBTC/FREQ/TEL/55/1 (Addendum no.2), dated June 30, 2016 at the bidding price of Baht 75,654 million. AWN started the operation commencing from July 1, 2016, ending June 30, 2031 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

According to the auction terms and conditions, AWN paid the 1st installment by 11% of the fee plus VAT, totaling Baht 8,603 million on June 28, 2016 and submitted bank guarantee to pay the remaining fee to the NBTC. For the 2nd installment and the 3rd installment of 5% of the fee plus VAT each will be paid in the second year and the third year since date of the first installment, and the remaining will be paid in the fourth year.

On April 11, 2019, the National Council for Peace and Order (“NCPO”) issued NCPO Order no. 4/2562 specified that The National Broadcasting and Telecommunications Commission (“NBTC”) shall consider dividing the total amount of auction payment which the licensee of 890-915 MHz/935-960 MHz are required to pay into ten installments, one payment per year, in equal amount. The licensee who cannot pay the spectrum auction fee according to their original payment term shall notify in writing to NBTC within 30 days from the date of the NCPO order becomes effective. However, the condition specified in NCPO order mention that the licensee is required to participate in the 700 MHz spectrum allocation which shall be allocated by NBTC.

On May 10, 2019, AWN submitted a letter to the Office of National Broadcasting and Telecommunications Commission (“Office of NBTC”) regarding the extension of the 900 MHz spectrum license payment period.

On June 19, 2019 AWN participated in the 700 MHz spectrum allocation to the Office of NBTC and has been allocated one block of 700 MHz spectrum. Subsequently, AWN received the letter from the Office of NBTC confirming that AWN has complied with the conditions determined by NCPO Order No.4/2562. As a result, AWN is entitled to divide the payment for 900 MHz spectrum into ten installments, in equal amount, as specified by NCPO Order No. 4/2562. AWN has remeasured 900 MHz spectrum license payable by determine change in payment term and participation in the 700 MHz spectrum allocation. The difference from measurement 900 MHz spectrum license payable between previous terms and conditions and new terms and conditions is recognized as Unrealized adjustment value of spectrum license in the consolidated statement of financial position which will be recorded as part of the cost of spectrum license 700 MHz when AWN receives a license.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

License of Spectrum for Telecommunications Service in the Frequency Band of 1800 MHz.

On August 19, 2018, AWN has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”), to operate and service Cellular Mobile Telephone, frequency between 1740 MHz to 1745 MHz and 1835 MHz to 1840 MHz, nationwide in accordance with the license certificate (the “License”) no. NBTC/FREQ/TEL/55/1 (Addendum no.3), date September 21, 2018. AWN started the operation commencing from September 24, 2018 to September 15, 2033 and AWN is obliged to comply with various conditions and pay fees within the time period as specified in the License.

Allocation License of Spectrum for Telecommunications Service in the Frequency Band of 700 MHz.

On June 19, 2019, AWN has been allocated the frequency band 700 MHz from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”) frequency between 723 MHz to 733 MHz and 778 MHz to 788 MHz for 15 years from October 1, 2020 or until the NBTC will determine otherwise at the price of Baht 17,584 million according to the terms and conditions in the notification of NBTC dated June 5, 2019. AWN is obliged to comply with various conditions and pay fees within the time period as specified in the license. AWN will pay the first installment at least 15 days before the start of the license to use the 700 MHz frequency by 10% of the license price plus value added-tax, totaling Baht 1,881 million and bank guarantee will be issued for the remaining license price to the NBTC. The remaining amount will be paid in the second year to the tenth year on equal installment amount and bank guarantee will be issued for the remaining license price to the NBTC.

In case of the applicant who obtained the right to be granted the spectrum license fails to completely and correctly comply with the conditions precedent within the prescribed period, the applicant shall be deemed to have waived the right to be granted the spectrum license. As well, such applicant has to pay for penalties consisting of the preliminary damages at least of Baht 2,638 million and other damages caused by the recall of spectrum including the voiding of permission to divide the payment as specified in the NCPO Order No. 4/2562 which must be returned to pay in accordance with conditions for payment of 900 MHz spectrum and the additional spectrum auction in accordance with the regulations specified in the NBTC’s announcement regarding rules and procedures for the Spectrum Licensing for Telecommunications Business in the spectrum band of 895 MHz to 905 MHz and 940 MHz to 950 MHz as prior conditions.

- 3) Super Broadband Network Co., Ltd. (“SBN”), a subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”) under the broadcasting network license for non - frequency business at national. The license certificate no. B1-N21331-0001-60 (the “License”) dated on March 20, 2017 and will be expired on March 19, 2032. In addition, SBN has been granted licenses from NBTC for the operation of television broadcasting service several channels the period of 1 - 3 years each. SBN is obliged to comply with various conditions and pay fee within the time period as specified in the License.
- 4) CS Loxinfo Public Company Limited (“CSL”), an indirect subsidiary, has been granted permission from the Office of the National Broadcasting and Telecommunications Commission (“NBTC”) under the Internet Operation License type I, type II, Telecom Operation License type I, and type III to operate and service internet data center, internet and satellite uplink-downlink services for domestic and international communications and distribute internet equipment.

According to the conditions specified by NBTC, provided that the authorized licenses is not in significant violation of the conditions specified in the license, NBTC will consider renewing the license as normal procedure.

Details of the Company’s subsidiaries, an associate and joint ventures as at December 31, are as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%) 2019	2018
<b>Subsidiaries</b>				
Advanced Contact Center Company Limited	Service provider of call center	Thailand	99.99	99.99
Digital Phone Company Limited	Ceased mobile phone operation	Thailand	98.55	98.55
Advanced Magic Card Company Limited	Service provider of electronic payment network	Thailand	99.99	99.99
Advanced Mpay Company Limited	Service provider of electronic payment and cash card	Thailand	99.99	99.99
AIN GlobalComm Company Limited	Service provider of international telephone service/gateway	Thailand	99.99	99.99
Advanced Wireless Network Company Limited	Service provider of cellular telephone network in 2.1 GHz, 900 MHz and 1800 MHz frequency, distributor of handsets and international telephone service, network operator, telecommunication service operator and internet	Thailand	99.99	99.99
Super Broadband Network Company Limited	Network operator and telecom service operator, including as service provider of broadcasting network and television broadcasting service several channels	Thailand	99.99	99.99
Wireless Device Supply Company Limited	Importer and distributor of handsets and accessories	Thailand	99.99	99.99
Fax Lite Company Limited	Service provider of operate in space, land and building services, and related facilities	Thailand	99.98	99.98
MIMO Tech Company Limited	Developer of IT system service provider of content aggregator, and outsourcing service for billing and collection	Thailand	99.99	99.99
Advanced Broadband Network Company Limited	Service provider of training within the Group	Thailand	99.99	99.99
Advanced Digital Distribution Company Limited	Service provider of insurance broker	Thailand	99.99	99.99
<b>Indirect Subsidiaries</b>				
Advanced Datanetwork Communications Company Limited	Service provider of online data communications service via telephone land line and optical fiber	Thailand	51.00*	51.00*
CS LoxInfo Public Company Limited	Service provider of internet data center services, internet and satellite uplink-downlink services for domestic and international communications and distribute internet equipment	Thailand	99.58*	99.11*
Teleinfo Media Public Company Limited	Service provider of publishing telephone directories and advertising	Thailand	99.99*	99.99*
AD Venture Public Company Limited	Providing mobile contents and develop application	Thailand	99.99*	99.99*
Yellow Pages Commerce Company Limited	Service provider of online advertising business	Thailand	99.94*	99.94*
<b>Associate</b>				
Information Highway Company Limited	Service provider of transmission network	Thailand	29.00*	29.00*
<b>Joint Ventures</b>				
Amata Network Company Limited	Service provider of infrastructure developer of fibre optic network	Thailand	60.00*	60.00*
Rabbit-Line Pay Company Limited	Service provider of electronic money and electronic payment service business	Thailand	33.33*	33.33*

\* % ownership interest in indirect subsidiaries, an associate and joint ventures are presented by ownership interest hold by subsidiaries.

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

The Group and the Company have extensive transactions and relationships with the related parties. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred if the Group and the Company had operated without such affiliation.

### 2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Group and the Company maintain its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practice generally accepted in Thailand.
- 2.2 The Group's and the Company's financial statements have been prepared in accordance with the Thai Accounting Standard ("TAS") No. 1 (Revised 2018) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2019 onward, and the Regulation of The Stock Exchange of Thailand ("SET") dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development dated October 11, 2016 regarding "The Brief Particulars in the Financial Statement (No. 2) B.E. 2559".
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).
- 2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Group and the Company have adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's and the Company's financial statements, except the following Thai Financial Reporting Standards ("TFRSs").

TFRS 15 "Revenue from contracts with customers" ("TFRS 15")

The core principle of this TFRS is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects to consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under this TFRS, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

This TFRS supersedes the following revenue Standards and Interpretations upon its effective date: Thai Accounting Standard No.11 "Construction Contracts", Thai Accounting Standard No.18 "Revenue", Thai Accounting Standard Interpretation No.31 "Revenue-Barter Transactions Involving Advertising Services", Thai Financial Reporting Standard Interpretation No.13 "Customer Loyalty Programmes, Thai Financial Reporting Standard Interpretation No.15 "Agreements for the Construction of Real Estate" and Thai Financial Reporting Standard Interpretation No.18 "Transfers of Assets from Customers".

This TFRS requires retrospective method in accordance with Thai Accounting Standard No.8 "Accounting Policies, Changes in Accounting Estimates and Errors" or recognize the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings of the reporting period. The Group and the Company elect to recognize the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings of the reporting period. The effect of related transactions are as follows:

The consolidated statement of financial position as at January 1, 2019

	Balance as at January 1, 2019 as under previous TFRSs	Effect from adoption TFRS 15	Unit: Million Baht Balance as at January 1, 2019 as under new TFRSs
<b>Assets</b>			
<b>Current assets</b>			
Contract assets	-	1,695 <sup>a-c</sup>	1,695
<b>Non-current assets</b>			
Deferred tax assets	3,210	(339) <sup>d</sup>	2,871
<b>Shareholders' equity</b>			
Retained earnings - unappropriated	32,005	1,356	33,361

The consolidated statement of financial position as at December 31, 2019

	Balance as at December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 to beginning balance	Effect from adoption TFRS 15 in current period	Unit: Million Baht Balance as at December 31, 2019 as under new TFRSs
<b>Assets</b>				
<b>Current assets</b>				
Contract assets	-	1,695	174	1,869
<b>Non-current assets</b>				
Deferred tax assets	3,864	(339)	(35)	3,490
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	42,231	1,356	139	43,726



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

The consolidated statements of profit or loss and profit or loss and other comprehensive income for the year ended December 31, 2019

	For the year ended December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 in current period	Unit: Million Baht For the year ended December 31, 2019 as under new TFRSs
Revenues from rendering of services and equipment rentals	154,010	(3,881) <sup>a-b</sup>	150,129
Revenue from sale of goods	29,422	1,343 <sup>a</sup>	30,765
Distribution costs	(11,320)	3,459 <sup>b</sup>	(7,861)
Administrative expenses	(19,130)	(747) <sup>c</sup>	(19,877)
Tax expense	(6,174)	(35) <sup>d</sup>	(6,209)
Profit for the year	31,054	139	31,193
Basic earnings per share (Baht)	10.44	0.05	10.49
Diluted earnings per share (Baht)	10.44	0.05	10.49
Total comprehensive income for the year	31,277	139	31,416

The consolidated statement of cash flows for the year ended December 31, 2019

	For the year ended December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 in current period	Unit: Million Baht For the year ended December 31, 2019 as under new TFRSs
Profit for the year	31,054	139	31,193
Adjustments for			
Loss on terminate contract assets	-	747	747
Tax expense	6,174	35	6,209
Changes in operating assets and liabilities			
Contract assets	-	(921)	(921)

Notes:

<sup>a</sup> Revenue from contracts with multiple elements are allocated by fair value of standalone selling price which increasing in revenue from sale of goods and decreasing in revenue from rendering of service vice versa. The difference between revenue recognized and performance obligations of contracts is capitalized as contract assets and decrease according to monthly service billing to customers from rendering of services over the customer contract period.

<sup>b</sup> Subsidy of device paid to dealer is capitalized as contract assets and decrease according to monthly service billing to customers from rendering of services over the customer contract period.

<sup>c</sup> Contract assets that is terminated or expected to be terminated before end of customer contract period is reduced and recognized as loss from terminate contract assets.

<sup>d</sup> Deferred tax is recognized from temporary difference between the carrying amount of contract assets for financial reporting purposes and amount used for taxation purposes.

The separate statement of financial position as at January 1, 2019

	Balance as at January 1, 2019 as under previous TFRSs	Effect from adoption TFRS 15	Unit: Million Baht Balance as at January 1, 2019 as under new TFRSs
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	22,159	1,356	23,515
<b>Shareholders' equity</b>			
Retained earnings - unappropriated	32,005	1,356	33,361

The separate statement of financial position as at December 31, 2019

	Balance as at December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 to beginning balance	Effect from adoption TFRS 15 in current period	Unit: Million Baht Balance as at December 31, 2019 as under new TFRSs
<b>Assets</b>				
<b>Non-current assets</b>				
Investments in subsidiaries	26,433	1,356	139	27,928
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	42,231	1,356	139	43,726

The separate statements of profit or loss and profit or loss and other comprehensive income for the year ended December 31, 2019

	For the year ended December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 in current period	Unit: Million Baht For the year ended December 31, 2019 as under new TFRSs
Share of profit from investment in an associate, subsidiaries and joint ventures	30,451	139	30,590
Profit for the year	31,051	139	31,190
Basic earnings per share (Baht)	10.44	0.05	10.49
Diluted earnings per share (Baht)	10.44	0.05	10.49
Total comprehensive income for the year	31,274	139	31,413



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

The separate statement of cash flows for the year ended December 31, 2019

	Unit: Million Baht		
	For the year ended December 31, 2019 as under previous TFRSs	Effect from adoption TFRS 15 in current period	For the year ended December 31, 2019 as under new TFRSs
Profit for the year	31,051	139	31,190
Adjustments for			
Share of (profit) loss from investment in an associate, subsidiaries and joint ventures	(30,451)	(139)	(30,590)

### 2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

#### Group of Financial Instruments Standards

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

TAS 32 Financial Instruments: Presentation

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

TFRS 7 Financial Instruments: Disclosures  
TFRS 9 Financial Instruments

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

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

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

#### Thai Financial Reporting Standard No. 16 "Leases"

This TFRS provides a comprehensive model for the identification if lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 "Leases", Thai Accounting Standard Interpretation No.15 "Operating Lease - Incentives", Thai Accounting Standard Interpretation No.27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease" and Thai Financial Reporting Standard Interpretation No.4 "Determining whether an Arrangement contains a Lease".

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term- leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

#### Thai Accounting Standard No.12 (Revised 2019) "Income Taxes"

This revised accounting standard clarifies about recognition the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. An entity shall apply those amendments to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Earlier application is permitted.

#### Thai Accounting Standard No.19 (Revised 2019) "Employee Benefits"

This revised accounting standard clarifies that the past service cost or of the gain or loss on settlement is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment or curtailment or settlement but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

This accounting standard requires prospective method for such amendment. It applies only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which it is first applied. Earlier application is permitted.

#### Thai Accounting Standard No.23 (Revised 2019) "Borrowing Costs"

This revised accounting standard clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This accounting standard requires prospective method for such amendment. Earlier application is permitted.

#### Thai Accounting Standard No.28 (Revised 2019) "Investments in Associates and Joint Ventures"

This revised accounting standard clarifies about the application of TFRS 9, including its impairment requirements, to long-term interests. An entity does not take into account adjustments to their carrying amount required by TAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with TAS 28). This accounting standard requires retrospective method for such amendment. Earlier application is permitted.



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### Thai Financial Reporting Standard No.3 (Revised 2019) “Business Combinations”

This revised financial reporting standard clarifies that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

### Thai Financial Reporting Standard No.11 (Revised 2019) “Joint Arrangements”

This revised financial reporting standard clarifies that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint control, the entity does not remeasure its previously held interest in the joint operation. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when it becomes effective. The Group’s management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

### 3. SIGNIFICANT ACCOUNTING POLICIES

Except for Note 2.4 to the financial statements, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 3.1 Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in an associate and joint ventures.

##### Business combinations

The Group and the Company apply the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group and the Company take into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group and the Company to the previous owners of the acquiree, and equity interests issued by the Group and the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group and the Company measure any non-controlling interest (NCI) at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group and the Company incur in connection with a business combination such as legal fees, other professional and consulting fees are expensed as incurred.

##### Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the Federation of Accounting Professions.

##### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in the statement of profit or loss and the statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### Interests in equity - accounted investees

The Group’s interests in equity-accounted investees comprise interests in an associate and joint ventures.

The Company’s interests in equity-accounted investees comprise interests in subsidiaries.

Associate is entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Joint venture is a joint arrangement whereby the parties that have a joint control arrangement have rights to the net assets of the arrangement. The investment in a joint venture is accounted for in the consolidated financial statements using the equity method and is recognized initially at cost.

Interests in an associate, subsidiaries and joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated and separate financial statements include the Group's and the Company's share of profit or loss of equity-accounted investees in the profit or loss and other comprehensive income, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

### 3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency (Thai Baht) of the Group at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

### 3.3 Derivative financial instruments

The Group and the Company use financial instruments to manage exposure to fluctuations in foreign currency exchange and interest rates. These instruments, which mainly comprise forward foreign currency contracts, cross currency swap agreements and interest rate swap are recorded in the financial statements on the contract date. The purpose of these instruments is to mitigate risk.

Swap and forward contracts prevent effect from fluctuations in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Swap and forward contracts are recorded as other financial assets and liabilities on inception, and are translated at the end of the reporting period exchange rate. Unrealized gains or losses on transactions are recognized in the statement of profit or loss. Premiums or discounts are amortized in the statement of profit or loss on a straight-line basis over the contract period.

Interest rate swap contracts prevent effect from fluctuations in floating interest rates. Any differential to be received or paid on an interest rate swap contracts are recognized as a component of interest income or expense over the period of such instrument. Gains or losses of early termination of interest rate swap contracts or on repayment of the borrowing are recognized in the statement of profit or loss.

### 3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash, cash at banks type current accounts, saving accounts and fixed accounts not exceeding 3 months excluding cash at banks used as collateral and highly liquid short-term investments with original maturities of three months or less.

### 3.5 Trade and other current receivables

Trade and other current receivables are stated at cost net of allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

### 3.6 Inventories

Inventories comprise mobile phones, sim cards and spare parts used for repairs and services.

Inventories are stated at the lower of cost and net realizable value. The Group's and the Company's cost of inventories are calculated by using moving weighted average method.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance for obsolete are decline in value are made for all deteriorated, changed, obsolete and slow-moving inventories.

### 3.7 Investments

Investments in an associate, subsidiaries and joint ventures

Investments in subsidiaries in the separate financial statements of the Company and investment in an associate and joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments in fixed deposit at banks, other debt and equity securities

Fixed deposit at bank is classified as part of current investment with maturities over three months, not exceeding one year.

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in the statement of profit or loss.



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Debt securities that the Group and the Company have the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortized cost less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognized in other comprehensive income. Impairment losses and foreign exchange differences are recognized in the statement of profit or loss and other comprehensive income. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the statement of profit or loss and other comprehensive income. In case of these investments are interest-bearing, interest calculated using the effective interest method is recognized in the statement of profit or loss and other comprehensive income.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the end of the reporting period.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in the statement of profit or loss and other comprehensive income.

If the Group and the Company dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the FIFO method applied to the carrying value of the total holding of the investment.

3.8 Property, plant and equipment

Recognition and measurement

Owned assets

Property is stated at cost less allowance for impairment (if any).

Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items for each major components of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net in the statement of profit or loss.

Leased assets

Leases in terms of which the Group and the Company substantially assume all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and allowance for impairment losses. Lease payments are apportioned between the finance cost and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance cost are recognized in the statement of profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of plant and equipment, or other amount substituted for cost, less its residual value.

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and building improvements	5 - 30 years
Leasehold building improvements	5 - 10 years
Computer, tools and equipment	3 - 20 years
Furniture, fixtures and office equipment	2 - 18 years
Communication equipment for rental	5 years
Vehicles	5 years

The Group and the Company have no depreciation provided on freehold land and assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 3.9 Assets under the Agreements for operations

Assets under the Agreements for operations represent the cost of certain equipment and other assets which have been or have to be transferred to the grantor of the Agreements of operations and are stated at cost less accumulated depreciation, amortization and impairment losses.

##### Depreciation and amortization

Depreciation and amortization are based on the cost of the asset, or other amount substituted for cost, less its residual value.

Depreciation and amortization are recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives from the date that assets are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Datanet tools and equipment	10 years not exceeding the remaining period of the Agreement for operations
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The Group and the Company have no amortization provided on assets under construction of the assets under the Agreements for operations.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### 3.10 Other intangible assets

##### Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in Note 3.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount.

##### Spectrum licenses

Spectrum licenses represent with its value measured at the cash equivalent price based on the present value of the installments. The difference between the total payment to be made and the cash equivalent price is recognized as finance cost over the license fee payment period, with the cost being amortized starting on date of the license effective.

##### Other intangible assets

Other intangible assets are consist of customer relationship, customer contracts, fibre optics licenses and software licenses which are acquired by the Group and the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses (if any).

##### Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the statement of profit or loss.

##### Amortization

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Spectrum licenses	Over the period of the license
Customer relationship	5 years
Customer contracts	5 years
Fibre optics licenses	Not over the period of the license
Software licenses	3 - 10 years

The Group and the Company have no amortization provided on asset under installation.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### 3.11 Other assets

##### Deferred charges

Deferred charges represent costs of long-term leases of space for base stations, expenditures relating to the increase of power of electricity at base stations and International circuit are stated at cost less accumulated amortization and accumulated impairment losses (if any).

##### Amortization

Amortization is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Costs of long-term leases for base stations	Over the lease agreement period
Expenditures relating to the increase of power of electricity at base stations	Over the remaining period of the Agreement of operation period
International circuit	Over the agreement period



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 3.12 Impairment

The carrying amounts of the Group's and the Company's assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in the statement of profit or loss and other comprehensive income even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in the statement of profit or loss and other comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the statement of profit or loss.

##### Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the assets' value in use or fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

##### Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in the statement of profit or loss. For financial assets carried at amortized cost and available-for-sale financial assets that are debt and equity securities, the reversal is recognized in the statement of profit or loss and other comprehensive income. For available-for-sale financial assets that are equity securities, the reversal is directly recognized in the statement of profit or loss and other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### 3.13 Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

#### 3.14 Trade and other current payables

Trade and other current payables are stated at cost.

#### 3.15 Employee benefits

##### Provident fund

The Group and the Company had provident funds which is a defined contribution plan. The fund's asset of the provident fund is separated from the Group's and the Company's asset and has been managed by a licensed fund manager. The provident fund receives a cash contribution from employee and the related Group and the Company. The contribution expenditure of the provident fund is recognized as expense in the statement of profit or loss of the reporting period that transaction occurred.

##### Post-employment benefit and long-term service award

The provision in respect of post-employment benefits that provide compensation according to labour law and long-term service award are recognized in the Group's and the Company's financial statements based on calculations by a qualified actuary using the projected unit credit method.

The Group and the Company recognized all gains (losses) on remeasurements of defined benefit plans arising from provisions for employee benefit in statement of profit or loss and other comprehensive income and all expenses related to provisions for employee benefit in the statement of profit or loss.

##### Termination benefits

Termination benefits are recognized as an expense in the statement of profit or loss when the Group and the Company are committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy or the Group and the Company have made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the end of the reporting period, then they are discounted to their present value.

##### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense in the statement of profit or loss as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### Share-based payments

The Group measured the expense of the Project by reference to the fair value of the equity instrument granted at the grant date.

The expense of the Project is recognized in the statement of profit or loss from operation corresponding to the increase in “reserve for share-based payment transaction” in shareholders’ equity over the periods in which the service conditions are fulfilled.

#### 3.16 Provisions

A provision is recognized if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

#### 3.17 Recognition of revenue and expense

##### Revenue recognition

Revenue is measured at the fair value of the standalone selling price of each performance obligation in contracts.

Revenue from sale of goods recognized in statement of profit or loss when control is passed to the buyer.

Revenue from rendering of services from providing internet and other services recognized when the services are transferred to customers.

Revenue from design contract and installation of internet network, computer and communication (“ICT”) recognize based on percentage of completion at the end of reporting period and in the period which the services were provided.

Revenue from contracts with multiple elements are allocated by fair value of standalone selling price in each performance obligation. In case of contracts have both obligations to perform at point of time and overtime, difference from revenue recognition and performance obligations at the beginning of contracts is recognized as contract assets or contract liabilities and recognized over the contracts periods.

Contract assets stated at net book value after allowance for terminate contracts

Allowance for terminate contracts is mostly assessed primarily on analysis of payment histories, future expectations of customer payments and cancellation contracts history. Contract assets will be written off when contracts are cancelled.

##### Costs of obtaining a contract

Cost of obtaining the contract is the commission paid to acquire the contract with the customers is recorded as an asset stated at net book value after allowance for impairment (if any) and recognized as an expense systematically over the contract periods in accordance with the revenue recognition from contracts. In case of costs of obtaining a contract’s amortization period is less than 1 year, the Group and the Company will recognized costs of obtaining a contract as expenses when incurred.

##### Rental income

Rental income from rental equipment is recognized in the statement of profit or loss and on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income.

#### Interest income

Interest income is recognized in the statement of profit or loss on the accrual basis.

#### Expense

Expense is recognized in the statement of profit or loss on the accrual basis.

#### 3.18 Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of held-for-sale financial assets, fair value losses on financial assets at fair value through the statement of profit or loss, impairment losses recognized on financial assets (other than trade receivables), and losses on hedging instruments that are recognized in the statement of profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit or loss using the effective interest method.

#### 3.19 Lease

##### Operating lease

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognized in the statement of profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

##### Finance lease

Lease in which substantially all the risks and rewards of ownership other than legal title are transferred to the Group and the Company is accounted for as a finance lease. The Group and the Company capitalize the equipment at the lower of fair value of the equipment at the contractual date or estimated present value of the underlying lease payments. The leased assets are depreciated using the straight-line method over their estimated useful lives. Interest or financial charge is recognized by effective interest rate method over the term of contracts. Interest or financial charge and depreciation are recognized as expenses in the statement of profit or loss.

#### 3.20 Tax expense

Tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in the statement of profit or loss except to the extent that they relate to a business combination, or items recognized directly in shareholders’ equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted and any tax adjustment items in respect of previous years.





# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the end of the reporting period.

In determining the amount of current and deferred tax, the Group and the Company take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group and the Company believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group and the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the reporting period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 3.21 Earnings per share

The Group and the Company present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted with own shares held and the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### 3.22 Segment financial information

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 3.23 Use of management's judgement

The preparation of financial statements in conformity with Thai Financial Reporting Standards ("TFRSs") also requires the Group's and the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expense during the year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Significant judgements in applying accounting policies are as follows:

The recognition cost of assets and depreciation method

Recognition of cost of assets incurred as part of the carrying amount of property, plant and equipment and intangible assets ended when the management has determined that the assets is in a working condition for their intended use of the management. Moreover, the accounting policies regarding to depreciation methods and estimated useful life of the asset requires management's judgments to review each financial year.

Impairment

The Group shall assess the assets balance at the statement of financial position whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset.

Recognition of deferred tax assets associated with tax losses carryforward

Deferred tax assets are recognized to the extent that it is probable that it will be utilized in the future and the Company has assessed it to be probable that the Company will generate taxable income sufficient to fully utilize the tax losses that exist.

Significant commercial disputes and litigations

Item required to use management judgement in provision estimation from significant disputes and litigations because the outcome of litigations has not been finalized.

### 3.24 Fair value measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements are determined on such basis.





## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, are as follows:

Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Cash on hand	6	6	1	1
Cash at bank - current accounts	35	630	567	3
Cash at bank - saving accounts	35	19,828	10,625	1,971
Cash at bank - fixed accounts not exceeding 3 months		1,027	1	-
Highly liquid short-term investment		135	88	-
		21,626	11,287	1,975
				331
Less Specifically-designated bank deposits	5	(1,989)	(2,220)	-
<b>Total</b>		<b>19,637</b>	<b>9,067</b>	<b>1,975</b>

The currencies denomination of cash and cash equivalents as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Thai Baht (THB)	18,263	8,145	1,975	328
US Dollar (USD)	1,096	657	-	1
Euro (EUR)	278	265	-	2
<b>Total</b>	<b>19,637</b>	<b>9,067</b>	<b>1,975</b>	<b>331</b>

As at December 31, 2019, the effective interest rate of the Group and the Company on cash and cash equivalents are 0.04% - 2.57% and 0.04% - 1.40% per annum, respectively (as at December 31, 2018 : 0.04% - 1.30% and 0.04% - 1.25% per annum, respectively).

#### 5. SPECIFICALLY-DESIGNATED BANK DEPOSITS

In order to comply with the Notification of the Bank of Thailand applicable to the electronic cash card business, the subsidiaries held deposits at call with banks not less than to the subsidiaries' outstanding balance of advance received from customers which cannot be used for other purposes apart from payments to service providers in the consolidated financial statements as at December 31, 2019 amounting to Baht 1,989 million (as at December 31, 2018 : Baht 2,221 million).

#### 6. TRADE AND OTHER CURRENT RECEIVABLE

Trade and other current receivables as at December 31, are as follows:

Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Trade receivables</b>				
Related parties	35			
Trade receivables	39	105	10	15
Accrued income	25	68	-	3
	<u>64</u>	<u>173</u>	<u>10</u>	<u>18</u>
Other parties				
Trade receivables	9,993	9,672	180	180
Accrued income	7,985	7,957	1,574	1,575
	<u>17,978</u>	<u>17,629</u>	<u>1,754</u>	<u>1,755</u>
<b>Total trade receivables</b>	<u>18,042</u>	<u>17,802</u>	<u>1,764</u>	<u>1,773</u>
Less allowance for doubtful accounts	(1,765)	(1,441)	(98)	(99)
<b>Trade receivables - net</b>	<u>16,277</u>	<u>16,361</u>	<u>1,666</u>	<u>1,674</u>
<b>Other receivables</b>				
Prepaid expense	1,817	2,240	10	13
Account receivables - cash card/ refill on mobile	94	137	-	-
Value-added tax receivable	51	428	-	-
Others	59	76	149	99
<b>Total other receivables</b>	<u>2,021</u>	<u>2,881</u>	<u>159</u>	<u>112</u>
<b>Total trade and other current receivables</b>	<u>18,298</u>	<u>19,242</u>	<u>1,825</u>	<u>1,786</u>
(Reversal of) Bad and doubtful debts expense for the years ended December 31,	<u>2,521</u>	<u>2,175</u>	<u>(1)</u>	<u>(1)</u>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Aging analysis for trade receivables are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Related parties</b>				
Current - overdue 3 months	58	171	10	18
Overdue 3 - 6 months	4	-	-	-
Overdue 6 - 12 months	-	-	-	-
Overdue over 12 months	2	2	-	-
	<u>64</u>	<u>173</u>	<u>10</u>	<u>18</u>
<b>Other parties</b>				
Current - overdue 3 months	15,051	14,472	-	-
Overdue 3 - 6 months	767	669	-	-
Overdue 6 - 12 months	175	582	-	-
Overdue over 12 months	1,985	1,906	1,754	1,755
	<u>17,978</u>	<u>17,629</u>	<u>1,754</u>	<u>1,755</u>
Less allowance for doubtful accounts	(1,765)	(1,441)	(98)	(99)
	<u>16,213</u>	<u>16,188</u>	<u>1,656</u>	<u>1,656</u>
<b>Trade receivables - net</b>	<u>16,277</u>	<u>16,361</u>	<u>1,666</u>	<u>1,674</u>

The normal credit term granted by the Group and the Company ranges from 14 days to 120 days.

The currencies denomination of trade receivables as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Thai Baht (THB)	15,217	14,535	1,666	1,674
US Dollar (USD)	984	1,824	-	-
Euro (EUR)	76	2	-	-
<b>Total</b>	<u>16,277</u>	<u>16,361</u>	<u>1,666</u>	<u>1,674</u>

As at December 31, 2019, the Group and the Company have the outstanding balance of accrued income of revenue sharing in international direct dial service ("IDD") which is presented in overdue 12 months of Baht 1,584 million and Baht 1,574 million, respectively (as at December 31, 2018 : Baht 1,584 million and Baht 1,574 million, respectively).

On January 16, 2013, the Company has submitted a dispute to the Arbitration Institute demanding TOT Public Company Limited ("TOT") to pay this receivable plus interest, the total amount of Baht 1,526 million.

On May 1, 2017, the Arbitral Tribunal gave the arbitration award to order TOT to pay the revenue sharing of international call service from November 2008 to September 2012 to the Company in the amount of Baht 1,355 million and plus interest since date of the arbitration award until fully repayment date at 7.5% per annum of the principal amount. Moreover, TOT has to pay the revenue sharing of international phone service from October 2012 to the ending of the Agreement for operation on September 30, 2015, or until the agreement is amended or renewed.

On September 7, 2017, the Company received a Black case No.1148/2560 dated July 17, 2017, which TOT has filed to revoke the Arbitral Tribunal's award ordering TOT to pay the revenue share of international call service as mention above. Currently, the dispute has been in the process of consideration by the Central Administration Court process.

On November 26, 2013, Digital Phone Company Limited ("DPC"), a subsidiary, has submitted a dispute to the Central Administrative Court demanding CAT Public Company Limited ("CAT") to pay the revenue sharing of IDD of Baht 9 million plus interest rate at 7.5% per annum until the date of dispute submission, the total amount of Baht 11 million.

On May 31, 2018, the Central Administrative Court gave the decision and order CAT to pay for the revenue sharing of IDD to DPC of Baht 2.56 million plus interest rate at 7.5% per annum of principal amount from the date of dispute submission until full payment which shall be paid within 60 days from the date that the case was decided.

On June 29, 2018, DPC has appealed to the Supreme Administrative Court under the disagreement with the Central Administrative Court's decision ordering CAT to pay for the revenue sharing of IDD from the remuneration rate of usage and connection in accordance with the National Telecommunication Commission Order No. 11/2553 regarding "the Notification of Inter Connection charge on Telecommunication" which such rate was not the mutually agreed rate between DPC and CAT from revenue share agreement. Currently, the case has been in the process of consideration by the Supreme Administrative Court process.

#### 7. CONTRACT ASSETS

Contract assets as at December 31, 2019 are as follows: (as at December 31, 2018 : nil) (separate financial statements : nil)

	Unit: Million Baht Consolidated financial statements 2019
<b>Current assets</b>	
Sales of device and monthly service contract	2,219
Less Allowance for terminate contract or expected to be terminated before end of customer contract period	(350)
<b>Contract assets - net</b> (see Note 2.4)	<u>1,869</u>
Loss on terminate contract for the year ended December 31, 2019	<u>747</u>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Contract assets are from sales of device and monthly service contract with customers. The contract assets are from price allocation to device sales which are recognized revenues at point in time, when the Group transferred control of device to customers. Contract asset will decrease relative to monthly service in each month. Monthly network service are recognized revenues at over time and percentage of completion.

Contract assets which is terminated or expected to be terminated before end of contract period are reduced and recognized as loss from terminate contract.

#### 8. INVENTORIES

Inventories as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Finished goods	4,920	3,916	-	-
Supplies and spare parts	1	2	-	-
Spare parts for mobile phone network maintenance	129	505	-	363
	5,050	4,423	-	363
Less allowance for obsolescence and decline in value of inventory	(222)	(600)	-	(363)
<b>Inventories - net</b>	<b>4,828</b>	<b>3,823</b>	<b>-</b>	<b>-</b>

The Group and the Company recognized expenses in respect of reversal of allowance for obsolescence and decline in value of inventory for the year ended December 31, 2019 in consolidated financial statements of Baht 378 million and separate financial statements of Baht 363 million. (for the year ended December 31, 2018 : in consolidated financial statements of Baht 174 million (separate financial statements : nil)).

#### 9. INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES

Movements in investment in an associate in the consolidated financial statements for the years ended December 31, are as follows: (separate financial statement : nil)

	Unit: Million Baht Consolidated financial statements	
	2019	2018
As at January 1,	18	31
Share of profit (loss) from investment in an associate	7	(13)
<b>As at December 31,</b>	<b>25</b>	<b>18</b>

For the years ended December 31, 2019 and 2018, the Group has no purchase and sale transactions of investment in an associate.

Movements in investment in joint ventures in the consolidated financial statements for the years ended December 31, are as follows: (separate financial statements : nil)

	Unit: Million Baht Consolidated financial statements	
	2019	2018
As at January 1,	736	59
Additional investments	-	787
Dividends received during the years	(8)	-
Share of loss from investment in joint ventures	(92)	(110)
<b>As at December 31,</b>	<b>636</b>	<b>736</b>

#### Investments in joint ventures

##### Dividend income

During the year 2019, the Group received dividend income from a joint venture by Baht 13 per share, amounting to Baht 8 million.

##### Rabbit - Line Pay Co., Ltd.

On November 2, 2017, the Company's Board of Directors' meeting approved a resolution to invest in Rabbit - Line Pay Co., Ltd. ("RLP"). Subsequently, on March 5, 2018, Advanced Mpay Co., Ltd. ("AMP"), a subsidiary, has entered into the shareholders agreement with Rabbitpay System Co., Ltd. and Line Pay Corporation for investing 33.33% holding or 1,999,998 shares of RLP at Baht 393.75 each, totaling Baht 787 million to expand e-money and e-payment services to serve customers in the digital economy.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Investments in an associate and joint ventures as at December 31, and dividend income from those investments for the years then ended are as follows:

	Unit: Million Baht									
	% of Ownership interest		Paid-up capital		Consolidated financial statements Cost		Equity		Dividend received for the years	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Associate</b>										
Information Highway Co., Ltd.	29	29	50	50	<u>15</u>	<u>15</u>	<u>25</u>	<u>18</u>	<u>-</u>	<u>-</u>
<b>Joint ventures</b>										
Amata Network Co., Ltd.	60	60	100	100	<u>60</u>	<u>60</u>	<u>87</u>	<u>69</u>	<u>8</u>	<u>-</u>
Rabbit Line Pay Co., Ltd.	33.33	33.33	600	600	<u>787</u>	<u>787</u>	<u>549</u>	<u>667</u>	<u>-</u>	<u>-</u>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Summarized financial position in respect of an associate and joint ventures and performance for the years then ended are as follows:

Unit: Million Baht											
	Reporting date	% of Ownership interest	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Profit/(loss)
<b>2019</b>											
<b>Associate</b>											
Information Highway Co., Ltd.	December 31	29	<u>94</u>	<u>445</u>	<u>539</u>	<u>421</u>	<u>39</u>	<u>460</u>	<u>143</u>	<u>145</u>	<u>(2)</u>
<b>Joint ventures</b>											
Amata Network Co., Ltd.	December 31	60	<u>64</u>	<u>102</u>	<u>166</u>	<u>21</u>	<u>-</u>	<u>21</u>	<u>74</u>	<u>31</u>	<u>43</u>
Rabbit Line Pay Co., Ltd.	December 31	33.33	<u>844</u>	<u>197</u>	<u>1,041</u>	<u>357</u>	<u>4</u>	<u>361</u>	<u>163</u>	<u>527</u>	<u>(364)</u>
<b>2018</b>											
<b>Associate</b>											
Information Highway Co., Ltd.	December 31	29	<u>126</u>	<u>499</u>	<u>625</u>	<u>503</u>	<u>46</u>	<u>549</u>	<u>145</u>	<u>163</u>	<u>(18)</u>
<b>Joint ventures</b>											
Amata Network Co., Ltd.	December 31	60	<u>62</u>	<u>90</u>	<u>152</u>	<u>37</u>	<u>-</u>	<u>37</u>	<u>40</u>	<u>21</u>	<u>19</u>
Rabbit Line Pay Co., Ltd.	December 31	33.33	<u>1,414</u>	<u>197</u>	<u>1,611</u>	<u>571</u>	<u>5</u>	<u>576</u>	<u>215</u>	<u>590</u>	<u>(375)</u>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Reconciliation of the above summarized financial information to the carrying amount of the interest in joint ventures recognized in the consolidated financial statements is as follows:

	<b>Unit: Million Baht</b>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	<b>2019</b>	<b>2018</b>
<b>Rabbit - Line Pay Co., Ltd.</b>		
Net assets of the joint ventures	680	1,035
Proportion of the Group's ownership interest in the joint ventures (%)	33.33	33.33
	227	345
Goodwill	322	322
Carrying amount of the Group's interest in the joint venture	549	667

#### 10. INVESTMENTS IN SUBSIDIARIES

Movements in investments in subsidiaries for the years ended December 31, are as follows:

		<b>Unit: Million Baht</b>	
		<b>Separate</b>	
		<b>financial statements</b>	
	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Subsidiaries</b>			
As at January 1, as under previous TFRSs		22,159	22,650
Effect from adoption TFRS 15	2.4	1,356	-
As at January 1, as under new TFRSs		23,515	22,650
Dividend received during the years		(26,373)	(30,540)
Share of profit from investment in subsidiaries		30,590	30,045
Share of other comprehensive income of subsidiaries		195	-
Invested in share capital of a subsidiary		1	4
<b>As at December 31,</b>		<b>27,928</b>	<b>22,159</b>

#### Invested in share capital of a subsidiary

##### Advanced Digital Distribution Co., Ltd.

On October 2, 2017, the Company's Board of Directors' meeting approved a resolution to approve the establishment of a company named Advanced Digital Distribution Company Limited ("ADD") as a subsidiary to enter into insurance broker business. Subsequently, on February 8, 2018, ADD registered in share capital of Baht 4 million or 40,000 ordinary shares at Baht 100 each, with the Department of Business Development Ministry. The Company invested in ADD 39,997 shares at Baht 100 each, totaling Baht 4 million, representing 99.99% of authorized share capital.

On April 26, 2019, Advanced Digital Distribution Co., Ltd. ("ADD"), a subsidiary, registered to increase in the share capital from Baht 4 million which is 40,000 ordinary shares at Baht 100 each to Baht 5 million which is 50,000 ordinary shares at Baht 100 each with the Ministry of Commerce. The purpose of increasing in share capital is to comply with conditions of Office of Insurance Commission ("OIC"). The Company paid additional investment in such subsidiary for the increased 10,000 ordinary shares at Baht 100 each, totaling Baht 1 million, representing 99.99% of authorized share capital.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Investments in subsidiaries as at December 31 and dividend received for the years then ended, are as follows:

	Unit: Million Baht									
	Ownership interest		Paid-up capital		Separate financial statements Cost		Investment as equity method		Dividend received for the years	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	%	%								
<b>Subsidiaries</b>										
Advanced Contact Center Co., Ltd.	99.99	99.99	272	272	811	811	367	316	111	226
Digital Phone Co., Ltd.	98.55	98.55	914	914	10,226	10,226	4,155	4,117	-	-
Advanced Magic Card Co., Ltd.	99.99	99.99	250	250	250	250	276	292	17	37
Advanced Mpay Co., Ltd.	99.99	99.99	300	300	336	336	841	711	487	543
AIN GlobalComm Co., Ltd.	99.99	99.99	100	100	100	100	143	141	41	55
Advanced Wireless Network Co., Ltd.	99.99	99.99	1,350	1,350	1,485	1,485	17,751	11,169	16,936	23,720
Super Broadband Network Co., Ltd.	99.99	99.99	300	300	300	300	1,491	1,507	2,397	642
Wireless Device Supply Co., Ltd.	99.99	99.99	50	50	50	50	215	198	273	283
Fax Lite Co., Ltd.	99.98	99.98	1	1	1	1	2,144	2,290	4,427	3,265
MIMO Tech Co., Ltd.	99.99	99.99	50	50	50	50	402	1,279	1,631	1,769
Advanced Broadband Network Co., Ltd.	99.99	99.99	75	75	75	75	141	139	53	-
Advanced Digital Distribution Co., Ltd.	99.99	99.99	5	4	5	4	2	-	-	-
<b>Total</b>					<u>13,689</u>	<u>13,688</u>	<u>27,928</u>	<u>22,159</u>	<u>26,373</u>	<u>30,540</u>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 11. OTHER LONG-TERM INVESTMENTS

Other long-term investments as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Fixed deposit at financial institutions - pledged	11	11	-	-
Other long-term investments	56	49	47	48
<b>Total</b>	<b>67</b>	<b>60</b>	<b>47</b>	<b>48</b>

##### Fixed deposits at financial institutions - pledged

As at December 31, 2019, the Group has fixed deposit at a financial institution in the amount of Baht 11 million (as at December 31, 2018 : Baht 11 million), which have been pledged with a bank in respect of the contract's compliance.

##### Other long-term investments

##### National Digital ID Co., Ltd.

On February 22, 2018, Advanced Mpay Co., Ltd. ("AMP"), a subsidiary, invested in National Digital ID Co., Ltd ("NDID") for 5,769 shares by Baht 100 per share, totaling Baht 0.58 million, representing 0.58% of authorized share capital. The purpose of this investment is to serve digital transformation strategy.

On August 16, 2019, Advanced Mpay Co., Ltd. ("AMP"), a subsidiary, had additional investment in NDID by 80,560 shares by Baht 100 per share, totaling Baht 8.06 million, then new holding representing 2.47% of authorized share capital.

##### Pracharath Rak Samakkee Social Enterprise Co. Ltd.

The Group and the Company recognized a loss from impairment of investment for the year ended December 31, 2019 of Baht 1 million from assess the carrying amount of investment in Pracharath Rak Samakkee Social Enterprise Co. Ltd ("PRS") by comparing carrying amount of investment in PRS with the recoverable amount of such investment.

#### 12. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the years ended December 31, are as follows:

As at December 31, 2019

	Consolidated financial statements				Unit: Million Baht Balance as at December 31, 2019
	Balance as at January 1, 2019	Additions	Disposals	Transfer/ Other	
<b>Cost</b>					
Land	797	4	(98)	-	703
Building and building improvements	702	4	-	31	737
Leasehold building improvements	1,997	264	(191)	(19)	2,051
Computer, tools and equipment	213,064	19,937	(2,333)	3,222	233,890
Furniture, fixtures and office equipment	1,990	76	(49)	6	2,023
Vehicles	182	23	(64)	-	141
<b>Total</b>	<b>218,732</b>	<b>20,308</b>	<b>(2,735)</b>	<b>3,240</b>	<b>239,545</b>
<b>Accumulated depreciation</b>					
Building and building improvements	(421)	(17)	-	-	(438)
Leasehold building improvements	(1,308)	(294)	154	1	(1,447)
Computer, tools and equipment	(88,218)	(26,853)	2,205	-	(112,866)
Furniture, fixtures and office equipment	(1,443)	(155)	46	(1)	(1,553)
Vehicles	(120)	(24)	45	-	(99)
<b>Total</b>	<b>(91,510)</b>	<b>(27,343)</b>	<b>2,450</b>	<b>-</b>	<b>(116,403)</b>
Assets under construction and installation	4,483	3,571	-	(3,240)	4,814
<b>Less Allowance for unused equipment</b>	<b>(1,493)</b>	<b>(953)</b>	<b>-</b>	<b>-</b>	<b>(2,446)</b>
<b>Property, plant and equipment</b>	<b>130,212</b>	<b>(4,417)</b>	<b>(285)</b>	<b>-</b>	<b>125,510</b>





## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

As at December 31, 2018

	Unit: Million Baht					
	Consolidated financial statements					
	Balance as at January 1, 2018	Additions	Disposals	Additions from acquisition of business	Transfer/ Other	Balance as at December 31, 2018
<b>Cost</b>						
Land	526	99	-	172	-	797
Building and building improvements	419	-	(1)	254	30	702
Leasehold building improvements	1,819	248	(65)	-	(5)	1,997
Computer, tools and equipment	190,017	19,915	(2,466)	1,130	4,468	213,064
Furniture, fixtures and office equipment	1,305	103	(39)	559	62	1,990
Communication equipment for rental	8	-	(8)	-	-	-
Vehicles	192	28	(50)	12	-	182
Total	194,286	20,393	(2,629)	2,127	4,555	218,732
<b>Accumulated depreciation</b>						
Building and building improvements	(380)	(14)	-	(27)	-	(421)
Leasehold building improvements	(1,070)	(278)	37	-	3	(1,308)
Computer, tools and equipment	(64,054)	(24,349)	1,280	(844)	(251)	(88,218)
Furniture, fixtures and office equipment	(1,035)	(149)	34	(290)	(3)	(1,443)
Communication equipment for rental	(4)	-	4	-	-	-
Vehicles	(118)	(32)	38	(8)	-	(120)
Total	(66,661)	(24,822)	1,393	(1,169)	(251)	(91,510)
Assets under construction and installation	6,166	2,611	(42)	-	(4,252)	4,483
<u>Less</u> Allowance for impairment	(354)	-	406	-	(52)	-
Allowance for unused equipment	(858)	(635)	-	-	-	(1,493)
<b>Property, plant and equipment</b>	132,579	(2,453)	(872)	958	-	130,212

Depreciation for the years ended December 31,

2019	Million Baht	27,343
2018	Million Baht	24,822

As at December 31, 2019

	Unit: Million Baht			
	Separate financial statements			
	Balance as at January 1, 2019	Additions	Disposals	Balance as at December 31, 2019
<b>Cost</b>				
Building and building improvements	128	-	-	128
Leasehold building improvements	310	1	(5)	306
Computer, tools and equipment	3,636	1	(3,570)	67
Furniture, fixtures and office equipment	553	4	(21)	536
Vehicles	64	9	(15)	58
Total	4,691	15	(3,611)	1,095
<b>Accumulated depreciation</b>				
Building and building improvements	(127)	-	-	(127)
Leasehold building improvements	(266)	(18)	4	(280)
Computer, tools and equipment	(3,523)	(24)	3,482	(65)
Furniture, fixtures and office equipment	(531)	(10)	21	(520)
Vehicles	(33)	(11)	11	(33)
Total	(4,480)	(63)	3,518	(1,025)
Assets under construction and installation	6	-	(6)	-
<b>Property, plant and equipment</b>	217	(48)	(99)	70



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

As at December 31, 2018

	Unit: Million Baht				
	Balance as at January 1, 2018	Separate financial statements Additions	Disposals	Transfer/ Other	Balance as at December 31, 2018
<b>Cost</b>					
Building and building improvements	128	-	-	-	128
Leasehold building improvements	304	7	(7)	6	310
Computer, tools and equipment	3,635	1	-	-	3,636
Furniture, fixtures and office equipment	558	12	(17)	-	553
Vehicles	74	18	(28)	-	64
<b>Total</b>	<b>4,699</b>	<b>38</b>	<b>(52)</b>	<b>6</b>	<b>4,691</b>
<b>Accumulated depreciation</b>					
Building and building improvements	(127)	-	-	-	(127)
Leasehold building improvements	(254)	(19)	7	-	(266)
Computer, tools and equipment	(3,492)	(31)	-	-	(3,523)
Furniture, fixtures and office equipment	(536)	(11)	16	-	(531)
Vehicles	(42)	(13)	22	-	(33)
<b>Total</b>	<b>(4,451)</b>	<b>(74)</b>	<b>45</b>	<b>-</b>	<b>(4,480)</b>
Assets under construction and installation	6	6	-	(6)	6
<b>Property, plant and equipment</b>	<b>254</b>	<b>(30)</b>	<b>(7)</b>	<b>-</b>	<b>217</b>

#### Depreciation for the years ended December 31,

2019	Million Baht	63
2018	Million Baht	74

Net book value of assets under finance lease liabilities in the consolidated financial statements and separate financial statements as at December 31, 2019 are Baht 101 million and Baht 17 million, respectively (in the consolidated financial statements and separate financial statements as at December 31, 2018 : Baht 135 million and Baht 25 million, respectively).

### 13. ASSETS UNDER THE AGREEMENTS FOR OPERATIONS

Movements in assets under the Agreements for operations in the consolidated financial statements for the year ended December 31, 2018 are as follows: (for the year ended December 31, 2019 : nil)

	Unit: Million Baht			
	Balance as at January 1, 2018	Disposals	Transfer/ Other	Balance as at December 31, 2018
<b>Cost</b>				
As at January 1,	1,248	(945)	(303)	-
<b>As at December 31,</b>	<b>1,248</b>	<b>(945)</b>	<b>(303)</b>	<b>-</b>
<b>Accumulated amortization</b>				
As at January 1,	(1,038)	787	251	-
<b>As at December 31,</b>	<b>(1,038)</b>	<b>787</b>	<b>251</b>	<b>-</b>
<b>Allowance for impairment</b>				
<b>Total</b>	<b>(210)</b>	<b>158</b>	<b>52</b>	<b>-</b>

### 14. GOODWILL

Movements in goodwill for the years ended December 31, are as follows:

	Unit: Million Baht	
	Consolidated financial statements 2019	2018
<b>Cost</b>		
As at January 1,	17,199	14,352
Increased from business acquisition (see Note 37)	-	2,847
<b>As at December 31,</b>	<b>17,199</b>	<b>17,199</b>
<b>Accumulated amortization</b>		
As at January 1,	(7,662)	(7,662)
<b>As at December 31,</b>	<b>(7,662)</b>	<b>(7,662)</b>
<b>Allowance for impairment</b>		
<b>Total</b>	<b>2,882</b>	<b>2,882</b>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 15. SPECTRUM LICENSES

Movements in spectrum licenses in the consolidated financial statements for the years ended December 31, are as follows: (separate financial statements : nil)

As at December 31, 2019

	Consolidated financial statements			Unit: Million Baht
	Balance as at January 1, 2019	Additions	Balance as at December 31, 2019	
<b>Cost</b>				
Spectrum licenses	136,444	-	136,444	
Total	136,444	-	136,444	
<b>Accumulated Amortization</b>				
Spectrum licenses	(24,695)	(8,675)	(33,370)	
Total	(24,695)	(8,675)	(33,370)	
<b>Spectrum licenses</b>	<b>111,749</b>	<b>(8,675)</b>	<b>103,074</b>	

As at December 31, 2018

	Consolidated financial statements			Unit: Million Baht
	Balance as at January 1, 2018	Additions	Balance as at December 31, 2018	
<b>Cost</b>				
Spectrum licenses	124,142	12,302	136,444	
Total	124,142	12,302	136,444	
<b>Accumulated Amortization</b>				
Spectrum licenses	(16,618)	(8,077)	(24,695)	
Total	(16,618)	(8,077)	(24,695)	
<b>Spectrum licenses</b>	<b>107,524</b>	<b>4,225</b>	<b>111,749</b>	

Amortization for the years ended December 31,

2019	Million Baht	8,675
2018	Million Baht	8,077

On May 27, 2016, Advanced Wireless Network Company Limited ("AWN"), a subsidiary, is the auction winner for 900 MHz license at the bidding price of Baht 75,654 million. The Company was officially granted the license to operate 900MHz from the Office of the National Broadcasting and Telecommunications Commission ("NBTC"). According to the auction terms and conditions, the Company paid the 1st installment by 11% of the fee plus VAT, totaling Baht 8,603 million on June 28, 2016 and submitted bank guarantee to pay the remaining fee to the NBTC. For the 2nd installment and the 3rd installment of 5% of the fee plus VAT each will be paid in the second year and the third year since date of the first installment, and the remaining will be paid in the fourth year. Subsequently on June 19, 2019, AWN is entitled to divide such payment term into ten installments since first payment date (see Note 1).

On August 19, 2018, Advanced Wireless Network Company Limited ("AWN"), a subsidiary, is the auction winner for 1800 MHz license at the bidding price of Baht 12,511 million. AWN is now officially granted the license to operate 1800 MHz from the National Broadcasting and Telecommunications Commission ("NBTC"). According to the auction terms and conditions, AWN paid 1st installment by 50% of the fee plus value added-tax, totalling Baht 6,693 million on September 19, 2018 and submitted bank guarantee to pay the remaining fee to the NBTC. For 2nd installment and 3rd installment of 25% of the fee plus value added-tax each will be paid in the second year and the third year since the date of first installment.

The costs of spectrum licenses are initially recognized by measuring at the cash equivalent price based on the present value of its acquisition cost.

#### 16. OTHER INTANGIBLE ASSETS

Movements in other intangible assets for the years ended December 31, are as follows:

As at December 31, 2019

	Consolidated financial statements				Unit: Million Baht
	Balance as at January 1, 2019	Additions	Disposals	Transfer/ Other	
<b>Cost</b>					
Customer relationship	167	-	-	-	167
Customer contracts	139	-	-	-	139
Fibre optics licences	86	-	-	-	86
Software licenses	9,303	1,488	(4)	634	11,421
Total	9,695	1,488	(4)	634	11,813
<b>Accumulated amortization</b>					
Customer relationship	(33)	(36)	-	-	(69)
Customer contracts	(28)	(31)	-	-	(59)
Fibre optics licences	(61)	(8)	-	-	(69)
Software licenses	(5,115)	(1,136)	2	-	(6,249)
Total	(5,237)	(1,211)	2	-	(6,446)
Assets under installation	634	137	(36)	(634)	101
<b>Other intangible assets</b>	<b>5,092</b>	<b>414</b>	<b>(38)</b>	<b>-</b>	<b>5,468</b>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

As at December 31, 2018

	Consolidated financial statements					Unit: Million Baht
	Balance as at January 1, 2018	Additions	Disposals	Additions from acquisition of business	Transfer/ Other	Balance as at December 31, 2018
<b>Cost</b>						
Customer relationship	-	-	-	167	-	167
Customer contracts	-	-	-	139	-	139
Fibre optics licences	-	-	-	86	-	86
Software licenses	8,278	719	(12)	114	204	9,303
<b>Total</b>	<b>8,278</b>	<b>719</b>	<b>(12)</b>	<b>506</b>	<b>204</b>	<b>9,695</b>
<b>Accumulated amortization</b>						
Customer relationship	-	(33)	-	-	-	(33)
Customer contracts	-	(28)	-	-	-	(28)
Fibre optics licences	-	(8)	-	(53)	-	(61)
Software licenses	(4,134)	(911)	10	(80)	-	(5,115)
<b>Total</b>	<b>(4,134)</b>	<b>(980)</b>	<b>10</b>	<b>(133)</b>	<b>-</b>	<b>(5,237)</b>
Assets under installation	355	483	-	-	(204)	634
<b>Other intangible assets</b>	<b>4,499</b>	<b>222</b>	<b>(2)</b>	<b>373</b>	<b>-</b>	<b>5,092</b>
<b>Amortization for the years ended December 31,</b>						
2019					Million Baht	1,211
2018					Million Baht	980

As at December 31, 2019

	Separate financial statements				Unit: Million Baht
	Balance as at January 1, 2019	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2019
<b>Cost</b>					
Software licenses	323	-	-	-	323
<b>Total</b>	<b>323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323</b>
<b>Accumulated amortization</b>					
Software licenses	(306)	(6)	-	-	(312)
<b>Total</b>	<b>(306)</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>(312)</b>
<b>Other intangible assets</b>	<b>17</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>11</b>

As at December 31, 2018

	Separate financial statements				Unit: Million Baht
	Balance as at January 1, 2018	Additions	Disposals	Transfer/ Other	Balance as at December 31, 2018
<b>Cost</b>					
Software licenses	323	-	-	-	323
Total	323	-	-	-	323
<b>Accumulated amortization</b>					
Software licenses	(295)	(11)	-	-	(306)
Total	(295)	(11)	-	-	(306)
<b>Other intangible assets</b>	28	(11)	-	-	17
<b>Amortization for the years ended December 31,</b>					
2019				Million Baht	6
2018				Million Baht	11

#### 17. DEFERRED TAX ASSETS

Deferred tax assets and liabilities as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht	
	2019	2018	2019	2018
Deferred tax assets	3,939	3,300	550	613
Deferred tax liabilities	(448)	(90)	-	-
<b>Deferred tax - net</b>	<b>3,491</b>	<b>3,210</b>	<b>550</b>	<b>613</b>

Movements in deferred tax assets and liabilities for the years ended December 31, are as follows:

As at December 31, 2019

	Consolidated financial statements				Unit: Million Baht
	Balance as at January 1, 2019	(Charged)/credited to Profit or loss	Other Comprehensive Income	Effect from Adoption TFRS 15	Balance as at December 31, 2019
<b>Deferred tax assets</b>					
Trade receivables (allowance for doubtful accounts)	266	60	-	-	326
Inventories (allowance for obsolescence and decline in value)	47	(3)	-	-	44
Unearned income - mobile phone service (income recognized difference)	408	59	-	-	467
Accrued expense	410	-	-	-	410
Provisions for employee benefit	466	178	(56)	-	588
Loss carry forward	151	(76)	-	-	75
Spectrum licenses payable (deferred interest)	766	225	-	-	991
Allowance for unused equipment	299	149	-	-	448
Others	487	103	-	-	590
<b>Total</b>	<b>3,300</b>	<b>695</b>	<b>(56)</b>	<b>-</b>	<b>3,939</b>
<b>Deferred tax liabilities</b>					
Contract assets	-	(35)	-	(339)	(374)
Others	(90)	16	-	-	(74)
<b>Total</b>	<b>(90)</b>	<b>(19)</b>	<b>-</b>	<b>(339)</b>	<b>(448)</b>
<b>Deferred tax - net</b>	<b>3,210</b>	<b>676</b>	<b>(56)</b>	<b>(339)</b>	<b>3,491</b>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

As at December 31, 2018

	Unit: Million Baht		
	Balance as at January 1, 2018	Consolidated financial statements (Charged)/credited to Profit or loss	Balance as at December 31, 2018
<b>Deferred tax assets</b>			
Trade receivables (allowance for doubtful accounts)	269	(12)	266
Inventories (allowance for obsolescence and decline in value)	77	(30)	47
Unearned income - mobile phone service (income recognized difference)	365	43	408
Accrued expense	410	-	410
Provisions for employee benefit	394	40	466
Loss carry forward	108	43	151
Spectrum licenses payable (deferred interest)	506	260	766
Allowance for unused equipment	171	128	299
Others	290	187	487
<b>Total</b>	<b>2,590</b>	<b>659</b>	<b>3,300</b>
<b>Deferred tax liabilities</b>			
Others	(28)	18	(90)
<b>Total</b>	<b>(28)</b>	<b>18</b>	<b>(90)</b>
<b>Deferred tax - net</b>	<b>2,562</b>	<b>677</b>	<b>3,210</b>

As at December 31, 2019

	Unit: Million Baht		
	Balance as at January 1, 2019	Separate financial statements (Charged)/credited to Profit or loss	Balance as at December 31, 2019
<b>Deferred tax assets</b>			
Accrued expense	410	-	410
Provisions for employee benefit	53	20	66
Loss carry forward	150	(76)	74
<b>Deferred tax - net</b>	<b>613</b>	<b>(56)</b>	<b>550</b>

As at December 31, 2018

	Unit: Million Baht		
	Balance as at January 1, 2018	Separate financial statements (Charged)/credited to Profit or loss	Balance as at December 31, 2018
<b>Deferred tax assets</b>			
Accrued expense	410	-	410
Provisions for employee benefit	47	6	53
Loss carry forward	108	42	150
<b>Total</b>	<b>565</b>	<b>48</b>	<b>613</b>
<b>Deferred tax liabilities</b>			
Others	(5)	5	-
<b>Total</b>	<b>(5)</b>	<b>5</b>	<b>-</b>
<b>Deferred tax - net</b>	<b>560</b>	<b>53</b>	<b>613</b>

Deferred tax assets arising from significant temporary differences and loss carry forward that have not been recognized in the financial statements as at December 31, are as follows:

	Unit: Million Baht	
	Consolidated financial statements	Separate financial statements
	2019	2018
Loss carry forward	104	390
Others	20	93
<b>Total</b>	<b>124</b>	<b>483</b>

As at December 31, 2018, the Group have not recognized temporary difference as deferred tax assets in respect of loss carry forward expired in 2019 - 2023 and no maturity temporary differences under current tax legalization recognized in respect of these items, because it is not probable that future taxable profit will be available against which the Group can utilize the benefits from them.

As at December 31, 2019, the Group have not recognized temporary difference as deferred tax assets in respect of loss carry forward expired in 2020 - 2023 and no maturity temporary differences under current tax legalization recognized in respect of these items, because it is not probable that future taxable profit will be available against which the Group can utilize the benefits from them.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 18. INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as at December 31, are as follows:

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2019	2018	2019	2018
<b>Current</b>					
Short-term borrowing from financial institutions		-	5,900	-	2,900
Current portion of long-term liabilities					
- Current portion of long-term borrowings from financial institution		24,819	3,358	-	-
- Current portion of long-term debentures	35	-	7,788	-	-
- Current portion of finance lease liabilities	35	53	57	15	11
Total current portion of long-term liabilities		24,872	11,203	15	11
Short-term borrowings from related parties	35	-	-	4,920	4,920
Total current		24,872	17,103	4,935	7,831
<b>Non-current</b>					
Long-term liabilities					
- Long-term borrowings from Financial institution - net		33,757	56,571	-	-
- Long-term borrowing from a related party - net	35	2,999	2,999	-	-
- Long-term debentures - net	35	32,388	32,382	-	-
- Finance lease liabilities - net	35	28	78	16	26
Total long-term liabilities		69,172	92,030	16	26
<b>Total</b>		94,044	109,133	4,951	7,857

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Within one year	24,819	17,046	4,920	7,820
After one year but within five years	49,430	66,459	-	-
After five years	19,714	25,493	-	-
<b>Total</b>	93,963	108,998	4,920	7,820

Interest-bearing liabilities as at December 31, 2019 and 2018 are denominated entirely in Thai Baht.

## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### Long-term borrowings

The details of long-term borrowings as at December 31, are summarized as follows: (separate financial statement : nil)

Interest rate (per annum)	Term of interest payment	Principal payment term	Unit: Million Baht Consolidated financial statements	
			2019	2018
Advanced Wireless Network Co., Ltd.				
Fixed interest rate as stipulated in the agreement	Semi-annual	4 equal installments from 2019 to 2021	3,750	5,000
6MTHBFIX plus margin	Semi-annual	2 equal installments in 2020	12,300	12,300
Fixed interest rate as stipulated in the agreement	Semi-annual	7 equal installments from 2019 to 2022	4,286	5,000
6MTHBFIX plus margin	Semi-annual	Entirely redeemed in 2020	4,200	4,200
6MBIBOR plus margin	Semi-annual	6 equal installments from 2020 to 2023	20,000	20,000
6MBIBOR plus margin	Semi-annual	5 equal installments from 2019 to 2023	5,600	7,000
6MTHBFIX plus margin	Semi-annual	6 equal installments from 2021 to 2023	4,500	4,500
Fixed interest rate as stipulated in the agreement	Semi-annual	2 equal installments in 2022*	1,961	1,961
6MTHBFIX plus margin	Semi-annual	6 equal installments from 2023 to 2026	2,000	-
Total loans			58,597	59,961
Less transaction cost			(21)	(32)
Long-term borrowings			58,576	59,929

\* The Group has amended long-term loan agreement with the bank to change the currency from US Dollar to Thai Baht in order to hedge for foreign exchange risk and interest rate risk. Loan tenor and other conditions remain unchanged.



## NOTE TO THE FINANCIAL STATEMENTS

ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### Long-term debentures

As at December 31, the Group's long-term debentures represent unsubordinated and unsecured debentures with a par value of Baht 1,000 each are as follows: (separate financial statement : nil)

Issue date	No. of units (Million)	Amount	Interest rate (per annum)	Term of interest payment	Principal payment term	Unit: Million Baht	
						Consolidated financial statements 2019	2018
<b>Advanced Wireless Network Co., Ltd.</b>							
April 11, 2014	7.79	7,789	Fixed interest rate of 4.17%	Semi-annual	Entirely redeemed on April 11, 2019	-	7,789
April 11, 2014	1.78	1,776	Fixed interest rate of 4.56%	Semi-annual	Entirely redeemed on April 11, 2021	1,776	1,776
April 11, 2014	6.64	6,638	Fixed interest rate of 4.94%	Semi-annual	Entirely redeemed on April 11, 2024	6,638	6,638
May 11, 2016	7.82	7,820	Fixed interest rate of 2.51%	Semi-annual	Entirely redeemed on May 11, 2023	7,820	7,820
May 11, 2016	7.18	7,180	Fixed interest rate of 2.78%	Semi-annual	Entirely redeemed on May 11, 2026	7,180	7,180
November 30, 2017	9.00	9,000	Fixed interest rate of 3.35%	Semi-annual	Entirely redeemed on November 30, 2027	9,000	9,000
Total debentures						32,414	40,203
Less bond issuing cost						(26)	(33)
<b>Long-term debentures</b>						32,388	40,170





## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Under the terms and conditions of the long-term borrowings and debentures, the Group has to comply with certain restrictions and maintain certain financial ratios.

As at December 31, 2019 and 2018, the Group had undrawn borrowings amounting to Baht 15,000 million and Baht 17,000 million, respectively. (as at December 31, 2019 and 2018, the Company was nil)

The carrying amount and fair values of long-term debentures (gross of issue costs) as at December 31, are as follows:

	Unit: Million Baht			
	Consolidated financial statements		Fair values*	
	Carrying amount			
	2019	2018	2019	2018
Long-term debentures	32,414	40,203	34,388	40,662

\* Fair values for traded debentures have been determined based on quoted selling prices from The Thai Bond Market Association at the close of the business at the end of the reporting period.

Movement of interest-bearing liabilities arising from financing activities for the years ended December 31, are as follows:

	Unit: Million Baht						
	Consolidated financial statements						
	Short-term borrowings from financial institutions	Short-term borrowings from related parties	Long-term borrowings from Financial institutions	Long-term borrowing from a related party	Long-term debentures	Finance lease liabilities	Total
As at January 1, 2019	5,900	-	59,929	2,999	40,170	135	109,133
Cash flows items:							
Additions	4,500	4,000	2,000	-	-	-	10,500
Repayments	(10,400)	(4,000)	(3,365)	-	(7,789)	(56)	(25,610)
Total Cash flows items	(5,900)	-	(1,365)	-	(7,789)	(56)	(15,110)
Non-cash items:							
Addition	-	-	-	-	-	2	2
Amortization as expense	-	-	12	-	7	-	19
Total non-cash items	-	-	12	-	7	2	21
As at December 31, 2019	-	-	58,576	2,999	32,388	81	94,044

	Unit: Million Baht						
	Consolidated financial statements						
	Short-term borrowings from financial institutions	Short-term borrowings from related parties	Long-term borrowings from financial institutions	Long-term borrowing from a related party	Long-term debentures	Finance lease liabilities	Total
As at January 1, 2018	6,500	-	62,843	-	40,163	172	109,678
<b>Cash flows items:</b>							
Additions	22,350	6,000	-	3,000	-	-	31,350
Repayments	(23,200)	(6,000)	(2,888)	-	-	(56)	(32,144)
<b>Total Cash flows items</b>	(850)	-	(2,888)	3,000	-	(56)	(794)
<b>Non-cash items:</b>							
Addition	-	-	-	-	-	17	17
Borrowing cost	-	-	-	(1)	-	-	(1)
Unrealized gain on foreign exchange rate	-	-	(98)	-	-	-	(98)
Amortization as expense	-	-	12	-	7	-	19
<b>Total non-cash items</b>	-	-	(86)	(1)	7	17	(63)
<b>Changes from acquisition of business items:</b>							
Increase from acquisition of business	250	-	60	-	-	2	312
<b>As at December 31, 2018</b>	5,900	-	59,929	2,999	40,170	135	109,133

	Unit: Million Baht				
	Separate financial statements				
	Short-term borrowings from financial institutions	Short-term borrowings from related parties	Long-term borrowings	Finance lease liabilities	Total
As at January 1, 2019	2,900	4,920	-	37	7,857
<b>Cash flows items:</b>					
Additions	-	800	-	-	800
Repayments	(2,900)	(800)	-	(8)	(3,708)
<b>Total Cash flows items</b>	(2,900)	-	-	(8)	(2,908)
<b>Non-cash items:</b>					
Addition	-	-	-	2	2
<b>Total non-cash items</b>	-	-	-	2	2
<b>As at December 31, 2019</b>	-	4,920	-	31	4,951



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

	Unit: Million Baht			
	Short-term borrowings from financial institutions	Short-term borrowings from related parties	Long-term borrowings	Finance lease liabilities
As at January 1, 2018	-	4,640	3,025	42
<b>Cash flows items:</b>				
Additions	8,700	700	-	-
Repayments	(5,800)	(420)	(2,828)	(17)
<b>Total Cash flows items</b>	2,900	280	(2,828)	(17)
<b>Non-cash items:</b>				
Addition	-	-	-	12
Unrealized gain on foreign exchange rate	-	-	(197)	-
<b>Total non-cash items</b>	-	-	(197)	12
<b>As at December 31, 2018</b>	2,900	4,920	-	37

The effective weighted interest rates as at December 31, are as follows:

	Consolidated financial statements		Unit: Percent per annum Separate financial statements	
	2019	2018	2019	2018
Short-term borrowings	-	1.79	1.12	1.38
Long-term borrowings	2.82	2.80	-	-
Long-term debentures	3.41	3.56	-	-
Finance lease liabilities	5.18	5.37	4.04	4.07

The effective weighted interest rates of long-term borrowings for the Group and the Company are calculated with the rate after hedging.

#### 19. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, are as follows:

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2019	2018	2019	2018
<b>Trade payables</b>					
Related parties	35	63	73	14	26
Other parties		21,974	18,349	29	33
<b>Total trade payables</b>		22,037	18,422	43	59
<b>Other payables</b>					
Accrued expenses	35	17,991	18,190	2,848	2,773
Valued-added tax payable		324	85	8	9
Withholding tax payable		312	243	6	5
Others	35	712	740	-	-
<b>Total other payables</b>		19,339	19,258	2,862	2,787
<b>Total trade and other current payables</b>		41,376	37,680	2,905	2,846

The currencies denomination of trade payables as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Thai Baht (THB)	9,181	5,469	34	39
US Dollar (USD)	12,744	12,808	1	1
Euro (EUR)	22	51	-	-
Yen (JPY)	82	63	-	-
Singapore Dollar (SGD)	8	19	8	19
Pound (GBP)	-	5	-	-
Swiss Franc (CHF)	-	1	-	-
Australia Dollar (AUD)	-	6	-	-
<b>Total</b>	22,037	18,422	43	59

#### 20. SPECTRUM LICENSES PAYABLE

Spectrum licenses payable in the consolidated financial statements as at December 31, are as follows: (separate financial statements : nil)

	Note	Unit: Million Baht Consolidated financial statements	
		2019	2018
<b>Spectrum licenses payable</b>			
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.2)	1	55,642	61,426
License certificate no. NBTC/FREQ/TEL/55/1 (Addendum no.3)		6,147	6,062
		61,789	67,488
<u>Less</u> current portion of spectrum licenses payable		(24,490)	(3,972)
<b>Spectrum licenses payable</b>		37,299	63,516

Movements in spectrum licenses payable in the consolidated financial statements for the years ended December 31, are as follows: (separate financial statements: nil)

	Note	Unit: Million Baht Consolidated financial statements	
		2019	2018
As at January 1,		67,488	73,950
Addition		-	12,303
Payments		(4,020)	(20,536)
Amortization of deferred interest expense		1,605	1,771
Unrealized adjustment value of spectrum license	1	(3,284)	-
<b>As at December 31,</b>		61,789	67,488

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### 21. PROVISIONS FOR EMPLOYEE BENEFIT

The Group and the Company have provisions for employee benefit based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service and long-term service awards.

On April 5, 2019, The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette which will be effective in 30 days after the announce date. This Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered an amendment to post-employment benefits plan. The Group and the Company already reflected the effect of such change by recognizing past service cost as an expense in the consolidated and separate statements of profit or loss in amount of Baht 636 million and Baht 72 million, respectively.

The defined benefit plans expose the Group and the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Provisions for employee benefit in the statement of financial position as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Present value of obligations	2,860	2,254	329	263

Movements in the present value of the provisions for employee benefit for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Provisions for employee benefit as at January 1,	2,254	1,856	263	235
Increase from acquisition of business	-	156	-	-
Current service costs and interest	297	268	55	50
Benefits paid	(47)	(26)	(20)	(10)
Transfer employee to subsidiaries	-	-	(6)	(12)
Gains on remeasurements of defined benefit plans	(280)	-	(35)	-
Past service cost	636	-	72	-
<b>Provisions for employee benefit as at December 31,</b>	<b>2,860</b>	<b>2,254</b>	<b>329</b>	<b>263</b>

Expense recognized in the statement of profit or loss for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Current service costs	210	189	38	28
Interest on obligations	87	79	11	10
Past service cost	636	-	72	-
<b>Total</b>	<b>933</b>	<b>268</b>	<b>121</b>	<b>38</b>

The Group and the Company presented the expense in the statement of profit or loss for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Cost of rendering of services and equipment rental	49	16	99	24
Administrative expenses	794	171	8	2
Management benefit expenses	3	2	3	2
Finance costs	87	79	11	10
<b>Total</b>	<b>933</b>	<b>268</b>	<b>121</b>	<b>38</b>

(Gains) loss on remeasurements of defined benefit plans recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Included in retained earnings :</b>				
At January 1,	339	339	255	255
Recognized during the year	(280)	-	(35)	-
<b>As at December 31,</b>	<b>59</b>	<b>339</b>	<b>220</b>	<b>255</b>

Gains on remeasurements of defined benefit plans recognized in the statement of profit or loss and other comprehensive income for the years ended December 31, are arising from:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Financial assumptions	(135)	-	(12)	-
Experience adjustment	(145)	-	(23)	-
<b>Total</b>	<b>(280)</b>	<b>-</b>	<b>(35)</b>	<b>-</b>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	2.4%	3%	2.4%	3%
Future salary increases	5%	6%	5%	6%

Assumptions regarding future mortality for the years ended December 31, 2019 and 2018 are based on published statistics and Thailand Mortality Ordinary Life table 2017 ("TMO17").

#### Sensitivity analysis

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the provisions for employee benefit as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Discount rate				
- Increase 1%	(353)	(301)	(41)	(25)
- Decrease 1%	422	363	49	30
Future salary growth				
- Increase 1%	398	339	46	28
- Decrease 1%	(337)	(288)	(40)	(24)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

#### 22. SHARE CAPITAL

Movements of share capital for the years ended December 31, are as follows:

Par value per share (in Baht)	2019		(Million shares/million Baht) 2018	
	Number of share	Amount	Number of share	Amount
<b>Authorized</b>				
As at January 1,				
- ordinary shares	1.00	4,997	4,997	4,997
<b>As at December 31,</b>				
- ordinary shares	1.00	4,997	4,997	4,997
<b>Issued and paid</b>				
As at January 1,				
- ordinary shares	1.00	2,973	2,973	2,973
<b>As at December 31,</b>				
- ordinary shares	1.00	2,973	2,973	2,973

As at December 31, 2019 and 2018, the total issued number of ordinary shares is 2,973 million shares with a par value of Baht 1.00 per share. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

On June 5, 2019, the Company has registered the increase in share capital with the Department of Business Development, Ministry of Commerce for 83,302 ordinary shares at a par value of Baht 1 each that results from the exercise of the warrant offered to directors and employees of the Group and the Company for 83,302 units which the exercise price on the warrant is Baht 166.588 per share. The increasing in share capital results to increase in paid-up share capital and share premium of Baht 83,302 and Baht 13 million, respectively.

#### Share premium

According to the Public Companies Act B.E. 2535, Section 51 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

#### 23. LEGAL RESERVE

According to the Public Companies Act B.E. 2535, section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 24. OTHER COMPONENTS OF SHAREHOLDERS' EQUITY

##### Share-based payment

The performance share plan

##### Grant II

In March 2014, the Annual General Meeting of shareholders No.1/2014 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan ("ESOP-Grant II"). The major information is listed below:

Approved date:	March 26, 2014
Number of warrants offered:	680,000 Units
Exercise price:	211.816 Baht/share
Number of reserved shares:	680,000 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share

##### Grant III

In March 2015, the Annual General Meeting of shareholders No.1/2015 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan ("ESOP-Grant III"). The major information is listed below:

Approved date:	March 24, 2015
Number of warrants offered:	872,200 Units
Exercise price:	249.938 Baht/share
Number of reserved shares:	872,200 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share

##### Grant IV

In March 2016, the Annual General Meeting of shareholders No.1/2016 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan ("ESOP-Grant IV"). The major information is listed below:

Approved date:	March 29, 2016
Number of warrants offered:	826,900 Units
Exercise price:	166.588 Baht/share
Number of reserved shares:	826,900 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share

##### Grant V

In March 2017, the Annual General Meeting of shareholders No.1/2017 approved to issue warrants to purchase the ordinary shares of the Company. The warrants are offered to employees of the Company and its subsidiaries, including the Board of Directors of the Company, who are qualified to the Performance share plan ("ESOP-Grant V"). The major information is listed below:

Approved date:	March 30, 2017
Number of warrants offered:	1,410,500 Units
Exercise price:	160.434 Baht/share
Number of reserved shares:	1,410,500 Shares
Term of the Project:	5 years from the date of initial offer of the warrants
Offered price per unit:	Baht 0 (zero Baht)
Exercise ratio:	1 unit of warrant per 1 ordinary share
Offer period:	Within one year from the date on which the issuance and offer of the warrant under the program is approved by the 2017 Annual General Meeting of shareholders

Movements in the number of outstanding warrants for the year ended December 31, 2019 are as follows:

	As at January 1, 2019	Transaction during the period			Unit: Thousand units As at December 31, 2019
		Issued	Exercised	Expired	
			(See Note 22)		
<b>ESOP - Grant II</b>					
- Directors	30	-	-	(30)	-
- Employees	612	-	-	(612)	-
	642	-	-	(642)	-
<b>ESOP - Grant III</b>					
- Directors	51	-	-	-	51
- Employees	726	-	-	-	726
	777	-	-	-	777
<b>ESOP - Grant IV</b>					
- Directors	57	-	(7)	-	50
- Employees	654	-	(76)	-	578
	711	-	(83)	-	628
<b>ESOP - Grant V</b>					
- Directors	89	-	-	-	89
- Employees	964	-	-	-	964
	1,053	-	-	-	1,053
<b>Total</b>	3,183	-	(83)	(642)	2,458

\* Above ESOP including ESOP of employees or executives who cannot exercise their rights under the items and conditions specified.



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### Fair value measurement

The Group and the Company measured the expense of the Project by reference to the fair value of the equity instrument granted at the grant date using the Monte Carlo Simulation technique. The major assumptions are as below:

#### Grant II

Weighted average fair value at the grant date	101.617 Baht/share
Share price at the grant date	240.000 Baht/share
Exercise price	211.816 Baht/share
Expected volatility	25.15%
Expected dividend	5.00%
Risk-free interest rate	3.08%

#### Grant III

Weighted average fair value at the grant date	82.907 Baht/share
Share price at the grant date	236.000 Baht/share
Exercise price	249.938 Baht/share
Expected volatility	22.99%
Expected dividend	5.28%
Risk-free interest rate	2.34%

#### Grant IV

Weighted average fair value at the grant date	67.742 Baht/share
Share price at the grant date	165.000 Baht/share
Exercise price	166.588 Baht/share
Expected volatility	27.70%
Expected dividend	8.48%
Risk-free interest rate	1.72%

#### Grant V

Weighted average fair value at the grant date	111.857 Baht/share
Share price at the grant date	172.500 Baht/share
Exercise price	160.434 Baht/share
Expected volatility	27.22%
Expected dividend	5.55%
Risk-free interest rate	2.01%

For the year ended December 31, 2019, the Group and the Company recognized share-based payment expense amounting to Baht 26 million and Baht 26 million, respectively, in the consolidated and separate financial statements (For the year ended December 31, 2018: Baht 39 million and Baht 39 million, respectively).

### Unrealized gain on dilution of investment

The unrealized gain on dilution of investment comprises the cumulative net change in portion of investment until the investment is sold or otherwise disposed.

### 25. SEGMENT FINANCIAL INFORMATION AND DISAGGREGATION OF REVENUE

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Chief Executive Officer (CEO) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group reportable segments.

Segment 1	Mobile phone services
Segment 2	Mobile phone and equipment sales
Segment 3	Datanet and broadband services

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### Information about reportable segments

Performance for the years ended December 31, are as follows:

	Mobile phone services		Mobile phone and equipment sales		Datanet and broadband services		Unit: Million Baht Total reportable segments	
	2019	2018	2019	2018	2019	2018	2019	2018
External revenue	141,418	136,119	29,879	25,234	9,597	8,503	180,894	169,856
Investment income	181	147	7	12	10	6	198	165
Finance costs	(4,764)	(5,134)	(2)	(2)	(11)	(12)	(4,777)	(5,148)
Depreciation and amortization	(34,761)	(31,689)	(5)	(6)	(2,463)	(2,184)	(37,229)	(33,879)
Material items of expenses	(18,063)	(15,137)	(2,510)	(4,893)	(569)	(792)	(21,142)	(20,822)
Segment profit (loss) before income tax expense	38,018	40,290	(2,442)	(5,952)	1,826	1,299	37,402	35,637

Reportable assets and liabilities as at December 31, are as follows:

	Mobile phone services		Mobile phone and equipment sales		Datanet and broadband services		Unit: Million Baht Total reportable segments	
	2019	2018	2019	2018	2019	2018	2019	2018
Segment assets	271,628	271,526	7,664	7,799	10,377	11,180	289,669	290,505
Segment liabilities	212,870	225,949	3,993	4,175	3,412	2,712	220,275	232,836

The significant amount of additions to non-current assets for the years ended December 31, are as follows:

	Mobile phone services		Mobile phone and equipment sales		Datanet and broadband services		Unit: Million Baht Total reportable segments	
	2019	2018	2019	2018	2019	2018	2019	2018
Capital expenditure	21,974	33,443	1	-	2,988	2,429	24,963	35,872



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### Revenue

##### Disaggregation of revenue

The Group has recognized revenue from sale of goods and rendering of services to customer at a point in time and overtime by type of goods or main services according to the disclosure of segment financial information and disaggregation of revenue for the years ended December 31, are as follows:

		2019	Unit: Million Baht 2018
<b>External revenue</b>			
Segment 1	- Mobile phone services	141,418	136,119
Segment 2	- Mobile phone and equipment sales	29,879	25,234
Segment 3	- Datanet and broadband services	9,597	8,503
<b>Total</b>		<b>180,894</b>	<b>169,856</b>

##### Timing of revenue recognition

Point in time			
Segment 2	- Mobile phone and equipment sales	29,879	25,234
Segment 3	- Datanet and broadband services	886	617
		30,765	25,851
Overtime			
Segment 1	- Mobile phone services	141,418	136,119
Segment 3	- Datanet and broadband services	8,711	7,886
		150,129	144,005
<b>Total</b>		<b>180,894</b>	<b>169,856</b>

##### Geographical segments

The Group manage and operate principally in Thailand. There are no material revenues derived from or assets located in foreign countries.

##### Major Customer

No single customer represents a major customer because the Group have large number of customers, who are end users covering business and individuals.

#### 26. REVENUE FROM RENDERING OF SERVICES AND EQUIPMENT RENTALS

The Company has revenue from rendering of services from internet and telecommunication services under licenses granted by The National Broadcasting and Telecommunications Commission ("NBTC") for the years ended December 31, are classified as follows:

	Unit: Million Baht Separate financial statements	2019	2018
Internet License Type 1	-	-	-
Other service income	1,728	1,734	1,734
<b>Total</b>	<b>1,728</b>	<b>1,734</b>	<b>1,734</b>

#### 27. INTEREST INCOME

Interest income for the years ended December 31, are as follows:

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2019	2018	2019	2018
Subsidiaries	35	-	-	591	834
Financial institutions		198	165	19	4
<b>Total</b>		<b>198</b>	<b>165</b>	<b>610</b>	<b>838</b>

#### 28. OTHER INCOME (REVERSAL)

Other income (reversal) for the years ended December 31, are as follows:

		Consolidated financial statements		Unit: Million Baht Separate financial statements	
	Notes	2019	2018	2019	2018
Bad debt recovery		174	135	11	11
Management income	35	-	6	-	-
(Reversal) other income	35	-	-	-	(1,239)
Others	35	475	555	57	65
<b>Total</b>		<b>649</b>	<b>696</b>	<b>68</b>	<b>(1,163)</b>

For the year ended December 31, 2018, the Company made a reversal of revenue from equipment rental with a subsidiary during 2015 - 2016 in amount of Baht 1,239 million (For the year ended December 31, 2019: nil).

#### 29. PROVIDENT FUND

The defined contribution plans comprise provident fund established by the Group and the Company for their employees. Membership of the fund is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Group and the Company at rates ranging from 3% to 7% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entities and is managed by a licensed fund manager.

For the year ended December 31, 2019, the Group and the Company recognized contribution paid to provident fund amounting to Baht 292 million and Baht 31 million, respectively, in the consolidated and separate statement of profit or loss (For the year ended December 31, 2018: Baht 281 million and Baht 30 million, respectively).



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 30. EXPENSES BY NATURE

The statements of profit or loss for the years ended December 31, include an analysis of expenses by function. Significant expenses by nature disclosed in accordance with the requirements of various Thai Financial Reporting Standards are as follows:

	Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2019	2018	2019	2018
Depreciation of buildings and equipment	12	27,343	24,822	63	75
Amortization of spectrum licenses	15	8,675	8,077	-	-
Amortization of other intangible assets	16	1,211	980	6	11
Doubtful accounts and bad debts (bad debts recovery)	6	2,521	2,175	(1)	(1)
Loss on terminate contract assets	7	747	-	-	-
Distribution expenses		7,861	9,550	2	1
Staff costs		10,760	9,098	1,091	921

#### 31. FINANCE COSTS

Finance costs for the years ended December 31, are as follows:

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2019	2018	2019	2018
Interest expense	35	3,085	3,280	58	92
Finance cost related to spectrum license		1,604	1,771	-	-
Others		88	97	15	14
<b>Total</b>		<b>4,777</b>	<b>5,148</b>	<b>73</b>	<b>106</b>

#### 32. TAX EXPENSE (INCOME)

Tax expense (income) recognized in the statements of profit or loss for the years ended December 31, are as follows:

	Note	Consolidated financial statements		Unit: Million Baht Separate financial statements	
		2019	2018	2019	2018
<b>Current tax expense</b>					
Current year		6,886	6,443	-	-
Adjustment for prior years		(2)	156	-	-
		6,884	6,599	-	-
<b>Deferred tax expense (income)</b>	17				
Movements in temporary differences		(675)	(677)	56	(53)
<b>Total tax expense (income)</b>		<b>6,209</b>	<b>5,922</b>	<b>56</b>	<b>(53)</b>

Tax expense (income) recognized in the statements of profit or loss and other comprehensive income for the year ended December 31, 2019 are as follows: (for the year ended December 31, 2018: nil)

#### Unit: Million Baht Consolidated financial statements

	Before tax	Tax (expense) benefit	Net of tax
Gains on remeasurements of defined benefit plans	280	(56)	224
<b>Total</b>	<b>280</b>	<b>(56)</b>	<b>224</b>

#### Unit: Million Baht Separate financial statements

	Before tax	Tax (expense) benefit	Net of tax
Gains on remeasurements of defined benefit plans	35	(7)	28
<b>Total</b>	<b>35</b>	<b>(7)</b>	<b>28</b>

Reconciliation of effective tax rate for the years ended December 31, are as follows:

#### Unit: Million Baht Consolidated financial statements

	Rate (%)	2019	Rate (%)	2018
Profit before income tax expense		37,402		35,637
Income tax using the applicable tax rate	20	7,480	20	7,127
Expenses not deductible for tax purposes		32		11
Additional capital expenditure deduction Allowed		(1,245)		(1,288)
Recognition of previously unrecognized temporary difference		(72)		-
Adjustment for prior years		(2)		156
Effect from elimination with subsidiaries		16		(84)
<b>Total</b>	17	<b>6,209</b>	17	<b>5,922</b>

#### Unit: Million Baht Separate financial statements

	Rate (%)	2019	Rate (%)	2018
Profit before income tax expense		31,245		29,629
Income tax using the applicable tax rate	20	6,249	20	5,926
Share of profit of subsidiaries		(6,118)		(6,009)
Expenses not deductible for tax purposes		-		30
Additional expenditure deduction allowed net		(3)		-
Recognition of previously unrecognized temporary difference		(72)		-
<b>Total</b>	-	<b>56</b>	-	<b>(53)</b>

The Group and the Company have applied the tax rate of 20% for calculated income tax expense and deferred income tax for the years ended December 31, 2019 and 2018.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### 33. EARNINGS PER SHARE

##### Basic earnings per share

The calculation of basic earnings per share for the years ended December 31, are based on the profit for the years attributable to ordinary shareholders of the Group and the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	(in million Baht/million shares)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit attributable to ordinary shareholders of the Company (basic)	31,190	29,682	31,190	29,682
Weighted average number of ordinary shares outstanding (basic)	2,973	2,973	2,973	2,973
Earnings per share (basic) (in Baht)	10.49	9.98	10.49	9.98

##### Diluted earnings per share

The calculation of diluted earnings per share for the years ended December 31, are based on the profit for the years attributable to equity holders of the Group and the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	(in million Baht/million shares)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit attributable to equity holders of the Company (basic)	31,190	29,682	31,190	29,682
Profit attributable to equity holders of the Company (diluted)	31,190	29,682	31,190	29,682
Weighted average number of ordinary shares outstanding (basic)	2,973	2,973	2,973	2,973
Weighted average number of ordinary shares outstanding (diluted)	2,973	2,973	2,973	2,973
Earnings per share (diluted) (in Baht)	10.49	9.98	10.49	9.98

#### 34. DIVIDENDS

At the Annual General Meeting of the shareholders of the Company held on March 29, 2018, the shareholders approved the appropriation of dividend of Baht 7.08 per share. The Company paid an interim dividend at the rate of Baht 3.51 per share on August 25, 2017, therefore the remaining dividend to be paid is Baht 3.57 per share, amounting to Baht 10,614 million. The dividend was paid to shareholders on April 26, 2018.

At the Board of Director's meeting held on August 2, 2018, the Board approved to declare an interim dividend of Baht 3.78 per share, amounting to Baht 11,238 million. The interim dividend was paid to shareholders on August 29, 2018.

At the Annual General Meeting of the shareholders of the Company held on March 28, 2019, the shareholders approved the appropriation of dividend of Baht 7.08 per share. The Company paid an interim dividend at the rate of Baht 3.78 per share on August 29, 2018, therefore the remaining dividend to be paid is Baht 3.30 per share, amounting to Baht 9,811 million. The dividend was paid to shareholders on April 18, 2019.

At the Board of Director's meeting held on August 5, 2019, the Board approved to declare an interim dividend of Baht 3.78 per share, amounting to Baht 11,238 million. The interim dividend was paid to shareholders on September 3, 2019.

#### 35. RELATED PARTIES

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

During the year, the Group and the Company have entered into a number of transactions with related parties, the terms of which are negotiated in the ordinary course of business and according to normal trade conditions. Purchases of products and services are charged at reasonable prices and those prices are comparable to the market rate with general trading conditions. Consulting and management service fees are charged on a mutually agreed basis which calculated based on activities portion which the Company performs to counter parties in each year.



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Relationships between the Group and the Company with related parties are as follows:

Name of entities	Country of incorporation/nationality	Nature of relationships
Subsidiaries	Thailand	Subsidiaries are entities controlled by the Group
Intouch Holdings Public Company Limited ("INTOUCH") and its related parties ("INTOUCH Group")	Thailand and Laos	INTOUCH is a shareholder who has significant influence over the Company and has some joint directors.
Singtel Strategic Investments Pte Ltd. ("Singtel") and its related parties ("Singtel Group")	Singapore	Singtel is a shareholder who has significant influence over the Company and has some joint directors.
Information Highway Co., Ltd.	Thailand	Information Highway Co., Ltd is an associate.
Amata Network Co., Ltd.	Thailand	Amata Network Co., Ltd. is a joint venture
Rabbit - Line Pay Company Limited	Thailand	Rabbit-Line Pay Company Limited is a joint venture
Other related parties	Thailand	Other parties have some joint directors and directors of related parties

Significant transactions with related parties for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Revenue from rendering of service and equipment rentals</b>				
Subsidiaries	-	-	1,727	1,733
INTOUCH Group	55	44	1	1
Singtel Group	125	192	-	-
Joint Venture	6	2	-	-
Other related parties	95	84	-	-
<b>Total</b>	<b>281</b>	<b>322</b>	<b>1,728</b>	<b>1,734</b>
<b>Sales of property and other assets</b>				
Subsidiaries	-	-	42	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>-</b>
<b>Dividend received from</b>				
Subsidiaries	-	-	26,373	30,540
Joint Venture	8	-	-	-
<b>Total</b>	<b>8</b>	<b>-</b>	<b>26,373</b>	<b>30,540</b>
<b>Interest income</b>				
Subsidiaries	-	-	591	834
Other related parties	64	-	-	-
<b>Total</b>	<b>64</b>	<b>-</b>	<b>591</b>	<b>834</b>
<b>Other income (reversal)</b>				
Subsidiaries	-	-	37	(1,191)
INTOUCH Group	1	1	-	-
Singtel Group	3	1	-	-
Joint venture	6	6	-	-
Other related parties	-	3	-	-
<b>Total</b>	<b>10</b>	<b>11</b>	<b>37</b>	<b>(1,191)</b>

### Rental and other service expenses

Subsidiaries	-	-	55	52
INTOUCH Group	210	192	5	1
Singtel Group	279	266	-	-
Joint venture	51	34	-	-
Associate	82	89	-	-
Other related parties	67	64	-	-
<b>Total</b>	<b>689</b>	<b>645</b>	<b>60</b>	<b>53</b>

### Advertising expense

INTOUCH Group	11	4	-	-
Singtel Group	2	3	-	-
Other related parties	1	1	-	-
<b>Total</b>	<b>14</b>	<b>8</b>	<b>-</b>	<b>-</b>

### Management benefit expenses

Short-term employee benefit	137	167	137	148
Long-term employee benefit	3	2	3	2
Share-based payments	4	8	4	8
<b>Total</b>	<b>144</b>	<b>177</b>	<b>144</b>	<b>158</b>

### Purchase of property and other assets

INTOUCH Group	69	13	-	-
<b>Total</b>	<b>69</b>	<b>13</b>	<b>-</b>	<b>-</b>

### Finance costs

Subsidiaries	-	-	54	60
INTOUCH Group	2	2	-	-
Associate	3	5	-	-
Other related parties	192	50	-	-
<b>Total</b>	<b>197</b>	<b>57</b>	<b>54</b>	<b>60</b>

### Dividend paid to

INTOUCH	8,515	8,840	8,515	8,840
Singtel	4,909	5,096	4,909	5,096
<b>Total</b>	<b>13,424</b>	<b>13,936</b>	<b>13,424</b>	<b>13,936</b>



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Balances with related parties as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Cash and cash equivalents</b>				
- Bank deposit				
Other related parties	113	165	1	1
<b>Trade and other current receivables</b>				
<b>Trade receivables</b>				
Subsidiaries	-	-	9	14
INTOUCH Group	10	5	1	-
Singtel Group	18	87	-	1
Joint Venture	2	1	-	-
Other related parties	9	12	-	-
	39	105	10	15
<b>Accrued income</b>				
Subsidiaries	-	-	-	3
INTOUCH Group	1	2	-	-
Singtel Group	22	64	-	-
Joint Venture	1	1	-	-
Other related parties	1	1	-	-
	25	68	-	3
<b>Total trade receivables</b>	64	173	10	18
<b>Other receivables</b>				
- Accrued interest income				
Subsidiaries	-	-	148	98
<b>Total other receivables</b>	-	-	148	98
<b>Total trade and other current receivables</b> (see Note 6)	64	173	158	116
<b>Short-term loans to related parties</b>				
Subsidiaries	-	-	50,499	48,669

As at December 31, 2019, the Company has short-term loans to related parties represent promissory notes at call, bearing interest at the average rate of 1.14 % per annum (as at December 31, 2018 : average rate of 1.36 % per annum).

Movements of short-term loans to related parties for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Short-term loans to related parties</b>				
As at January 1,	-	-	48,669	39,534
Increase	-	-	14,160	41,971
Decrease	-	-	(12,330)	(32,836)
<b>As at December 31,</b>	-	-	50,499	48,669

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Trade and other current payables</b>				
<b>Trade payables</b>				
Subsidiaries	-	-	4	6
INTOUCH Group	15	14	1	-
Singtel Group	31	49	9	20
Joint Venture	8	2	-	-
Associate	7	6	-	-
Other related parties	2	2	-	-
<b>Total trade payables</b>	63	73	14	26
<b>Other payables</b>				
- Accrued expenses				
Subsidiaries	-	-	18	21
INTOUCH Group	52	29	-	2
Singtel Group	2	12	-	-
Joint Venture	5	17	-	-
Associate	3	28	-	-
Other related parties	49	30	-	-
<b>Total other payables</b>	111	116	18	23
<b>Total trade and other current payables (see Note 19)</b>	174	189	32	49
<b>Financial lease liabilities</b>				
Associate	29	54	-	-
<b>Short-term borrowings from related parties</b>				
Subsidiaries	-	-	4,920	4,920

As at December 31, 2019, short-term borrowings from related parties represent promissory notes at call, bearing interest at the average rate of 1.12 % per annum and unsecured. (As at December 31, 2018 : average rate of 1.14% per annum).

Movements of short-term borrowings from related parties for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Short-term borrowings from related parties</b>				
As at January 1,	-	-	4,920	4,640
Increase	-	6,000	800	700
Decrease	-	(6,000)	(800)	(420)
<b>As at December 31, (see Note 18)</b>	-	-	4,920	4,920

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Long-term borrowing from a related party</b>				
Other related party	2,999	2,999	-	-
<b>Total</b>	<b>2,999</b>	<b>2,999</b>	<b>-</b>	<b>-</b>

As at December 31, 2019 and 2018, the Group has long-term borrowing from a related party, bearing interest at the rate of 6MTHBFX plus margin and semi-annual interest payments with 14 principal installments starting from 2022 to 2028.

Movements of long-term borrowings from related parties for the years ended December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Long-term borrowings from related parties</b>				
As at January 1,	2,999	-	-	-
Addition	-	3,000	-	-
Borrowing cost	-	(1)	-	-
<b>As at December 31, (see Note 18)</b>	<b>2,999</b>	<b>2,999</b>	<b>-</b>	<b>-</b>

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Long-term debentures</b>				
INTOUCH Group	52	68	-	-
Other related parties	24	264	-	-
<b>Total (see Note 18)</b>	<b>76</b>	<b>332</b>	<b>-</b>	<b>-</b>

### Significant agreements with related parties

The Group and the Company have entered into agreements with related parties. There are commitment for receipts and payments according to rates under the terms and conditions stipulated in the agreements. The significant agreements with related parties are as follows:

- The Group has entered into interconnection agreements among its related parties. The termination and suspension of the agreement are referred to the regulations and conditions of the National Telecommunications Commission.
- The Group has entered into site share agreements among its related parties to provide site area including related facilities for installation of telecommunication equipment. The counterparty has a right to terminate the agreement by giving advance written notice not less than 60 days.

- The subsidiaries have received a service of a call center from Advanced Contact Center Co., Ltd. ("ACC"), a subsidiary. ACC will provide service and required information including resolving problem for the customers of the Group.
- Advanced Contact Center Co., Ltd., a subsidiary, and High Shopping Co., Ltd., a related party have entered into a call center service agreement with Teleinfo Media Plc. ("TMC"), a related party. TMC will arrange the personnel and provide call center operation to execute each of incoming call service. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- The Group has entered into an agreement with Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, to provide payment service for goods/service purchased through electronic payments and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- Advanced Magic Card Co., Ltd. and Advanced Mpay Co., Ltd., its subsidiaries, have entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to distribute electronic money and cash card. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- The Group has entered into an agreement with Wireless Device Supply Co., Ltd., a subsidiary, to provide card packaging. The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- The Group has entered into an international roaming service agreement with the Singtel Group, related parties. The counterparty has a right to terminate the agreement by giving advance written notice not less than 60 days.
- The Group has entered into an agreement with MIMO Tech Co., Ltd. And AD venture Public Co., Ltd., a subsidiaries, of providing aggregating value added services on mobile network or wireless device (Content Aggregator). The counterparty has a right to terminate the agreement by giving advance written notice not less than 30 days.
- Advanced Wireless Network Co., Ltd. ("AWN"), has entered into a satellite transponder lease agreement with Thaicom Public Company Limited, a related party, AWN agreed to pay service fee on monthly basis according to the rate and condition specified in the agreement. The agreement is valid until November 19, 2020.
- MIMO Tech Co., Ltd., a subsidiary, has entered into computer system maintenance services agreements with I.T. Applications and Services Company Limited, a related party. The agreement is valid for one year and is renewable on an annual basis. The counterparty has a right to terminate the agreement by giving advance written notice not less than 3 months.
- Advanced Wireless Network Co., Ltd., a subsidiary, has entered into fibre optic system and its site facilities agreement with Information Highway Co., Ltd. ("IH"), an associate. IH will provide installation fibre optic transmission and maintenance services in specific areas. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- Advanced Wireless Network Co., Ltd., a subsidiary, has entered into agreement with TC Broadcasting Company Limited, a related party, to receive a satellite equipment system and television signal service. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

- 14) Super Broadband Network Co., Ltd., a subsidiary, has entered into agreement with Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary, to rent the telecommunication equipment. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 15) Advanced Wireless Network Co., Ltd., a subsidiary and CS Loxinfo Public Company Limited, its subsidiary, have entered into an agreement to develop the infrastructure of fibre optic network with Amata Network Co., Ltd., a joint venture. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 16) Advanced Mpay Co., Ltd., a subsidiary, has entered into agreement with Rabbit-Line Pay Co., Ltd., a joint venture, to receive electronic money and electronic payment service. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.
- 17) Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary hired MIMO Tech Co., Ltd. ("MMT"), a subsidiary to operate point management and arranging activities to exchange products or services for the AWN's customers. The counterparty has a right to terminate the agreement by giving the counterparty advance written notice not less than 30 days.

#### 36. FINANCIAL INSTRUMENTS

##### Financial risk management policies

Risk management is integral to the whole business of the Group and the Company. The Group and the Company have a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

##### Capital management

The Group and the Company aim to manage its capital structure to be stronger than industry peer and commit to be investment grade rating. This will allow the Group and the Company to retain superior financial flexibility in order to capture future growth prospect. The Group's and the Company's financial flexibility means diversified source of capital, ease of funding, and appropriate cost of capital.

In 3 - 5 years, telecommunications industry in Thailand will face another phase of technology change and hence new investment will be required. The Group and the Company believe that they can leverage on their capital structure in the future and have ability to find the source of funds through the debt instrument in order to expand their businesses.

##### Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's and the Company's operations and their cash flows because some of debt securities and loan interest rates are floating interest rate. The Group and the Company have interest rate risk from their borrowings (see Note 18). The Group and the Company mitigate this risk by ensuring that the majority of its debt securities and borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific debt securities and borrowings.

##### Foreign currency risk

The Group and the Company have foreign currency risk relating to expense and borrowings which are denominated in foreign currencies. The Group and the Company primarily utilize forward contracts, which are not more than 1 year, to hedge such financial liabilities denominated in foreign currencies to hedge long-term borrowings denominated in foreign currencies. The forward contracts entered into at the end of the reporting period also relate to borrowings, denominated in foreign currencies, for the subsequent period.

The Group and the Company have foreign currency risk in respect of financial assets and liabilities denominated as at December 31, are as follows:

Notes	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Cash and cash equivalents</b>	4			
US Dollar (USD)	1,096	657	-	1
Euro (EUR)	278	265	-	2
<b>Total</b>	<u>1,374</u>	<u>922</u>	<u>-</u>	<u>3</u>
<b>Trade current receivables</b>	6			
US Dollar (USD)	984	1,824	-	-
Euro (EUR)	76	2	-	-
<b>Total</b>	<u>1,060</u>	<u>1,826</u>	<u>-</u>	<u>-</u>
<b>Trade current payables</b>	19			
US Dollar (USD)	(12,744)	(12,808)	(1)	(1)
Euro (EUR)	(22)	(51)	-	-
Yen (JPY)	(82)	(63)	-	-
Singapore Dollar (SGD)	(8)	(19)	(8)	(19)
Pound Sterling (GBP)	-	(5)	-	-
Swiss Franc (CHF)	-	(1)	-	-
Australian Dollar (AUD)	-	(6)	-	-
<b>Total</b>	<u>(12,856)</u>	<u>(12,953)</u>	<u>(9)</u>	<u>(20)</u>
<b>Gross statement of financial position exposure</b>				
Forward contracts	(10,422)	(10,205)	(9)	(17)
	5,536	4,514	-	-
<b>Net exposure</b>	<u>(4,886)</u>	<u>(5,691)</u>	<u>(9)</u>	<u>(17)</u>

Forward contracts are held to hedge currency risk for gross statement of financial position exposure as at December 31, 2019 and 2018 and to retain future purchases.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Net forward contracts receivable (payable) as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
Forward contracts receivable	5,395	4,520	-	-
Forward contracts payable*	(5,536)	(4,514)	-	-
<b>Total forward contracts receivable (payable)</b>	<b>(141)</b>	<b>6</b>	<b>-</b>	<b>-</b>

\* The nominal amount of forward contracts is the value of the original contracts which the Company entered with the commercial banks and must be repaid at the maturity date.

Classification of forward contracts in the financial statements as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Current assets</b>				
Other current financial assets	-	6	-	-
<b>Total current assets</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Other current financial liabilities	(141)	-	-	-
<b>Total non-current liabilities</b>	<b>(141)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(141)</b>	<b>6</b>	<b>-</b>	<b>-</b>

The nominal amounts and fair values of forward contracts as at December 31, are as follows:

	Consolidated financial statements		Unit: Million Baht	
	Nominal amounts** 2019	2018	Fair values* 2019	2018
Forward contracts	5,536	4,514	5,409	4,510
<b>Total</b>	<b>5,536</b>	<b>4,514</b>	<b>5,409</b>	<b>4,510</b>

\* The fair value of forward contracts is the adjusted value of the original contracts which the Company entered with the commercial banks with the market price. At the end of the reporting period in order to reflect the current value of the contracts.

\*\* The nominal amount of forward contracts is the value of the original contracts which the Company entered with the commercial banks and must be repaid at the maturity date.

#### Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group and the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the end of the reporting period there were no significant concentrations of credit risk.

#### Liquidity risk

The Group and the Company monitor its liquidity risk and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

#### Fair values of financial assets and liabilities

Financial assets and liabilities not measured at fair value in the consolidated statement of financial position as at December 31, are as follows: (fair value disclosure) (separate financial statement : nil)

	Carrying amount	Unit: Million Baht Consolidated financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<b>As at December 31, 2019</b>					
Forward contracts	5,536	-	-	5,409	5,409
Debentures	32,414	-	34,388	-	34,388
<b>As at December 31, 2018</b>					
Forward contracts	4,514	-	-	4,510	4,510
Debentures	40,203	-	40,662	-	40,662



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

#### Fair value hierarchy

The table above analyzes recurring fair value measurements for financial assets. These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: other inputs than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group determines Level 2 fair values for available-for-sale investments using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

For disclosure purposes, the Group determines Level 2 fair values for traded debentures have been determined based on quoted selling prices from the Thai Bond Market Association at the close of the business at the end of the reporting period.

For disclosure purposes, the Group and the Company determine Level 3 fair values for forward contracts were calculated using the rates quoted by the Group's and the Company's bankers which were based on market conditions existing at the statement of financial position date.

The fair value of trade and other current receivables and trade and other current payables are taken to approximate the carrying value.

The fair value of loans to and borrowings from related parties and finance lease liabilities are taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

#### 37. COMMITMENTS WITH NON-RELATED PARTIES

Commitments with non-related parties as at December 31, are as follows:

Note	Consolidated financial statements		Unit: Million Separate financial statements	
	2019	2018	2019	2018
<b>Capital commitments</b>				
Unrecognized contractual commitments				
<b>Buildings and equipment</b>				
Thai Baht (THB)	6,464	7,853	11	2
US Dollar (USD)	163	213	-	-
Euro (EUR)	-	1	-	-
<b>Spectrum license</b>				
Thai Baht (THB)	1	17,584*	-	-
<b>Service maintenance</b>				
Thai Baht (THB)	1,926	1,986	49	33
US Dollars (USD)	26	22	-	-
<b>Purchase orders for goods and supplies</b>				
Thai Baht (THB)	4,942	5,949	-	-
US Dollars (USD)	11	2	-	-

\* The difference from measurement 900 MHz spectrum license payable between previous terms and conditions and new terms and conditions by Baht 3,284 million will be adjusted the cost of spectrum license 700 MHz when Awn receives such license.

	Consolidated financial statements		Unit: Million Baht Separate financial statements	
	2019	2018	2019	2018
<b>Non-cancellable operating lease commitments</b>				
Within one year	6,789	2,387	101	106
After one year but within five years	21,586	2,757	177	17
After five years	21,078	63	-	-
<b>Total</b>	<b>49,453</b>	<b>5,207</b>	<b>278</b>	<b>123</b>

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

The Group and the Company recorded the rental expenses under operating lease agreements in the consolidated and the separate statements of profit or loss for the year ended December 31, 2019 of Baht 16,773 million and Baht 88 million, respectively (for the year ended December 31, 2018 : Baht 14,902 million and Baht 94 million, respectively).

	Consolidated financial statements		Unit: Million Separate financial statements	
	2019	2018	2019	2018
<b>Other commitments</b>				
Thai Baht				
Forward contracts	5,536	4,514	-	-
Bank guarantees:				
- Spectrum license payable	71,318	74,739	-	-
- Others	3,053	2,513	176	185
<b>Total</b>	<b>79,907</b>	<b>81,766</b>	<b>176</b>	<b>185</b>
US Dollar				
Bank guarantees:				
- Others	-	1	-	-
Others	3	5	-	-
<b>Total</b>	<b>3</b>	<b>6</b>	<b>-</b>	<b>-</b>

### Significant agreements

- The Group has entered into lease and related service agreements for office space, cars, computers and base station for periods ranging from 1 year to 15 years with options to renew.
- The Group has entered into a service agreement with a company, for the Group to receive the services relating to network station and other general services as stated in the agreement. The Group shall pay a service fee for the services at the rate as stated in the agreement. Such agreement will be terminated when a party submits advance written notice not less than 90 days.
- On January 5, 2018, Advanced Wireless Network Co., Ltd. ("AWN"), a subsidiary, has entered into service agreement with TOT Public Co., Ltd. ("TOT") to receive the service relating to the national roaming service for the period from March 1, 2018 to August 3, 2025. AWN has letter of irrevocable guarantee from domestic commercial banks of Baht 720 million used as collateral for the throughout the period of agreement.
- On January 5, 2018, Super Broadband Network Co., Ltd. ("SBN"), a subsidiary, has entered into rental agreement with TOT Public Co., Ltd. ("TOT") to provide the telecommunication equipment rental for the period from March 1, 2018 to August 3, 2025. SBN has letter of irrevocable guarantee from domestic commercial banks of Baht 525 million used as collateral for the throughout the period of agreement.
- On September 4, 2019, the Group has mutually agreed with TOT Public Co., Ltd. ("TOT") entering into a Dispute Resolution Agreement and Providing the Telecommunication Equipment Tower Service (see Note 40). The group receive rental service of the telecommunication equipment tower from TOT for the period from January 1, 2019 to December 31, 2028. The Group has letter of irrevocable guarantee from domestic commercial banks of Baht 434 million used as collateral for the throughout the period of agreement.

### 38. ACQUISITION OF BUSINESS

On October 2, 2017, the Board of Directors of the Company has considered and approved the launch of a Conditional Voluntary Tender Offer ("VTO") by the Company and/or its subsidiary to acquire all ordinary shares of CS Loxinfo Public Co., Ltd. ("CSL") in the total number of 594.51 million shares at the price of Baht 7.80 per share from all shareholders. Subsequently, Advanced Wireless Network ("AWN"), a subsidiary, entered into the Share Tender Agreement for the acquisition of all ordinary shares in CSL with major shareholders which they will sell all their ordinary shares in CSL to AWN by the Tender Offer.

On January 23, 2018, AWN acquired shares in CSL of 476,196,534 shares or 80.10% of the total issued and paid ordinary shares of CSL. On January 25, 2018, AWN has paid that share amounting to Baht 3,714 million. The Group owned identified assets and liabilities - net amount of Baht 1,108 million, had consideration transferred amount of Baht 3,734 million. Therefore, the Group recognized the difference between cash paid and the fair value is goodwill amount of Baht 2,847 million. CSL has been a subsidiary of AWN since then.

Since February - December, 2018, AWN had purchased additional 113,024,266 ordinary shares of CSL, totaling Baht 879 million representing 19.01% of total issued and paid-up ordinary share of CSL. As at December 31, 2018, AWN hold 589,220,800 ordinary shares of CSL or equivalent to approximately owned 99.11% of total issued and paid-up shares of CSL. Therefore, the Group recognized the difference between cash paid and the book value of additional control of such purchased additional shares as deficits arising from change in ownership interest in subsidiaries in amount of Baht 668 million, which presented under "shareholders' equity" in the consolidated financial statements.

After AWN had purchased CSL's securities through the appropriate processes of the Securities and Exchange Commission, the Stock Exchange of Thailand and the Board of Directors and securities holders of CSL, CSL's securities was delisting the entire CSL's securities from the Stock Exchange of Thailand ("SET").

For the year ended December 31, 2019, AWN has purchased additional 2,777,424 ordinary shares of CSL, totaling Baht 22 million representing 0.47% of total issued and paid-up ordinary share of CSL. Then, AWN holds 591,998,224 ordinary shares of CSL or equivalent to approximately owned 99.58% of total issued and paid-up shares of CSL. Therefore, The Group recognized the difference between cash paid and the book value of additional control of such purchased additional shares as deficits arising from change in ownership interest in subsidiaries. As at December 31, 2019, AWN has deficits arising from change in ownership interest in subsidiaries in amount of Baht 670 million, which presented under "shareholders' equity" in the consolidated financial statements.



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### 39. PROVISIONS LIABILITIES FROM WITHHOLDING TAX

Pursuant to the letter dated January 18, 2013, the Revenue Department demanded the Company to pay surcharge of Baht 128 million regarding the withholding tax on revenue sharing payment after excise tax deduction by giving the opinion that the excise tax is a part of revenue sharing. Therefore, the Company had paid the shortage of withholding tax amount of excise tax which came from the revenue sharing payment without excise tax deduction. The Company has submitted the appeal to the Commission of Appeal. The Commission of Appeal predicate that the Company has to submit the said surcharge.

On November 10, 2016, the Company has filed the case to Central Tax Court to appeal for the revocation of the decision by the Commission of Appeal.

On September 29, 2017, the Central Tax Court has decided to dismiss the cases by the Company, based on the same reason that the excise tax is a part of revenue sharing which the Company should pay to the concession grantor in accordance with the concession agreement. Therefore, the Company has the obligations to pay for the withholding taxes incurred to the Revenue Department, failure in such conduct has resulted in the penalty to pay surcharge at the rate of 1.5% per month, aggregately the total amount of Baht 128 million.

On July 20, 2018, the Company has filed an appeal for the decision of the Central Tax Court.

On March 11, 2019, the Central Tax Court read the decision of the Court of Appeal to dismiss the cases.

On July 10, 2019, the Company has filed a petition to the Supreme Court.

The Company has already recorded as provision for such surcharge in amount of Baht 128 million in the consolidated and separate financial statements for the year ended December 31, 2018.

### 40. SIGNIFICANT EVENTS, COMMERCIAL DISPUTES AND LITIGATIONS

#### The Company

- 1) Interconnection agreement in accordance with the announcement of National Telecommunication Commission ("NTC")

According to Telecommunication Business Operation Act B.E. 2544 and the announcement of National Telecommunication Commission ("NTC") regarding the Use and Interconnect of Telecommunication Network B.E. 2549, the Company has entered into an interconnection ("IC") agreement with other operators approved by NTC and the effective period of the agreement is listed below:

Operators	Effective period
1) Total Access Communication PCL.	November 30, 2006 onwards
2) Truemove Company Limited	January 16, 2007 onwards
3) Digital Phone Company Limited	June 1, 2009 onwards
4) CAT Telecom Public Company Limited	April 7, 2010 onwards
5) Advanced Wireless Network Company Limited	April 1, 2013 onwards
6) Dtae TriNet Company Limited	July 1, 2013 onwards
7) True Move H Universal Communication Company Limited (Formerly Real Future Company limited)	July 1, 2013 onwards

On August 31, 2007, TOT Public Company Limited ("TOT") filed a lawsuit against NTC to the Central Administrative Court to revoke the announcement. On September 15, 2010, the Central Administrative Court dismissed the case which TOT filed to revoke the announcement of NTC regarding the Use and Interconnect of Telecommunication Network B.E. 2549. TOT has appealed such dismissal to the Supreme Administrative Court. On February 4, 2008, TOT sent a letter to the Company informing that the Company should wait for the final judgment of the Court. If the Company undertake the IC agreements per the NTC announcement before the final judgment of the Court, TOT shall not recognize the Company's related actions and the Company must be responsible for such actions.

According to the Agreement for operations ("the Agreement"), the Company has to pay the higher of stipulated annual minimum payment or the percentage of service revenues and other benefits that the Company should be received in each year prior to deducting expenses and taxes to TOT. However, the Company has to comply with the regulation while TOT would like to wait for the final judgment of the court. As a result, the Company anticipated entering into a negotiation with TOT in relation to a calculation method of the revenue sharing. The Company calculated the revenue sharing from the net IC revenue which is similar to other operators in the telecommunication industry on a conservative basis. The revenue sharing amount to be paid to TOT is subject to the final judgment of the court in relation to revoke the announcement of NTC and a negotiation between TOT and the Company. The Company will make adjustment in the financial statement in the period when the issue has been agreed. The Company's management believes that it will not incur significant expense more than the revenue sharing amount which the Company has recorded.

However, after having considered the letter from TOT, the relevant laws and the legal counsel's opinion, the management of the Company has the opinion that non-compliance with the above Interconnection Agreement would be in conflict with the announcement of NTC regarding the Use and Interconnect of Telecommunication Network. Therefore, the Company decided to comply with the said Agreements which are in line with the current legal provision in force by issuing invoices to collect the interconnection charge from the contractual parties.

On December 30, 2008, the Company remitted the revenue sharing incurred from the interconnection of the telecommunication network since February 2007 to June 2008 in the amount of Baht 761 million based on the rate and calculation method of the Company to TOT. Later, the Company and TOT had set up the negotiation committee to seek for the conclusion but it could not be done. TOT required the Company to pay revenue sharing calculated on gross interconnection charges received by the Company at the rate specified in the Agreement without deduction of interconnection charges which the Company had to pay to other operators. Thus, on January 26, 2011, TOT sent a letter demanding the Company had to pay the revenue sharing on the interconnection charges of the Agreement for operations year 17<sup>th</sup> - 20<sup>th</sup> in the amount of Baht 17,803 million plus interest at the rate of 1.25% per month. However, the Company disagreed and sent a letter opposing the claim to TOT and the Company submitted the dispute to the Alternative Dispute Resolution Office, the Arbitration Institute ref. Black case No. 19/2554 on March 9, 2011 requesting the Arbitral Tribunal to give an award that TOT has no right to claim for such revenue sharing.

On July 29, 2014, TOT submitted a dispute no. 55/2557 demanding the Company to pay additional payment for the revenue sharing on the interconnection charges of the operation years 21<sup>st</sup> - 22<sup>nd</sup> in the amount of Baht 9,984 million plus interest at 1.25% per month on its outstanding and computing from the default date until the full amount is paid. In addition, TOT requested this case to be under the same consideration with the Black case No. 19/2554 to the Arbitral Tribunal.

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

On August 23, 2016, the Company submitted the dispute to the Alternative Dispute Resolution Office, the Arbitration Institute, under the Black case No. 83/2559 requesting the Arbitral Tribunal to give an award on the ground that TOT had no right to claim for such revenue sharing on the interconnection charges of the operation years 23<sup>rd</sup> - 25<sup>th</sup> in the amount of Baht 8,368 million plus interest at 1.25% per month on its outstanding amount for each year subject to the request by TOT.

On August 17, 2018, the Arbitration Institute had an award for the Black case No. 19/2554 to dismiss TOT demanding to claim the Company for revenue sharing on the interconnection charges of the Agreement for operations year 17<sup>th</sup> - 20<sup>th</sup> in the amount of Baht 17,803 million plus interest at the rate of 1.25% per month, ascribe that TOT had no right to claim for such amount, and prohibit TOT from claiming for operational bank guarantee in accordance with the agreement and minimum payment guarantee for operational year 17<sup>th</sup> - 20<sup>th</sup>. Moreover, the Arbitration Institute had dismissed a dispute No. 55/2557 and had ordered TOT to pay the Company for overpayment in revenue sharing on the interconnection charges by Baht 110 million within 60 days from receiving such award together with additional interest payment at 7.5% per annum if TOT made payment after due date. TOT has filed a petition to revoke the Arbitral Tribunal's award to the Central Administrative Court and under the process of consideration.

On April 30, 2019, the majority of arbitrators decided the Company for the Black case No. 83/2559 to pay the net revenue sharing amount of Baht 224 million with interest, which the Company agreed to pay to TOT by using the revenue sharing of interconnection charges in dispute 55/2557 amount of Baht 111 million and the remaining interest must be paid Baht 144 million. However, TOT did not accept, the Company therefore put the money on the Property Office on May 22, 2019.

On August 6, 2019, The Company received TOT's revocation the Arbitration's resolution by the Black case No.1713/2562 dated July 25, 2019 which TOT has submitted to the Central Administrative Court to revoke the above Arbitration's resolution. Currently, the case is in the process of the Central Administrative Court.

The Company's management believes that it will not incur significant expense more than the recorded amount.

### 2) Obligations of the bank guarantees in connection with the Agreement for operations ("the Agreement")

According to the Agreement, the Company has the duties to deliver the bank guarantees to TOT Public Company Limited ("TOT") to secure the payment of the minimum revenue sharing for each operation year and shall recover the bank guarantee of the past operation.

TOT did not return the bank guarantees which have secured the payment of the minimum revenue sharing for the operation year 17<sup>th</sup> - 21<sup>st</sup> for a total value of Baht 7,007 million by claiming that the Company had not completely paid the revenue sharing due to the deduction of the revenue sharing for the excise tax and the deduction of the Interconnection Charges. Currently, the dispute has been considered by the Arbitration process.

On May 11, 2011 and October 5, 2012, the Company submitted the disputes to the Alternative Dispute Resolution Office, the Arbitration Institute, under the Black case No. 40/2554 and 119/2555 requesting the Arbitral Tribunal to award an order to TOT to return the bank guarantees to the Company because the Company had completely paid the revenue sharing for each operation year and had correctly complied with the law and the relating Agreements in all respects.

On February 10, 2014, the Arbitral Tribunal gave the arbitration award to order TOT to return the bank guarantees for the operation year 17<sup>th</sup> - 21<sup>st</sup> to the Company. On May 16, 2014, TOT submitted the Black case No. 660/2557 to the Central Administrative Court to revoke the Arbitral Tribunal's award.

On May 19, 2014, the Company submitted the Black case No. 666/2557 to the Central Administrative Court requesting TOT to return the bank guarantees for the 17<sup>th</sup> - 21<sup>st</sup> operation year to the Company according to the arbitration award and pay the bank guarantees fee of Baht 6.65 million which had been paid by the Company to the banks and plus interest at 7.5% per annum computing from the date that Company paid to the banks. Currently, this Black case is in the Central Administrative Court procedure.

### 3) 900 MHz subscribers migration to 3G 2100 MHz

On September 25, 2014, TOT Public Company Limited ("TOT") submitted a dispute under the Black case No. 80/2557 to the Arbitration Institute demanding the Company to pay compensation from the breach of the Concession Agreement between the Company and TOT in relation to the 900 MHz subscribers porting to 3G 2100 MHz provided by Advanced Wireless Network Co., Ltd. in the amount of Baht 9,126 million plus interest at 7.5% per annum from September 25, 2014 until the full amount is paid.

On March 29, 2016, TOT submitted the revision to amend the compensation amount from May 2013 to September 2015, the ending of the Agreement for operations for the amount of Baht 32,813 million plus VAT and interest at 1.25% per month from June 2013 until the full amount is paid.

On February 14, 2019, the Arbitration Institute dismissed the said dispute by giving the reason which the Company was not in breach of the Agreement.

On May 15, 2019, TOT has submitted the Black case No.951/2562 to the Central Administrative Court to revoke the Arbitration's resolution. Currently, the said case is in the process of the Central Administrative Court.

The Company's management believes that the outcome of the dispute should be settled favourably and has no considerable impact on the financial statements of the Company.

### 4) The claim for additional revenue from the 6<sup>th</sup> and 7<sup>th</sup> Amendments to the Agreement for operations ("the Agreement")

On September 30, 2015, the Company submitted the dispute Black case No. 78/2558 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice to decide regarding the 6<sup>th</sup> Amendment dated May 15, 2001 and the 7<sup>th</sup> Amendment dated September 20, 2002 to the Agreement for operations to conduct business of Cellular Mobile Telephone that the amendments bind the Company and TOT Public Company Limited ("TOT") to comply with the amendments until the expiration of the Agreement for operations and the Company has no obligation to pay for the additional revenue according to the letter claimed by TOT to the Company on September 29, 2015 regarding to request the payment of additional revenue in the amount of Baht 72,036 million which TOT has claimed that the 6<sup>th</sup> and 7<sup>th</sup> Amendments were material which caused TOT to receive lower revenue than the rate as specified in the Agreement for operations.



## NOTE TO THE FINANCIAL STATEMENTS

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Later, on November 30, 2015, TOT submitted the dispute Black case No. 122/2558 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice to decrease the amount of the revenue claimed by TOT to Baht 62,774 million according to the percentage adjustment of revenue sharing upon the Agreement for operations. This case is the same as the dispute Black case No. 78/2558. The Arbitral Tribunal has merged the two cases together.

The Company received the award from the Arbitral Tribunal dated January 23, 2020 with a majority vote. The Tribunal ordered the Company to pay additional remuneration in the amount of Baht 31,076 million with interest of 1.25 percent per month after November 30, 2015 to TOT until the payment is complete.

The Company disagreed with the decision and will proceed to file a request for revocation of the award to the Central Administrative Court within 90 days from the date of receiving the award. According to the dispute has not yet been finalized and the Company considers that the result of the above ruling should not be considerable impact on the financial statements of the Company.

5) Space rental fee for tower and equipment for service under the Agreement for operations ("the Agreement")

On September 30, 2015, TOT Public Company Limited ("TOT") submitted the dispute Black case No. 76/2558 to the Arbitration Institute, the Alternative Dispute Resolution Office Court of Justice to decide regarding the Company rents 11,883 base stations, which used for the installation of towers and telecommunication equipment to provide telecommunication services (Cellular Mobile Telephone Service), under the Agreement for operations for additional 2 years from the expiration of the Agreement for operations. In case that the Company cannot perform such rental, the Company shall pay the said rental and all expenses during additional 2 years in the amount of Baht 1,911 million or place the money to the court.

On April 3, 2019, TOT submitted a petition to the arbitrators to request the removal of the above dispute.

On June 18, 2019, the arbitrators issued an order allowing TOT to withdraw the claim according to the dispute proposal and dispose of the Black case No.76/2558 from the case list. The case is terminated.

6) The claim for installation and connection of telecom equipment within 900 MHz frequency band on the Base Site which Digital Phone Co., Ltd. ("DPC") has transferred the title to CAT Telecom Plc. ("CAT") subject to the Agreement for operations regarding Cellular Telecommunication Service between CAT and DPC.

On April 29, 2016, CAT filed a lawsuit against the Company to the Central Administrative Court as the Black case No.613/2559 for the removal of installed and connected telecom equipment used in cellular telecommunication services within 900 MHz frequency band or other frequencies or other telecom equipment of the Company installed in 95 base sites which DPC has transferred to CAT subject to the Agreement for operations without approval from CAT. Therefore, CAT demanded the Company to compensate for the usage of assets owned by CAT during January 2013 to April 2016 in the amount of Baht 125.52 million plus interest at the rate of 7.5% per annum from the filing date until the compensation is paid in full and to pay for damages from the filing date in the amount of Baht 2.83 million per month plus interest at the rate of 7.5% per annum of the claimed amount in each month to CAT until the removal of telecom equipment is completed.

On March 19, 2018, the Central Administrative Court had an order this said case transferred to be under the Civil Court by the Black case No. 1681/2561. Currently, the case is in consideration process of the Civil Court.

The Company's management believes that the Company has correctly complied with the related conditions of the agreement in all respects then the outcome of this case should not be considerable impact on the financial statements of the Company.

7) The claim to the Central Administrative Court for revocation of the National Telecommunication Commission ("NTC") order regarding to revenue incurred from the temporary service for 900 MHz customer protection period after the Concession end

On May 1, 2017, the Company filed a lawsuit against office of the National Broadcasting and Telecommunication Committee ("NBTC office"), the National Telecommunication Committee ("NTC"), the National Broadcasting and Telecommunication Committee ("NBTC") and other 5 persons to the Central Administrative Court under the Black case No. 736/2560 to revoke NBTC letter and NTC resolution of the NBTC office to demanded the Company to pay revenue at remedy period from October 1, 2015 to June 30, 2016 in the amount of Baht 7,221 million plus interest.

On June 15, 2017, the Company received the indictment dated April 21, 2017 by the NBTC and the NBTC office which filed a lawsuit against the Company for the same amount to the Central Administration Court as Black case No. 661/2560 demanded the Company to pay revenue at remedy period.

The Company's management considered that the Company has complied with NBTC announcement regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement and the Company has obliged to submit the revenue after deducting any expenses to NBTC office but the Company has the expenses more than the revenue incurred from the service. Therefore, the Company has no remaining revenue to submit to NBTC Office as stipulated in the announcement.

Currently, this case is in the process of the Central Administrative Court.

8) Claim for the additional revenue sharing from the rental charge for providing transmission services

TOT Public Company Limited ("TOT") has submitted the dispute No. A1/2017 dated December 15, 2017 to the Arbitration Institute, Ministry of Justice ("THAC") to claim for the payment regarding the additional revenue sharing from the rental charges for providing transmission services from January 2011 to September 2012 for the total amount of Baht 19.54 million and No. A1/2018 dated January 12, 2018 to claim for the payment regarding the additional revenue sharing from the rental charges for providing transmission services from October 2012 to September 2015 in the total amount of Baht 1,121.92 million (included VAT) including default interest rate at the rate 1.25% per month according to TOT view that the Company shall collect the rental charges for providing transmission services as the rate specified by TOT which is higher than the rental rate charged to the tenant.

On February 8, 2018, the Company has submitted the Black case No. Kor.1/2561 to the Central Administrative Court to revoke the THAC's order for consideration the dispute No. A1/2017.

On March 2, 2018, the Central Administrative Court has dismissed the Black case No. Kor.1/2561.



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### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

On March 5, 2018, the Company has submitted the Black case No. Kor.2/2561 to the Central Administrative Court to revoke the THAC's order for consideration the dispute No. A1/2018.

On March 16, 2018, the Central Administrative Court has dismissed the Black case No. Kor.2/2561.

Subsequently, on April 5, 2018 and April 11, 2018, the Company had appealed the dismissal the Black case No. Kor.1/2561 and the Black case No. Kor. 2/2561, respectively.

Currently, the said disputes are in the arbitration process. The Company's management believes that the rental rate charged at the reasonable market price by the Company and also approved by NBTC.

- 9) Claim for the usage of co-location, site facilities and its related equipment rental for asset under Cellular Mobile Telephone providing during the temporary customer protection period after the Concession ended of Cellular Mobile Telephone

On February 15, 2018, TOT Public Company Limited ("TOT") has submitted the dispute No. A3/2018 to the Arbitration Institute, Ministry of Justice by Thailand Arbitration Center ("THAC") to claim for the payment regarding the usage of co-location, site facilities and its related equipment rental for asset under Cellular Mobile Telephone providing during the temporary customer protection period after the Concession ended in the total amount of Baht 183.44 million (included VAT) plus default interest rate at 1.25% per month.

On April 5, 2018, the Company has submitted the Black case No. Kor.3/2561 to the Central Administrative Court to revoke the THAC's order for consideration the dispute No. A3/2018.

On April 25, 2018, the Central Administrative Court has dismissed the Black case No. Kor.3/2561.

Subsequently, on May 21, 2018, the Company had appealed the dismissal the Black case No. Kor.3/2561.

On October 29, 2019, TOT has filed a petition to withdraw the dispute from THAC and further submitted to the Central Administrative Court.

Currently, there is no decision from Arbitration Tribunal and there is no legal proceeding to Administrative Court.

The said case is in the arbitration process.

The Company's management believes that the Company has correctly and complied with the relating conditions of the Agreement and the announcement of the National Broadcasting and Telecommunication Committee in all respects then the outcome of the dispute should be settled favourably and has not considered to materially impact on the financial statements of the Company.

- 10) Claim for the revenue sharing from provision of roaming services

On September 27, 2018, TOT Public Company Limited ("TOT") has submitted the dispute as Black case No. 67/2561 to the Arbitration Institute, the Alternative Dispute Resolution Office Court of Justice to claim from the Company for the additional revenue sharing from provision of roaming services from the discount of service fees without prior consent from TOT since July 2013 - September 2015 in the total amount of Baht 16,252.66 million, value added-tax plus default interest rate at 1.25% per month.

Currently, the said case is in the arbitration process. The Company's management believes that the Company has correctly and complied with the relating conditions of the Agreement in all respects, therefore the outcome of the dispute should not materially impact the financial statements of the Company.

- 11) The transferring of tower under the Agreement for operations between TOT Public Company Limited ("TOT") and the Company

On July 21, 2014, the Company submitted the disputes no. 53/2557 to the Dispute Reconciliation, the Court of Justice to request the Arbitral Tribunal to give an award that transferred by 13,198 towers to TOT Public Company Limited ("TOT") are not the telecommunication equipment which the Company have the duty to transfer to TOT as stipulated in the Agreement and requested for revenue sharing from that said asset by Baht 516 million.

On March 12, 2015, TOT has submitted the objection such dispute and made a counterclaim requested for remaining additional non-transferred by 105 towers including default interest on related revenue sharing by Baht 16 million.

On November 17, 2018, the Company received TOT's petition and objection dated February 15, 2016, filing an objection and submitting additional counterclaims. By enforcing the Company to deliver 1,429 additional towers, which belong to the Company's subsidiary. If the delivery cannot be made, the Company will have to make a payment of Baht 1,200 million. During the period before November 17, 2018, the Company did not acknowledge such petition.

On September 4, 2019, the Company and TOT entered into a dispute resolution agreement and services regarding the delivery of telecommunication towers (see Note 37).

Later on September 26, 2019, the arbitrators issued an order to withdraw the claim and dispose of the Black case No.53/2557 and counterclaim by TOT from the case list. The case is terminated.

#### Digital Phone Company Limited ("DPC")

- 1) The deduction of excise tax from the revenue sharing between DPC and CAT Telecom Public Company Limited ("CAT")

On January 9, 2008, CAT submitted a dispute under the black case No. 3/2551 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice demanding DPC, a subsidiary, to pay additional payment of revenue sharing under the Digital Personal Communication Network Contract in the amount of Baht 2,449 million plus penalty at the rate of 1.25% per month of the unpaid amount of each year computing from the default date until the full payment is made which total penalty calculated up to December 2007 is Baht 1,500 million, totaling Baht 3,949 million.

Later, on October 1, 2008, CAT submitted the petition to adjust the amount claimed to Baht 3,410 million which calculated from the outstanding revenue sharing up to January 2008 including penalty in amount of Baht 790 million and value added tax in amount of Baht 171 million.

This amount is the same as an excise tax that DPC had delivered to the Excise Department during September 16, 2003 to September 15, 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated February 11, 2003. DPC has correctly complied with such Cabinet's resolution and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries. Moreover, CAT had sent a letter No. CAT 603 (Kor Tor.) 739 notifying DPC to comply with such Cabinet's resolution.



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On March 1, 2011, the Arbitral Tribunal dismissed the case by giving the reason which can be summarized that DPC was not in breach of the Agreement since DPC has completely made the payment of the revenue sharing and all debt was paid in full. Therefore, CAT has no right to re-claim for the alleged deficit amount, including the penalty and the value added tax.

On June 3, 2011, CAT submitted the Black case No. 1259/2554 to the Central Administrative Court to revoke the Arbitral Tribunal's award.

On July 28, 2015, the Central Administrative Court reached its decision to dismiss such dispute made by CAT to revoke the Arbitral Tribunal's award.

On August 25, 2015, CAT appealed such dismissal to the Supreme Administrative Court under Black case No. Or 1070/2558. Currently, this case has been considered by the Supreme Administrative Court.

- 2) The deduction of access charge from revenue sharing between DPC and CAT Telecom Public Company Limited ("CAT")

Pursuant to the resolution of the meeting on January 14, 2004 between TOT Public Company Limited ("TOT"), CAT, DPC, a subsidiary, and True Move Company Limited ("True Move") by the Minister of the Information and Communications Technology Ministry, the Chairman, in order to be competitive in all three operators, therefore TOT consented to reduce access charge of mobile phone from revenue sharing which TOT received from CAT in the amount of Baht 22 /number/month to DPC and True Move starting from the 6<sup>th</sup> operation year as TOT gave a discount to Total Access Communication Public Company Limited ("DTAC").

On October 12, 2006, TOT sent a letter to CAT that TOT could not reduce access charge of mobile phone to DPC and True Move and demand CAT to pay the access charge that DPC and True Move have deducted as a discount of access charge plus legal interest rate computing from the default date until the fully payment is made.

On July 29, 2008, CAT submitted a dispute under Black case No. 68/2551 to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Judiciary demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 154 million (additional consideration of the 7<sup>th</sup> -10<sup>th</sup> operation year) plus value added tax and interest at the rate 1.25% per month of the above principal amount starting from the default date of each year since the 7<sup>th</sup> -10<sup>th</sup> operation year until the full payment is made.

On October 15, 2009, CAT submitted a dispute under Black case No. 96/2552 to the Arbitration Institute, the Alternative Dispute Resolution Office, Court of Justice demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 22 million (additional consideration of the 11<sup>th</sup> operation year) including the penalty at the rate of 1.25% per month which calculated up to October 15, 2009, total amount of claim is Baht 26 million.

On March 23, 2012, the Arbitral Tribunal dismissed the said two disputes by giving the reason which can be summarized that CAT has not yet paid the discount Baht 22/number/month to TOT. Moreover, CAT cannot prove that DPC has breached the Agreement and has made the payment of revenue sharing incorrectly. Therefore, CAT has no right to re-claim for the alleged deficit amount, including the penalty and the value added tax.

On June 25, 2012, CAT submitted the Black case No. 1016/2555 to the Central Administrative Court to revoke the Arbitral Tribunal's award, and on September 16, 2014, the Central Administrative Court issued the dismissal order of this case.

On October 15, 2014, CAT appealed such dismissal to the Supreme Administrative Court.

Later on August 7, 2019, the Central Administrative Court read the judgment of the Supreme Administrative Court which upheld the judgment of the Central Administrative Court. The case is terminated.

- 3) Claim for the access charge payment and the deduction of access charge from revenue sharing between DPC, CAT Telecom Public Company Limited ("CAT") and TOT Public Company Limited ("TOT")

On May 9, 2011, TOT Public Company Limited ("TOT") submitted the Black case No. 1099/2554 to the Central Administrative Court against CAT as the defendant no. 1 and DPC as the defendant no. 2 demanding CAT and DPC to pay the access charge amounting to Baht 2,436 million plus value added tax and interest calculated up to May 9, 2011, total amount of claim is Baht 2,954 million plus interest until the full payment is made as follows:

- 1) Part of DPC calculating on the amount of the mobile phone number which DPC had rendered the service at the rate of Baht 200/number/month, in the amount of Baht 432 million.
- 2) Part of CAT calculating on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 2,331 million.
- 3) The discount of access charge at the rate of Baht 22/number/month that DPC deducted from the revenue sharing, in the amount of Baht 191 million. Part of this demand is the same amount as CAT has claimed according to the dispute under Black case No. 68/2551 mentioned above but different in terms of the calculation period and interest.

Later, on July 31, 2014, TOT submitted a petition for revision to the administrative Court to adjust the access charge amounting to Baht 5,454 million calculated up to September 16, 2013 which is the date of the Agreement for operation period ended plus valued add tax and interest calculated up to July 10, 2014, plus interest calculated from July 10, 2014 until full payment is made as follows:

- 1) Part of DPC calculating on the amount of the mobile phone number which DPC had rendered the service at the rate of Baht 200/number/month, in the amount of Baht 1,289 million.
- 2) Part of CAT calculating on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 3,944 million.
- 3) The discount of access charge at the rate of Baht 22/number/month that DPC deducted from the revenue sharing, in the amount of Baht 221 million.

On May 31, 2019, the Central Administrative Court revoke the Black case No.1099/2554 for the reason that the access charge is not in accordance with the law and the Notifications of National Telecommunication Commission regarding the Use and Interconnect of Telecommunication Network by calculating from the access charge according to such notifications.

TOT and DPC did not appeal to Supreme Administrative Court so the case was terminated. Currently TOT and DPC are under negotiation to calculate network connection fees to be paid in accordance with the Central Administrative Court's judgment.

The Company's management believes that the outcome of this negotiation shall be in favour of DPC and have no material impact on the consolidated financial statement of the Group.

# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### 4) The reduction of roaming fee between DPC and CAT Telecom Public Company Limited ("CAT")

CAT allowed DPC, a subsidiary, to reduce roaming fee per minute from Baht 2.10 to Baht 1.10 to be in line with the decrease of mobile phone service fee for 3 months started from July 1, 2006, onwards. DPC obtained the approval from CAT to renewed for three-month period several times until March 31, 2007. After that, CAT did not notify DPC of any changes until on March 24, 2008, CAT had sent a letter to notify DPC to charge roaming fee at Baht 2.10 per minute starting from April 1, 2007. On May 8, 2008, DPC sent a request letter to CAT to reconsider the roaming fee adjustment. The reason for such request was based on the market environment where the prevailing mobile phone service charge to consumers in the market was significantly lower than the specified roaming fee. Such high roaming fee is therefore unreasonable for DPC to provide the roaming service to any operators. In the letter, DPC informed CAT that during the period when CAT is reconsidering the request, DPC will charge roaming fee at Baht 1.10 per minute according to the previous agreed terms and conditions. On March 31, 2009, CAT approved DPC to charge roaming fee at Baht 1.10 per minute during January 1, 2009 - March 31, 2009. Moreover, DPC entered into the national roaming agreement with the Company to charge roaming fee at Baht 1.10 per minute approved by National Telecommunication Commission ("NTC") on June 16, 2009.

On July 15, 2010, CAT submitted a dispute under Black case No. 62/2553 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 10<sup>th</sup> - 12<sup>th</sup> operation year that DPC reduced roaming fee per minute from Baht 2.10 to Baht 1.10 during April 1, 2007 - December 31, 2008 in amount of Baht 1,636 million plus penalty computing up to March 2010 of Baht 364 million, totaling Baht 2,000 million and penalty at the rate of 1.25% per month from April 2010 until the full amount is paid by alleging that CAT approved the said roaming fee reduction up to March 31, 2007 only.

On September 12, 2011, CAT submitted a dispute to the Alternative Dispute Resolution Office, the Arbitration Institute under Black case No. 89/2554 demanding DPC to make additional payment of revenue sharing of 12<sup>th</sup> operation year which DPC reduced roaming fee from Baht 2.10 per minute to Baht 1.10 per minute during April 1, 2009 - June 15, 2009 in the amount of Baht 113 million plus penalty at the rate of 1.25% per month from April 1, 2009 until the full amount is paid.

On April 5, 2019, DPC received the Arbitration Institute's decision dated March 28, 2019 of all the aforementioned disputes which the majority had made decision that the agreement regarding the revenue sharing of Roaming fees (at the rate of Baht 2.10) is legitimate and the reduction of Roaming fees is CAT's rights and authority who may or may not give approval. Therefore, DPC has to pay additional payment of revenue sharing of 10<sup>th</sup> - 12<sup>th</sup> operation year totalling amount of Baht 1,749 million plus penalty in the amount of Baht 364 million at the rate of 1.25% per month of the principle amount from April 2010 until the full amount is paid.

On July 3, 2019, DPC submitted a petition to the Central Administrative Court under Black Case No. 1582/2562 to request dismissal of such award.

Currently, this case has been considered by the Central Administrative Court process which the management of the Company believes that the outcome of this dispute shall have no material impact on the consolidated financial statements of the Group.

### 5) The damage arisen from uncollectible international call service charges between DPC and CAT Telecom Public Company Limited ("CAT")

On April 8, 2011, CAT submitted a dispute under Black case No. 32/2554 to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Judiciary demanding DPC to pay Baht 33 million including interest at the rate of 15% per annum of the claimed amount, total amount of claim Baht 35 million by alleging that DPC has committed a breach of the Digital PCN (Personal Communication Network) Service Agreement due to subscriber fraud on the Digital PCN Service Agreement between DPC and subscribers for 1,209 numbers during 1997 - 2003 causing damages to CAT where CAT was unable to collect the international call service charges occurred from the use of such numbers.

On May 28, 2013, the Arbitral Tribunal reached its decision to dismiss such dispute by stating that it is not about breach of the agreement but whether there has been a wrongful act. Therefore, the dispute is not within the Jurisdiction of the Arbitral Tribunal.

On September 6, 2013, CAT submitted the Black case No. 1767/2556 to the Central Administrative Court to revoke the Arbitral Tribunal's award. Currently, this case has been considered by the Central Administrative Court process.

### 6) Revenue sharing on interconnection charge between DPC and CAT Telecom Public Company Limited ("CAT")

On August 24, 2012, CAT submitted a dispute under Black case No. 110/2555 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of the 10<sup>th</sup> - 14<sup>th</sup> operation year totaling Baht 183 million and penalty at the rate of 1.25% per month of the above principal amount starting from the default date of each year until the full amount is paid.

On April 1, 2014, CAT submitted a dispute under Black case No. 26/2557 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 15<sup>th</sup> - 16<sup>th</sup> operation year totaling Baht 203 million plus default interest at the rate of 7.5% per annum and penalty at the rate of 1.25% per month of the above principal amount starting from the default date of each year until the full payment is made. Such amount represents the revenue sharing which CAT calculated on gross interconnection charge received by DPC from other operators at the percentage rate specified in the Agreement without deduction of interconnection charge which DPC has to pay to other operators.

On September 30, 2019, DPC received the decision for Black case No. 26/2557 by the arbitration committee dated September 26, 2019, and on October 11, 2019, DPC received the decision for Black case No. 110/2555 by the Arbitration committee dated October 10, 2019, with major votes to dismiss CAT's two disputes.

On December 17, 2019, CAT has filed by Black case No. 2754/2562 to revoke the Arbitral Tribunal's award in Black case No. 110/2555 to the Central Administrative Court.

On December 25, 2019, CAT has filed by Black case No. 2908/2562 to revoke the Arbitral Tribunal's award in Black case No. 26/2557 to the Central Administrative Court.

Currently, the two said cases are under the consideration of the Central Administrative Court.

The Company's management believes that the outcome of this dispute shall be settled favourably and has no material impact on the consolidated financial statements of the Group since DPC has correctly and fully complied with the law and the related conditions of the Agreement in all respects.



# NOTE TO THE FINANCIAL STATEMENTS

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

### 7) Obligations of the bank guarantees in connection with the Agreements for Operations

According to the Agreement for Operations, DPC has the duties to deliver the bank guarantees to CAT Telecom Public Company Limited ("CAT") to secure the payment of the minimum revenue sharing for each operation year and shall recover the bank guarantee of the previous operating year.

CAT did not return the bank guarantees which have secured the payment of the minimum revenue sharing for the operation year 10<sup>th</sup> - 14<sup>th</sup> for a total value of Baht 2,606 million by claiming that DPC had not completely paid the revenue sharing due to the deduction of the revenue sharing for the Excise Tax and the deduction of the Interconnection Charges, the discount of Access Charges and the reduction of the rate of roaming charge where the disputes of which have been pending the consideration of the Arbitral Tribunal.

On October 8, 2012, DPC submitted a dispute to the Alternative Dispute Resolution Office, the Arbitration Institute, Black case No. 120/2555 requesting the Arbitral Tribunal to award an order to CAT to return the bank guarantees to DPC because DPC has completely paid the revenue sharing for each operation year and has correctly complied with the law and the relating Agreements in all respects.

On May 28, 2015, the Arbitral Tribunal reached its decision to award an order to CAT to return the bank guarantees and its bank fees to DPC. Later, on September 15, 2015, CAT has submitted the Black case No. 1671/2558 to the Central Administrative Court to revoke the Arbitral Tribunal's award.

Later on September 13, 2018, the Central Administrative Court has dismissed the CAT's Black case No. 1671/2558 that revoke the Arbitral Tribunal's award, on the reason that the award is correct and in compliance with law. The award by Arbitral Tribunal did not affect public interests and good morals, therefore such award by Tribunal Arbitral is perfectly effective. However, CAT has appealed to the Supreme Administrative Court. Currently, it is under the consideration of the Supreme Administrative Court.

The Group's management believes that the outcomes of this dispute shall be settled favourably since DPC has correctly complied with the related conditions of the Agreement in all respects as the Arbitral tribunal's and the Central Administration Court's decision.

### 8) The claim for the usage/revenue arising from the use of telecommunication equipment and telecommunication network during the temporary customer protection period after the Concession ended

On May 20, 2015, CAT Telecom Public Company Limited ("CAT") filed a lawsuit against office of the National Broadcasting and Telecommunication Committee ("NBTC Office"), National Telecommunication Committee ("NTC"), National Broadcasting and Telecommunication Committee ("NBTC"), Truemove Company Limited ("True Move"), and DPC to the Central Administrative Court Black case No.918/2558 to pay for the fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT during the temporary customer protection period, subject to the announcement of NBTC regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement, calculated from September 16, 2013 to September 15, 2014, total amounts are as follows:

- 1) NBTC Office, NTC and NBTC in the amount of Baht 24,117 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 18,025 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 6,083 million plus interest at the rate of 7.5% per annum.

On September 11, 2015, CAT filed a lawsuit to the Central Administrative Court Black case No. 1651/2558 claimed for the usage fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT from September 16, 2014 to July 17, 2015, total amounts are as follows:

- 1) NBTC Office, NTC and NBTC in the amount of Baht 6,521 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 4,991 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 1,635 million plus interest at the rate of 7.5% per annum.

On May 27, 2016, CAT filed a lawsuit to the Central Administrative Court Black case No. 741/2559 claimed for the usage fees and revenue from the usage of telecommunication equipment and telecommunication network of CAT from July 18, 2015 to November 25, 2015, total amounts are as follows:

- 1) NBTC Office, NTC and NBTC in the amount of Baht 2,857 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 2,184 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 673 million plus interest at the rate of 7.5% per annum.

During December, 2019, DPC received a request to amend the petition filed by CAT dated September 24, 2019 from the Central Administrative Court to revise the claim amount to be as follows:

Black case No. 918/2558

- 1) NBTC Office, NTC and NBTC in the amount of Baht 5,109 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 3,651 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 1,457 million plus interest at the rate of 7.5% per annum.

Black case No. 1651/2558

- 1) NBTC Office, NTC and NBTC in the amount of Baht 4,169 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 2,946 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 1,223 million plus interest at the rate of 7.5% per annum.



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## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

Black case No. 741/2559

- 1) NBTC Office, NTC and NBTC in the amount of Baht 1,858 million plus interest at the rate of 7.5% per annum.
- 2) True Move, NBTC Office, NTC and NBTC in the amount of Baht 1,336 million plus interest at the rate of 7.5% per annum.
- 3) DPC, NBTC Office, NTC and NBTC in the amount of Baht 522 million plus interest at the rate of 7.5% per annum.

Currently, the dispute has been considered by the Central Administrative Court which the management of the Company believes that DPC has no obligation to pay for the usage fees and revenue from the usage of telecommunication equipment and telecommunication network as claimed by CAT due to DPC has complied in accordance with the announcement of NBTC. Therefore, the outcome of the said dispute should be settled favourably and has no considerable impact on the consolidated financial statements of the Group.

- 9) The claim to the Central Administrative Court for revocation of the NTC order regarding to revenue incurred from the temporary service for customer protection period after the Concession end

On November 16, 2015, DPC, filed a lawsuit against the National Broadcasting and Telecommunication Committee ("NBTC") to the Central Administrative Court under case no. 1997/2558 to revoke NTC resolution which office of the NBTC has demanded DPC to deliver revenue at consumer protection period starting from September 16, 2013 to July 17, 2014 in the amount of Baht 628 million.

In the same case, on September 16, 2016, NBTC and office of the National Broadcasting and Telecommunication Committee ("NBTC office") filed a complaint to the Central Administrative Court as the Black Case No. 1441/2559 requesting DPC to submit the revenue sharing during consumer protection period, from September 16, 2013 to July 17, 2014 in the amount of Baht 680 million (including interest up to submitted date by Baht 52 million) plus interest at the rate of 7.5% per annum of the claim amount from the next day of the submit date until DPC deliver all revenue sharing in full.

On September 7, 2018, the office issued a letter informing the resolution of the NBTC to allow DPC to send money from the service income during the protection of all subscribers, totaling Baht 869 million and when the NBTC had ever the order for DPC to send money for the first period until the amount of Baht 628 million, the remaining amount to be paid is Baht 241 million. On December 7, 2018, DPC filed a lawsuit with the Central Administrative Court to revoke such resolution of NTC.

The Company's management considered that DPC has complied with NBTC announcement regarding the Temporary Customer Protection Plan Following the Expiration of the Agreement for operations or Telecommunication Service Agreement 2013, and the Company has obliged to submit the revenue after deducting any expenses to NBTC but DPC has the expenses more than the revenue incurred from the service. Therefore, DPC has no revenue remaining in order to submit to NBTC as stipulated in the announcement.

Currently, the said case is in the process of the Central Administrative Court.

- 10) The claim for providing of telecom equipment and the telecommunication networks under the Agreement for operations regarding cellular telecommunication services ("the Agreement") between CAT Telecom Public Company Limited ("CAT") and DPC to other operators to use.

On June 30, 2016, CAT submitted a dispute under Black case No. 57/2559 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to remove telecom equipment and the telecommunication networks used in cellular telecommunication services under 2100 MHz and the other telecom equipment owned by Advanced Wireless Network Company Limited ("AWN") and under 900 MHz owned by Advanced Info Service Public Company Limited ("the Company") which is installed in 97 base stations subject to the Agreement operated by DPC without the approval from CAT.

In case that DPC does not agree to remove such disputes assets for whatsoever reasons, CAT shall demand DPC to pay in the amount of Baht 4.84 million per month plus interest at the rate of 7.5% per annum from the next day of the submit date of such dispute until the completion date of such removal of telecom equipment and to pay for damages for the consent for AWN and the Company to use its disputed assets which owned by CAT in 97 base stations during January 2013 until June 2016 in the total of Baht 175.19 million plus interest at the rate of 7.5% per annum of the claimed amount and also prohibited DPC to provide such disputed assets to other operator without written consent from CAT.

Currently, the dispute has been considered by the Alternative arbitration process. The Company's management believes that DPC has correctly and fully complied with the related conditions of such Agreement in all respects then the outcome of the said dispute should not be considerable impact on the consolidated financial statements of the Group.

- 11) The claim for transferring telecom equipment under the Agreement for operations regarding cellular telecommunication services ("the Agreement") between CAT Telecom Public Company Limited ("CAT") and DPC.

On March 28, 2018, DPC received a Black Dispute No. 6/2561 dated January 31, 2018, which CAT submitted it to the Alternative Dispute Resolution Office, the Arbitration Institute, Court of Justice, to claim for transferring telecom equipment under the Agreement such as Tower, Container, Power Supply, Mobile Number Portability Enable and Call Center System including opportunity cost totaling Baht 13,431 million plus default interest rate at 7.5% per annum on principle amount or payment by the same amount instead of transfers such disputed equipment.

Currently, the dispute is in the arbitration process. The Company's managements believe that DPC has correctly and fully complied with the related conditions of such Agreement in all respects then the outcome of the said dispute should not be significant impact on the consolidated financial statements of the Group.

- 12) The claim for transferring towers and containers under the Agreement for operations regarding cellular telecommunication services ("the Agreement") between CAT Telecom Public Company Limited ("CAT") and DPC.

On July 15, 2014, DPC submitted the disputes no. 49/2557 to the Thai Arbitration Institute. Dispute Resolution Bureau Office of the Judiciary to request the Arbitral Tribunal to give an award that transferred by 152 towers and 115 containers to CAT are not the telecommunication equipment which DPC have the duty to transfer to CAT as stipulated in the Agreement and requested for revenue sharing from that said asset by Baht 2 million.



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On November 14, 2018, DPC received a Black No. 76/2561 date October 31, 2018 which CAT submitted it to the Thai Arbitration Institute, Dispute Resolution Bureau Office of the Judiciary in order to have a decision for DPC to deliver 155 towers (telecommunication towers), if DPC unable to deliver, DPC will have to pay damages in the amount of Baht 72 million as well as business opportunity cost for the use of poles and use of containers including interest totaling Baht 284 million and Baht 145 million, respectively. The total amount is Baht 501 million.

Currently, the dispute is in the arbitration process. The Company's managements believe that DPC has correctly and fully complied with the related conditions of such Agreement in all respects then the outcome of the said dispute should not be significant impact on the consolidated financial statements of the Group

### Advanced Wireless Network Company Limited ("AWN")

- 1) The claim for installation and connection of 2100 MHz frequency band telecom equipment of AWN on the Base Site which Digital Phone Co., Ltd. ("DPC") already transferred the title to CAT Telecom Public Company Limited. ("CAT") subject to the Agreement for Operations regarding Cellular Telecommunication Service between CAT and DPC ("the Agreement")

On June 30, 2016, CAT filed a lawsuit to the Central Administrative Court as the Black case No.1039/2559 against AWN for the removal of such installed and connected telecom equipment used in cellular telecommunication services within 2100 MHz frequency band or other frequencies or other telecom equipment of AWN installed in 67 base stations which DPC has transferred to CAT subject to the Agreement for Operations without the approval from CAT. Therefore, CAT demanded AWN to pay the damages for the usage of such assets owned by CAT during January 2013 until June 2016 in the amount of Baht 57.53 million plus interest at the rate of 7.5% per annum from the filing date until the compensation is paid in full and to pay for damages from the filing date in the amount of Baht 2 million per month plus interest at the rate of 7.5% per annum of the accrued damages in each month to CAT until the removal of telecom equipment is completed and also prohibited AWN to install and connect its telecom equipment used in cellular telecommunication services in 2100 MHz frequency band or other frequencies or other telecom equipment of AWN on base sites owned by CAT under the Agreement between CAT and DPC without written consent from CAT.

On March 19, 2018 the Central Administrative Court had an order this said case transferred to be under the Civil Court by Black case No. 1680/2561. Currently, the case is in consideration process of the Civil Court.

The Company's management believes that AWN has correctly and fully complied with the related conditions of the Agreement in all respects then the outcome of the said case should not be considerable impact on the consolidated financial statements of the Group.

- 2) The claim of payment for usage in telecom equipment and networks, internal building transmission and electricity co-usage under the Agreement for operations between Advanced Info Service Public Company Limited ("AIS") and TOT Public Company Limited ("TOT")

On February 11, 2017, AWN received the Complaint Civil Black Case No. 454/2560 dated January 31, 2017 which TOT filed a lawsuit against AWN to pay usage regarding telecom equipment and networks, internal building transmission and electricity co-usage which AWN has use of such assets during October 1, 2015 until June 30, 2016 in the amount of Baht 559.62 million and interest of Baht 15.87 million from the default date. Total principal and interest amount are Baht 575.48 million plus interest of 7.5% per annum of principal amount, Baht 559.62 million, counting from the date of filing until the payment has been made in full.

On May 31, 2018 the Civil court gave the decision and ordered AWN to pay for usage regarding telecom equipment and networks, internal building transmission and electricity co-usage including interest to TOT.

On November 19, 2018 AWN had appealed such decision of the Civil Court to the Court of Appeal.

On September 25, 2019, TOT and AWN entered into the dispute resolution agreement which AWN paid for usage of telecommunication equipment fees including interest to TOT as the Civil Court's judgement.

On October 2, 2019, AWN filed for revocation of its appeal to the Court of Appeal and TOT did not object such revocation. Therefore, the case will be discontinued. Currently, the case is in consideration process of the Court of Appeal.

### 41. EVENT AFTER THE REPORTING PERIOD

#### Dividends

On February 6, 2020, the Board of Directors' meeting passed a resolution proposing the payment of dividends for the year 2019, at the rate of Baht 7.34 per share, Baht 3.78 each of which was paid as an interim dividend on September 3, 2019. The proposed dividends shall be approved by the shareholders' meeting of the Company

### 42. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on February 6, 2020.



# Executive Summary

## Mobile business grew amid competition



In FY19, despite slow economic growth and continued competition, AIS mobile service revenue was Bt130,062mn, grew 4.2% YoY based on subscriber growth of 2% and ARPU growth of 2%. Overall, price competition improved from FY18 when unlimited data plans were offered on broad base. In 2H19, unlimited data pricing re-emerged in prepaid segment and continued into early 2020. As a result of unlimited data plans as well as continued shift of customers from prepaid to postpaid, 4G data consumption rose 17% YoY to an average of 12.7 GB/user/month while 4G penetration has increased to 71% of total subscriber base.

## AIS Fibre achieved 1 million subscribers



AIS Fibre, our fixed broadband business (FBB), grew strongly achieving the target of 1 million subscribers in FY19 and increased subscriber market share to 10% from 8% in FY18. The solid growth was driven by a competitive offering of fiber-to-home and the focus on cross selling to the existing mobile subscriber. FBB revenue in FY19 was Bt5,722mn, increased 29% YoY and accounted for 4% of AIS core service revenue. FBB started its positive contribution to NPAT.

## Continued growth in digital services



AIS digital services continued to scale in size focusing on growing user base both in consumer segment and enterprise customers. AIS Play, the video platform, steadily grew in consumer awareness and views, reaching more than 2mn monthly active users in FY19. Enterprise business (i.e. enterprise data service (EDS), cloud & data center, mobile services for enterprise customers, etc.) accounted for 10% of service revenue. With the growing market demand as well as AIS and CSL strong positioning, the business grew along with the guidance.

## FY19 performance & FY20 outlook



FY19 performance tracked in-line with all guidance. Service revenue of Bt140,454mn grew 5.3% YoY vs guidance of mid-single digit growth. EBITDA reported Bt78,463mn grew 6.3% supported by cost management, with margin 42.8% vs guidance of to maintain EBITDA margin. Net profit was Bt31,051mn, increased 4.6% YoY and invested CAPEX was Bt20mn versus the guidance budget of 20-25bn.

For FY20, AIS will focus on maintaining its mobile business leadership with superior network quality, competitive pricing and enhanced retention program. Fixed broadband business is targeted to grow in scale leveraging subscriber base of mobile segment. Enterprise and digital services will continue to drive user base momentum and expand partnership. Operational and financial target of FY20 is subjected to the result from the spectrum auction that will be held on 16 February 2020. Official financial guidance will be released after the auction.

## Significant Event in FY19

1. Since 1 Jan 2019, AIS adopted Thai Financial Reporting Standards (TFRS) 15 regarding revenue from contracts with customers. The standard affects accounting of handset campaigns with price plan contract. This resulted in reallocation between sales and service revenue as well as marketing expenses while device subsidy is capitalized as contract assets and amortized against the service revenue over the customer contract term. In this MDA material, we present financial income statement based on pre-TFRS for comparison with FY18.

2. In 2Q19, AIS received an allocation of 700MHz spectrum (2x10MHz bandwidth). The license is expected to commence around 4Q20.

3. In 3Q19, AIS entered into two settlements with TOT on tower dispute and equipment rental. Effectively, net cost of tower rental was reduced by Bt100mn per month while equipment rent was discontinued from 3Q19 and incurred a one-time expense of Bt121mn in the same quarter.

**New accounting standard effective in FY20:** From 1 Jan 2020, AIS will adopt TFRS 9 and 16.

### TFRS 9: Financial Instrument

The standard governs marking financial instruments to fair value or marking impairment (provision) in reserve for the expected loss from the financial instruments.

### TFRS 16: Lease (replacing IAS17: Operating lease and Finance lease)

Based on TFRS 16, operating lease expense is to be reclassified as 'Lease Liabilities' and 'Right of Use'. This applies to the long term contracts including tower lease agreement, site rental, office & shop building rental, and roaming on TOT's 2100MHz spectrum. Key changes are as follows:

a. Lease liability is a present value of the remaining lease payments and is subjected to an interest rate and decreases as lease payments are made throughout the periods.

b. Right of Use (ROU) is recorded under assets (property, plant and equipment) at the same amount as the lease liability and is depreciated over the contract life on a straight line basis.



## Market and Competitive Environment



Overall, mobile market competition improved from previous year with price adjustment seen in 1H19 in both postpaid and prepaid segments. However, prepaid unlimited data plans has re-emerged in 2H19. Bundling attractive discounts on mobile handset with data plan have remained a key strategy for operators in drawing customers looking to purchase handsets in conjunction with postpaid packages.

In fixed broadband market, competition remained intense both on pricing and aggressive customer acquisition. Operators continued to offer steep half-price discounts to prevent churn of customers, as well as to attract new customers. In addition to the attractive pricing, operators are offering package with higher speed at the same price as another marketing tools. Therefore, standard monthly plan speed was doubled to 200Mbps while tariff remained around Bt600.

## FY19 Operational summary



At the end of 2019, total mobile subscribers grew to 42mn, increasing 2.1% YoY. Postpaid segment continued to grow strongly, adding 918k, driven by promotional handset discounts and prepaid-to-postpaid migration, while prepaid subscribers remained about the same. This has resulted in a larger proportion of postpaid subscribers from 20% of total subscribers in FY18 to 22% in FY19. Postpaid ARPU gradually improved to Bt572 or +0.1% YoY while prepaid ARPU declined 1.7% YoY to Bt173 as a result of aggressive prepaid price plans putting pressure on ARPU. However, blended APRU improved 2.0% YoY to Bt260 at the end of FY19.

For fixed broadband, AIS Fibre had total subscribers of 1mn, growing 42% YoY or a net addition of 307k. However, amidst pricing competition, ARPU declined 7.2% YoY to Bt533.



Mobile Business	4Q18	3Q19	4Q19	%YoY	%QoQ
<b>Subscribers</b>					
Postpaid	8,189,900	9,001,700	9,107,400	11%	1.2%
Prepaid	32,979,300	32,556,400	32,906,400	-0.2%	1.1%
<b>Total subscribers</b>	<b>41,169,200</b>	<b>41,558,100</b>	<b>42,013,800</b>	<b>2.1%</b>	<b>1.1%</b>
<b>Net additions</b>					
Postpaid	175,200	208,200	105,700	-40%	-49%
Prepaid	347,000	-114,500	350,000	0.9%	406%
<b>Total net additions</b>	<b>522,200</b>	<b>93,700</b>	<b>455,700</b>	<b>-13%</b>	<b>386%</b>
<b>ARPU (Baht/sub/month)</b>					
Postpaid	571	569	572	0.1%	0.4%
Prepaid	176	179	173	-1.7%	-3.2%
<b>Blended</b>	<b>255</b>	<b>263</b>	<b>260</b>	<b>2.0%</b>	<b>-1.1%</b>
Postpaid (TFRS 15)	-	531	537	-	1.1%
Postpaid (TFRS 15)	-	179	173	-	-3.2%
<b>Blended (TFRS 15)</b>	<b>-</b>	<b>254</b>	<b>252</b>	<b>-</b>	<b>-0.9%</b>
<b>MOU (minute/sub/month)</b>					
Postpaid	244	225	212	-13%	-5.8%
Prepaid	121	82	92	-24%	12%
<b>Blended</b>	<b>145</b>	<b>113</b>	<b>118</b>	<b>-19%</b>	<b>4.4%</b>

Mobile Business	4Q18	3Q19	4Q19	%YoY	%QoQ
<b>VOU (GB/data sub/month)</b>					
Postpaid	14.0	16.2	16.6	19%	2.5%
Prepaid	9.8	10.5	11.1	13%	5.7%
<b>Blended</b>	<b>10.9</b>	<b>12.1</b>	<b>12.7</b>	<b>17%</b>	<b>5.0%</b>
<b>Device Penetration</b>					
<b>4G-handset penetration</b>	<b>59%</b>	<b>69%</b>	<b>71%</b>	<b>-</b>	<b>-</b>
<b>Fixed Broadband Business</b>					
FBB subscribers	730,500	937,000	1,037,600	42%	11%
FBB net addition	53,800	81,600	100,600	87%	23%
FBB ARPU (Baht/user/month)	574	549	533	-7.2%	-2.8%



## 4Q19 Snapshot



In 4Q19, total revenue was Bt49,464mn, increasing 11% YoY and 8.8% QoQ, mainly driven by device sales. SIM & device sales were Bt10,449mn, rising 36% YoY and 85% QoQ due to newly-launched iPhone in 4Q19. Core service revenue was Bt35,571mn, increasing 5.6% YoY from both mobile and fixed broadband. However, QoQ core service revenue was flat underpinned by prepaid ARPU pressure due to fixed-speed unlimited plans offset by a net addition of 456k.

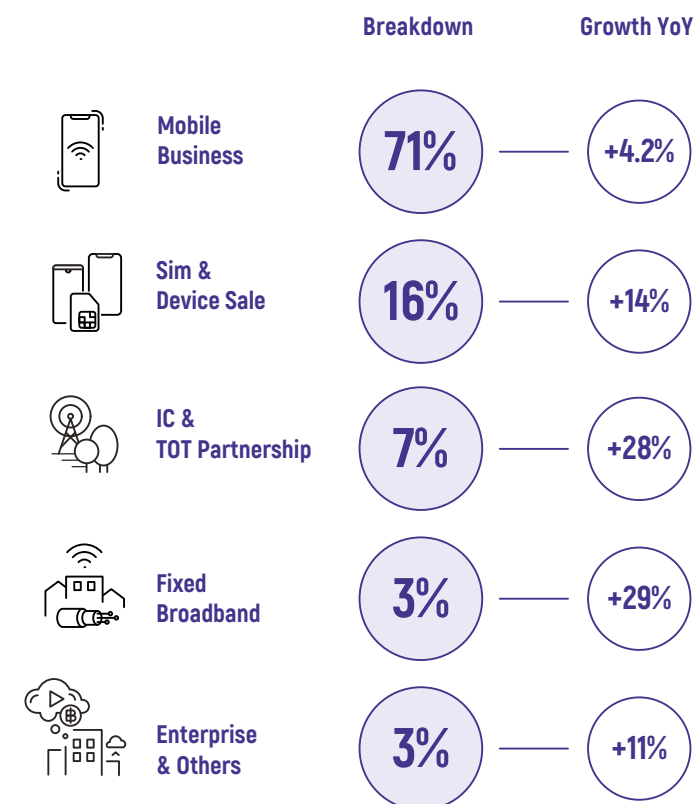
With continued expansion of 4G capacity and FBB network, cost of service was Bt20,752mn, slightly increased 1.8% YoY and flat QoQ. This was partly supported by rent saving after settling disputes with TOT. Total SG&A increased 26% YoY and 22% QoQ to stand at Bt8,807mn as there were increased brand perception, handset subsidies and seasonal activities.

In summary, EBITDA stood at Bt19,305mn, increasing 6.8% YoY but decreasing 8.7% QoQ, with 39% EBITDA margin. Net profit was Bt7,032mn, increasing 2.8% YoY but decreasing 19% QoQ due to the gain recognized in 3Q19 on lower tower rent.

## FY19 Financial Summary (Pre -TFRS 15)



### Revenue contribution and growth by business



## Revenue

In 2019, total revenue was Bt183,432mn, increasing 8.0% YoY, continued its growing trend with improvement in core service revenue. Mobile business still be the biggest contribution among core service revenue followed by double digit growth in fixed broadband business. Enterprise services and solutions, recorded in other revenue, also growing in number of partners and its subscribers led to double digit growth at the end of 2019.

**Core service revenue** (excluding IC and TOT partnership) recorded Bt140,454mn, increasing 5.3% YoY, in line with the guidance. The main driver for strong growth came from an increased subscriber in both postpaid segment and fixed broadband.

- **Mobile revenue** reported Bt130,062mn, increasing 4.2%YoY, driven by postpaid subscriber growth and ARPU improvement from price uplift in 1H19. Although competition in prepaid pricing escalated in 2H19, there was a slight increase in blended ARPU from Bt254 to Bt259 for the year.

- **Fixed broadband revenue** was Bt5,722mn, increasing 29% YoY. In 2019, AIS Fibre achieved its target of 1mn subscribers with 307k net add. The focus was to deliver promising network quality & after-sell service while offering competitive price. Acquisition strategy targeted to cross-sell to the existing mobile subscribers with bundled offerings of broadband, mobile and content.

- **Other service revenues** which included revenues from enterprise data service and others, were Bt4,670mn, increasing 11% YoY, mainly driven from Enterprise Data Service (EDS) as well as cloud & data center.

**Revenue from interconnection charge (IC) and TOT partnership** reported at Bt13,557mn, grew 28% YoY, resulted from the new tower agreement with TOT, which recognized revenue from space rental and maintenance. Such revenue is to offset against the cost paid to TOT for tower rental recorded under cost of service.

**SIM & Device sales** reported Bt29,422mn, increasing 14% YoY following continued handset campaign and the newly launched iPhone 11.

## Cost & Expense

In 2019, **Cost of service** was Bt81,487mn, increasing 6.2% YoY, due to network expansion.

- **Regulatory fee** was Bt5,792mn, increased 1.2% YoY along with increase in core service revenue. Regulatory fee represented 4.1% of core service revenue, compared to 4.3% in 2018.

- **Depreciation & amortization** was Bt36,598mn, increasing 10% YoY, due to continued investment in 4G network, fixed broadband, and 1800MHz spectrum license acquired in Sep-18.

- **Network OPEX & TOT partnership cost (net of revenue)** was Bt19,073mn, decreasing 5.5% YoY from lower rent after settling disputes with TOT

- **Other costs of service**, which included cost of content, prepaid commission, and IC cost, were Bt9,699mn, decreasing 9.9% YoY, mainly due to lower IC cost.



SG&A expenses were Bt30,526mn, increasing 16% YoY, mainly driven by marketing activities and staff cost.

- **Marketing expenses** were Bt11,320mn, increasing 19% YoY from continued investment in brand perception and handset subsidies.

- **Admin & other expenses** were Bt19,205mn, increasing 15% YoY, driven by one-time expense of legal severance pay<sup>1</sup> provision in 2Q19 and employee remuneration in 4Q19.

**Net FX gain** was Bt308mn, increasing from Bt119mn in FY18, which was mostly unrealized gain from fluctuated currency whereas foreign debts were fully hedged.

**Finance cost** was Bt4,777mn, decreased 7.2% YoY, due to the repayment of interest bearing debt approximately Bt15,000mn. At the end of FY19, the total amount of interest bearing debt was of Bt94,128mn, decreasing from Bt109,128mn at the end of FY18. The average cost of debt remained approximately 3.0% per year.

### Profit

In 2019, EBITDA was Bt78,463mn, increasing 6.3% YoY, due to the improved operational results from both service

revenue growth and cost saving from TOT dispute settlement. Reported EBITDA margin was 42.8% in line with the guidance. In summary, AIS reported a net profit of Bt31,051mn, increasing 4.6% YoY.

### Financial position (Post TFRS-15)

As of 30 December 2019, total assets were Bt289,669mn, slightly decreasing 0.3% YoY due to amortization of spectrum licenses. However, some of the effect was offset by an increase in cash from Bt9,067mn to Bt19,637mn at the end of FY19, which mainly contributed from operating activities. Inventories at the end of FY19 was Bt4,828.5mn, increasing 26% YoY, due to an increase in mobile phone inventory in preparation for the growing handset sale. Inventory turnover day stood at 51 days, same level as last year. Net trade receivable amounted to Bt16,277mn, was flat YoY and the collection period slightly increasing from 35 days to 36 days in 2019. However, allowance for doubtful debt was Bt1,765mn, increasing 23% YoY following the growth in fixed broadband and postpaid segment.

Total liabilities of Bt220,275mn, decreasing 5.4% YoY, was mainly driven by 25% decrease in long-term borrowing at the end of 2019. However, trade payable was Bt22,037mn, increasing 20%YoY from vender financing on network

expansion. As a result, account payable day slightly increased from 58 days to 65 days. A Total equity was Bt69,394mn, increasing 20% YoY from higher retained earnings. As a result, AIS financial position remained strong with a current ratio and an interest coverage (EBIT over interest expense) ratio of 0.4x and 13x, respectively. At the end of FY19, interest-bearing debt amounted to Bt94,128mn with a net debt to EBITDA of 1.0x, decreasing from 1.3x at the end of FY18.

### Cash flow

In FY19, AIS generated significant operating cash flow (after tax) of Bt76,627mn, increasing 11% YoY following the improved EBITDA. For investing activities, CAPEX was Bt23,029mn, up from Bt20,198mn in FY18, and represented 16% of service revenue. Besides, AIS paid spectrum license installment totaling Bt4,020mn. As a result, AIS generated free cash flow of Bt33,062mn (OCF less CAPEX & license payment), improved from Bt28,398mn in FY18. For financing activities, net repayments were Bt15,054mn and total dividend paid was Bt21,050mn. In summary, net cash increase in FY19 was Bt10,570mn, resulting in an outstanding cash of Bt19,637mn.

<sup>1</sup> The Labor Protection Act (No. 7) B.E. 2562, effective from 5-May-19, stipulates additional legal severance pay rates for employees who have worked for a period of 20 years or more to be entitled to receive not less than 400 days' compensation, compared to 300 days previously





Income statement (Bt mn)	Pre-TFRS 15							
	4Q18	3Q19	4Q19	%YoY	%QoQ	FY18	FY19	%YoY
Mobile revenue	31,426	32,880	32,716	4.1%	-0.5%	124,784	130,062	4.2%
Fixed broadband revenues	1,212	1,475	1,579	30%	7.0%	4,436	5,722	29%
Other service revenues	1,045	1,172	1,276	22%	8.9%	4,208	4,670	11%
<b>Core service revenue</b>	<b>33,683</b>	<b>35,527</b>	<b>35,571</b>	<b>5.6%</b>	<b>0.1%</b>	<b>133,429</b>	<b>140,454</b>	<b>5.3%</b>
IC and TOT partnership	3,202	4,278	3,443	7.5%	-20%	10,576	13,557	28%
<b>Service revenue</b>	<b>36,885</b>	<b>39,804</b>	<b>39,014</b>	<b>5.8%</b>	<b>-2.0%</b>	<b>144,005</b>	<b>154,010</b>	<b>6.9%</b>
SIM and device sales	7,699	5,652	10,449	36%	85%	25,851	29,422	14%
<b>Total revenues</b>	<b>44,584</b>	<b>45,457</b>	<b>49,464</b>	<b>11%</b>	<b>8.8%</b>	<b>169,856</b>	<b>183,432</b>	<b>8.0%</b>
Regulatory fee	(1,420)	(1,467)	(1,459)	2.7%	-0.6%	(5,723)	(5,792)	1.2%
Depreciation & Amortization	(8,767)	(9,410)	(9,600)	9.5%	2.0%	(33,282)	(36,598)	10%
Network OPEX and TOT partnership	(7,366)	(7,416)	(7,293)	-1.0%	-1.7%	(26,929)	(29,399)	9.2%
Other costs of services	(2,830)	(2,455)	(2,401)	-15%	-2.2%	(10,766)	(9,699)	-9.9%
<b>Cost of service</b>	<b>(20,383)</b>	<b>(20,748)</b>	<b>(20,752)</b>	<b>1.8%</b>	<b>0.0%</b>	<b>(76,700)</b>	<b>(81,487)</b>	<b>6.2%</b>
Cost of SIM and device sales	(8,032)	(5,889)	(10,656)	33%	81%	(26,756)	(30,412)	14%
<b>Total costs of service and sale</b>	<b>(28,414)</b>	<b>(26,637)</b>	<b>(31,408)</b>	<b>11%</b>	<b>18%</b>	<b>(103,456)</b>	<b>(111,899)</b>	<b>8.2%</b>
<b>Gross profit</b>	<b>16,170</b>	<b>18,820</b>	<b>18,056</b>	<b>12%</b>	<b>-4.1%</b>	<b>66,400</b>	<b>71,533</b>	<b>7.7%</b>
<b>SG&amp;A</b>	<b>(6,968)</b>	<b>(7,227)</b>	<b>(8,807)</b>	<b>26%</b>	<b>22%</b>	<b>(26,295)</b>	<b>(30,526)</b>	<b>16%</b>
Marketing Expense	(2,713)	(2,570)	(3,447)	27%	34%	(9,550)	(11,320)	19%
Admin and others	(4,255)	(4,656)	(5,360)	26%	15%	(16,745)	(19,205)	15%
<b>Operating profit</b>	<b>9,202</b>	<b>11,594</b>	<b>9,248</b>	<b>0.5%</b>	<b>-20%</b>	<b>40,105</b>	<b>41,009</b>	<b>2.2%</b>



Income statement (Bt mn)	Pre-TFRS 15							
	4Q18	3Q19	4Q19	%YoY	%QoQ	FY18	FY19	%YoY
Net foreign exchange gain (loss)	129	(44)	16	-88%	-136%	119	308	160%
Other income (expense)	118	127	234	99%	84%	560	687	23%
Finance cost	(1,288)	(1,195)	(1,171)	-9.1%	-2.0%	(5,148)	(4,777)	-7.2%
Income tax	(1,320)	(1,803)	(1,295)	-2.0%	-28%	(5,923)	(6,174)	4.3%
Non-controlling interest	(1.3)	(0.8)	(1)	-35%	0%	(32)	(3)	-91%
<b>Net profit for the period</b>	<b>6,839</b>	<b>8,679</b>	<b>7,032</b>	<b>2.8%</b>	<b>-19%</b>	<b>29,682</b>	<b>31,051</b>	<b>4.6%</b>
<b>Network OPEX &amp; TOT partnership cost (net of revenue)</b>	<b>5,185</b>	<b>3,953</b>	<b>4,730</b>	<b>-8.8%</b>	<b>-20%</b>	<b>20,192</b>	<b>19,073</b>	<b>-5.5%</b>
EBITDA (Bt mn)	Pre-TFRS 15							
	4Q18	3Q19	4Q19	%YoY	%QoQ	FY18	FY19	%YoY
Operating Profit	9,202	11,594	9,248	0.5%	-20%	40,105	41,007	2.3%
Depreciation & amortization	8,919	9,572	9,758	9.4%	1.9%	33,879	37,229	9.9%
(Gain) loss on disposals of PPE	(20)	(3)	331	-1777%	-10487%	2	371	15443%
Management benefit expense	(33)	(30)	(33)	5.7%	15%	(177)	(144)	-18%
Other financial cost	2	3	(0)	-113%	-110%	(18)	(0)	-100%
<b>EBITDA</b>	<b>18,071</b>	<b>21,135</b>	<b>19,305</b>	<b>6.8%</b>	<b>-8.7%</b>	<b>73,792</b>	<b>78,463</b>	<b>6.3%</b>
<b>EBITDA margin (%)</b>	<b>40.5%</b>	<b>46.5%</b>	<b>39.0%</b>			<b>43.4%</b>	<b>42.8%</b>	



Normalized profitability (Bt mn)	Pre-TFRS 15							
	4Q18	3Q19	4Q19	%YoY	%QoQ	FY18	FY19	%YoY
<b>EBITDA</b>	<b>18,071</b>	<b>21,135</b>	<b>19,305</b>	<b>6.8%</b>	<b>-8.7%</b>	<b>73,792</b>	<b>78,463</b>	<b>6.3%</b>
Withholding tax	-	-	-	NA	NA	134	-	NA
Legal severance provision (before tax)	-	-	-	NA	NA	-	636	NA
TOT Partnership (before tax)	-	-479	-	NA	NA	-	-479	NA
<b>Normalized EBITDA</b>	<b>18,071</b>	<b>20,656</b>	<b>19,305</b>	<b>6.8%</b>	<b>-6.5%</b>	<b>73,926</b>	<b>78,620</b>	<b>6.4%</b>
Normalized EBITDA margin (%)	40.5%	45.4%	39.0%	-	-	43.5%	42.9%	-
<b>Net Profit</b>	<b>6,839</b>	<b>8,679</b>	<b>7,032</b>	<b>2.8%</b>	<b>-19%</b>	<b>29,682</b>	<b>31,051</b>	<b>4.6%</b>
Withholding tax	-	-	-	NA	NA	134	-	NA
Legal severance provision (after tax)	-	-	-	NA	NA	-	509	NA
TOT Partnership (after tax)	-	-383	-	NA	NA	-	-383	NA
<b>Normalized net profit</b>	<b>6,839</b>	<b>8,296</b>	<b>7,032</b>	<b>2.8%</b>	<b>-15%</b>	<b>29,789</b>	<b>31,176</b>	<b>4.7%</b>



Financial Position (Bt mn/% to total asset)	Post-TFRS 15			
	4Q18		4Q19	
Cash	9,067	3.1%	19,637	6.8%
ST investment	2,221	0.8%	1,989	0.7%
Trade receivable	16,361	5.6%	16,277	5.6%
Inventories	3,823	1.3%	4,828	1.7%
Others	3,433	1.2%	4,411	1.5%
<b>Current Assets</b>	<b>34,905</b>	<b>12%</b>	<b>47,142</b>	<b>16%</b>
Spectrum license	111,749	38%	103,074	36%
Defer tax asset	3,210	1.1%	3,491	1.2%
Others	5,337	1.8%	4,984	1.7%
<b>Total Assets</b>	<b>290,505</b>	<b>100%</b>	<b>289,669</b>	<b>100%</b>
Trade payable	18,422	6.3%	22,037	7.6%
ST loan & CP of LT loans	17,104	5.9%	24,872	8.6%
Accrued R/S expense	5,362	1.8%	5,248	1.8%
Others	31,877	11%	53,097	18%
<b>Current Liabilities</b>	<b>72,764</b>	<b>25%</b>	<b>105,255</b>	<b>36%</b>
Debenture & LT loans	92,030	32%	69,172	24%
Others	68,042	23%	45,848	16%

Financial Position (Bt mn/% to total asset)	Post-TFRS 15			
	4Q18		4Q19	
<b>Total Liabilities</b>	<b>232,836</b>	<b>80%</b>	<b>220,275</b>	<b>76%</b>
Retained earnings	32,505	11%	44,226	15%
Others	25,163	8.7%	25,169	8.7%
<b>Total Equity</b>	<b>57,669</b>	<b>20%</b>	<b>69,394</b>	<b>24%</b>

Key Financial Ratio	Post-TFRS 15		
	4Q18	3Q19	4Q19
Interest-bearing debt to equity (times)	1.9	1.6	1.4
Net debt to equity (times)	1.7	1.4	1.0
Net debt to EBITDA (times)	1.3	1.0	1.0
Current Ratio (times)	0.5	0.4	0.4
Interest Coverage (times)	11	15	13
Debt Service Coverage Ratio (times)	2.9	4.1	2.2
Return on Equity	50%	55%	43%

Figures from P&L are annualized YTD.



## Debt Repayment Schedule

Bt mn	Debenture	Loan	1800MHz	900MHz
2020	-	14,829	3,128	21,747
2021	1,776	12,079	3,128	7,565
2022	-	13,440	-	7,565
2023	7,820	6,883	-	7,565
2024	6,638	5,817	-	7,565
2025	-	5,967	-	7,565
2026	7,180	1,083	-	-
2027	9,000	750	-	-
2028		750	-	-

## License payment schedule

## Source and Use of Fund: FY19

Source of fund	(Bt mn)	Use of fund	(Bt mn)
Operating cash flow	83,348	CAPEX & Fixed assets	23,029
Proceed from LT borrowings	2,000	Dividend Paid	21,050
Dividend & interest received	196	Repayment of borrowing	17,054
Sale of equipment	77	Income tax paid	6,721
		Payment of spectrum license	4,020
		Finance cost and other	3,192
		Cash increase	10,555
<b>Total</b>	<b>85,621</b>	<b>Total</b>	<b>85,621</b>

-700MHz license has not yet officially allocated Hence the first payment for the spectrum will begin around Oct - 2020

## Credit Rating

Fitch National rating: AA+ (THA),  
Outlook: Stable

S&P BBB+, Outlook: Stable



## Appendix

Income statement (Bt mn)	Post TFRS 15					
	1Q19	2Q19	3Q19	4Q19	%QoQ	FY19
Mobile revenue	30,678	32,042	31,851	31,770	-0.3%	126,341
Fixed broadband revenue	1,288	1,380	1,475	1,579	7.0%	5,722
Other service revenues	1,078	1,083	1,136	1,213	6.8%	4,509
<b>Core service revenue</b>	<b>33,044</b>	<b>34,505</b>	<b>34,461</b>	<b>34,562</b>	<b>0.3%</b>	<b>136,572</b>
IC and TOT partnership	2,995	2,841	4,278	3,443	-20%	13,557
<b>Service revenue</b>	<b>36,039</b>	<b>37,346</b>	<b>38,739</b>	<b>38,005</b>	<b>-1.9%</b>	<b>150,129</b>
SIM and device sales	7,222	6,736	5,994	10,813	80%	30,765
<b>Total revenues</b>	<b>43,262</b>	<b>44,081</b>	<b>44,733</b>	<b>48,818</b>	<b>9.1%</b>	<b>180,894</b>
Regulatory fee	(1,403)	(1,462)	(1,467)	(1,459)	-0.6%	(5,792)
Depreciation & Amortization	(8,691)	(8,896)	(9,410)	(9,600)	2.0%	(36,598)
Network OPEX and TOT partnership	(7,371)	(7,320)	(7,416)	(7,293)	-1.7%	(29,399)
Other costs of services	(2,352)	(2,492)	(2,455)	(2,401)	-2.2%	(9,699)
<b>Cost of service</b>	<b>(19,817)</b>	<b>(20,170)</b>	<b>(20,748)</b>	<b>(20,752)</b>	<b>0.0%</b>	<b>(81,487)</b>
Cost of SIM and device sales	(7,159)	(6,709)	(5,889)	(10,656)	81%	(30,412)
<b>Total costs of service and sale</b>	<b>(26,976)</b>	<b>(26,879)</b>	<b>(26,637)</b>	<b>(31,408)</b>	<b>18%</b>	<b>(111,899)</b>



Income statement (Bt mn)	Post TFRS 15					FY19
	1Q19	2Q19	3Q19	4Q19	%QoQ	
<b>Gross profit</b>	<b>16,286</b>	<b>17,202</b>	<b>18,096</b>	<b>17,410</b>	<b>-3.8%</b>	<b>68,994</b>
<b>SG&amp;A</b>	<b>(6,262)</b>	<b>(7,047)</b>	<b>(6,331)</b>	<b>(8,100)</b>	<b>28%</b>	<b>(27,740)</b>
Marketing Expense	(1,934)	(1,906)	(1,499)	(2,523)	68%	(7,861)
Admin and others	(4,328)	(5,141)	(4,833)	(5,577)	15%	(19,879)
<b>Operating profit</b>	<b>10,024</b>	<b>10,155</b>	<b>11,765</b>	<b>9,310</b>	<b>-21%</b>	<b>41,254</b>
Net foreign exchange gain (loss)	84	252	(44)	16	-136%	308
Other income (expense)	203	91	108	214	99%	616
Finance cost	(1,217)	(1,194)	(1,195)	(1,171)	-2.0%	(4,777)
Income tax	(1,523)	(1,550)	(1,833)	(1,303)	-29%	(6,209)
Non-controlling interest	(1.0)	(0.3)	(0.8)	(0.8)	0%	(3)
<b>Net profit for the period</b>	<b>7,570</b>	<b>7,754</b>	<b>8,800</b>	<b>7,065</b>	<b>-20%</b>	<b>31,190</b>
<b>EBITDA</b>	<b>18,868</b>	<b>19,169</b>	<b>21,307</b>	<b>19,366</b>	<b>-9.1%</b>	<b>78,710</b>

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# ADDITIONAL INFORMATION





# General information of AIS and its affiliates and other significant information

## General information of the Company

The Company name	: Advanced Info Service Public Company Limited
Symbol for trading	: ADVANC
Registered date on the SET	: 5 November 1991
Market capitalization	: Baht 633,287 million (as of 30 December 2019)
Registered capital	: Baht 4,997,459,800
Paid-up capital	: Baht 2,973,178,632
Total shareholders	: 37,087 persons (as of 19 August 2019, the record date to determine the right to receive dividend of shareholders)
Free float	: 36.22%
Type of business	: Operate telecommunication business including mobile network service, fixed broadband service, and digital services.
Head office	: 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400
Registered No.	: 0107535000265
Corporate website	: <a href="http://www.ais.co.th">http://www.ais.co.th</a>
IR website	: <a href="http://investor.ais.co.th/">http://investor.ais.co.th/</a>
Telephone	: (66) 2029 5000

### American Depositary Receipt

ADR ticker symbol	: AVIFY
Exchange	: Over The Counter (OTC)
Depository	: The Bank of New York Mellon
ADR to ORD share ratio	: 1:1
ADR CUSIP number	: 00753G103



## General information of AIS's affiliates



No	Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
1	<b>Advanced Wireless Network Co.,Ltd. (AWN)</b>  414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Telecommunication service provider of 2.1GHz, 900MHz and 1800MHz frequencies, distributor of handsets, international telephone service, network operator, telecom service operator and national broadcasting network services without frequency usage.	13.5	100	1,350	99.99
2	<b>Advanced Datanetwork Communications Co.,Ltd. (ADC)</b>  [an indirect subsidiary via DPC] 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.adc.co.th	Service provider of online data communication service via telephone landlines and optical fiber	95.75	10	957.52	51.00 <sup>1)</sup>
3	<b>Digital Phone Co.,Ltd. (DPC)</b>  414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Stop providing service due to the expiration to provide cellular communication service, Digital PCN 1800, according to the contract.	91.39	10	913.86	98.55
4	<b>Advanced mPAY Co.,Ltd. (AMP)</b>  414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Service provider of payment business via mobile phone	30	10	300	99.99



No	Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
5	<b>Super Broadband Network Co.,Ltd. (SBN)</b>  414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.sbn.co.th	Network operator and telecom service operator i.e. internet service (ISP), Dedicated Leased Line , IPLC & IP VPN, Voice Over IP, IP Television	3	100	300	99.99
6	<b>Advanced Contact Center Co.,Ltd. (ACC)</b>  414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Call center service	272	10	272	99.99
7	<b>Advanced Digital Distribution Co.,Ltd. (ADD)</b>  414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5157 Fax : (66) 2029 5019	Non-life insurance broker	0.05	100	5	99.99
8	<b>Advanced Magic Card Co.,Ltd. (AMC)</b>  414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Distributor of cash card business	25	10	250	99.99
9	<b>Teleinfo Media Public Company Limited (TMC) <sup>2)</sup></b>  (an indirect subsidiary via CSL) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2262 8888 Fax : (66) 2262 8899 Website : www.csloxinfo.com	Provide advertising online platform through Website, PC, Mobile and Laptop for business and individual user	15.65	10	156.54	99.99



No	Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
10	<b>CS LoxInfo Public Company Limited (CSL) <sup>2)</sup></b>  (an indirect subsidiary via AWN) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2263 8000 Fax : (66) 2263 8132 Website : www.csloxinfo.com	Provide our corporate customers with solutions for brand range of internet-based services	594.51	0.25	148.63	99.58
11	<b>AIN GlobalComm Co.,Ltd. (AIN)</b>  414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019 Website : www.ain.co.th	International telephone service gateway	2	100	100	99.99
12	<b>Advanced Broadband Network Co.,Ltd. (ABN)</b>  414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Provide training services	0.75	100	75	99.99
13	<b>Wireless Device Supply Co.,Ltd. (WDS)</b>  414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Importer and distributor of handsets and accessories	0.5	100	50	99.99
14	<b>MIMO Tech Co.,Ltd. (MMT)</b>  1291/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Develop IT system, engaging in content aggregator business and provide collection of revenue service from customers	0.5	100	50	99.99



No	Subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
15	<b>AD Venture Public Company Limited (ADV) <sup>2)</sup></b>  (an indirect subsidiary via CSL) 414 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok Tel : (66) 2262 8888 Fax : (66) 2262 8877 Website : www.shinee.com	Content provider through mobile phone, community portal services, and application on smart phone via ISO and android systems	1.07	10	10.75	99.99
16	<b>Fax Lite Co.,Ltd. (FXL)</b>  1291/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok Tel : (66) 2029 5000 Fax : (66) 2029 5019	Operate in acquiring and/or lease building, and related facilities for telecommunications business	0.01	100	1	99.98
17	<b>Yellow Pages Commerce Company Limited (YPC) <sup>2)</sup></b>  (an indirect subsidiary via TMC) 1126/2 Vanit Bldg.2, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok Tel : (66) 2262 8888 Fax : (66) 2262 8823	To engage in business concerning advertising and publishing of business and activities to individuals, non- juristic bodies of persons, juristic persons and government sectors by using every type of advertising and operate the business in distribution, supplying , agent for every public relation task.	0.01	10	0.1	99.94

## Notes:

1) The remaining share percentage of ADC in the amount of 49% is held by other persons with no conflict of interest.

2) AWN acquired ordinary shares in CSL, equivalent to 99.58% of the paid-up capital, through a voluntary tender offer. As a result, TMC, ADV and YPC are an indirect subsidiaries via CSL.



No	Associated Company	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
1	<b>Information Highway Co.,Ltd. (IH)</b>  52/1 Moo 5 Bang Kruai-Sai Noi Road, Bangsitong, Bang Kruai, Nonthaburi Tel : (66) 2029 5055 Fax : (66) 2029 5019	Transmission network provider	0.5	100	50	29.00

No	Joint Venture	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
1	<b>Amata Network Co., Ltd. (AN)</b>  702/2 Moo 1, Klongtamru, Muang, Chonburi Tel : (66) 2029 5055 Fax : (66) 2029 5019	Provide fiber optic network infrastructure in Amata industrial estate.	1	100	100	60.00
2	<b>Rabbit Line Pay Co.,Ltd (RLP) <sup>3)</sup></b>  127 Gaysorn Tower, Unit A,B 18 <sup>th</sup> Floor, Ratchadamri Road, Lumpini, Pathumwan, Bangkok Tel : (66) 2026 3779 Website : <a href="https://contact-cc.line.me/th/">https://contact-cc.line.me/th/</a>	Electronic money and electronic payment services	6	100	600	33.33

Notes:

3) RLP is a joint Venture between AMP and Rabbitpay System Company Limited , LINE Pay Corporation started from 5th March 2018



No	Other investments	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
1	<b>Bridge Mobile Pte. Ltd. (BMB)</b>  750 Chai Chee Road, #03-02/03, Technopark @ Chai Chee, Singapore 469000 Tel: (65) 6424 6270 Fax : (65) 6745 9453	Jointly invested, provide international roaming service within Asia Pacific Region	9	USD 1	USD 9 Million	10.00
2	<b>Clearing House for Number Portability Co.,Ltd. (CLH) <sup>4)</sup></b>  98 Q House Ploenchit Building, 6 <sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok Tel : (66) 2646 2523 Fax : (66) 2168 7744	Jointly invested, operate the information system and the centralized database for the mobile number portability service (MNP)	0.02	100	2	20.00

Notes:

4) The equity in CSL held by AIS 10% and AWN 10%

## Other significant information

Ordinary Share Registrar	Thailand Securities Depository Company Limited The Stock Exchange Thailand Building, 93, Ratchadapisek Road, Dindang, Dindang, Bangkok 10400 Tel : (66) 2009 9383 Fax : (66) 2009 9476
Auditor	Dr. Suphamit Techamontrikul Certified Public Accountant Registration Number 3356 Deloitte Touche Tohmatsu Jaiyos Advisory Co.,Ltd. AIA Sathorn Tower, 23rd -27th Floor 11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel : (66) 2034 0000 Fax : (66) 2034 0100



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