



Annual Report 2019

Vision

MFEC Public Company Limited

To become Thailand's best IT workplace

with passion to create technologies and innovate Solutions
that uplift your digital life

Mission

To drive innovations that enhance people's digital life

“

The company is committed to operate business transparency and fairly under the corporate governance framework, while adhering to the corporate governance principles, ethics, and Code of Business conduct, responsibility to the society, environment and all stakeholders for consistent competitive advantages and sustainable growth. The company has transformed its business models following the IT trend, bringing about Social Media, Cloud Computing, Big Data, Mobility and Security in line with Digital Business Transformation to cope with rapidly-changed situation. MFEC strongly intends to “**produce people**” by developing internal and external human resources in ICT field for market.

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Content

03	Board of Directors Report	04	Audit Committee Report	07	Risk Management and Corporate Governance Committee
09	Nomination and Remuneration Committee Report	10	Company Profile	11	Success 2019
12	Business's Policies and Overview	20	Business Characteristics	30	Risk Factors
37	Securities and Shareholders	40	Dividend Payment Policy	41	Board of Directors
42	Executive Committee and Management	43	Organization Structure	55	Details of Internal Audit Manager
64	Remuneration for Directors and Executives	67	Corporate Governances	78	Corporate Social Responsibility (CSR)
84	Internal Control and Risk Management	88	Financial Highlight MFEC & Subsidiaries	89	Board of Directors' Responsibilities with Regards to Financial Reporting
90	Independent Auditor's Report	93	The Statements of Financial Position	170	Interrelated Transactions
176	Financial Status and Corporate Performance				

Board of Directors Report

On May 3rd - 5th, 2019 of Royal Coronation Ceremony, HM King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua was crowned as the 10th King of Thailand and held the Royal Wedding Ceremony for the royal investiture as HM Queen Suthida Bajrasudhabimalalakshana, also bestowing new titles on members of the Royal Family. King Maha Vajiralongkorn has delivered his first royal command “I shall continue, preserve, and build upon the royal legacy and shall reign with righteousness for the benefit and happiness of the people forever.” The greatness and honor of Royal Coronation brought happiness and ecstasy to Thai people. MFEC Public Company Limited (MFEC) would like to satisfy his first royal command with our loyalty, adherence to good deeds, love of the nation and benefits given to the country.

For over 22 years since the date of its operation in 1997, MFEC is committed and engrossed in developing products and services that are excellent, supporting the development and growth adjacently to our customer’s business growth. The Board of Directors, executives, employees of the Company and affiliated companies of MFEC Public Company Limited (MFEC Group) recognizes and emphasizes to conduct business with transparency and fairness, under the framework of good Corporate Governance, by adhering to good governance principles with social responsibility and good performance, aiming to grow and develop the organization with sustainability. In 2019, the digital diversion “Digital Disruption” became the heart of every company for the fourth Industrial Revolution “Industrial 4.0”, which not only uses digital technology, but also uses innovation in every aspect. The company in digital form will be able to reach new customers immediately and have a low cost, making possibility to compete in new business sectors that has never been done before in the past, by relying on cooperation with partners and competitors until being able to improve the quality and promote the production efficiently. Therefore, MFEC aims to develop the skills and the potential of employees in the organization, with the promotion of learning other processes than theories for students in leading universities. In order to strengthen human resources, new generation groups “Create qualified people”, developing skills to be consistent with the direction of continuous change by adopting technology based on transformative aptitude and investing with experienced people. Resulting the Company is being awarded two top prizes, namely the award from Microsoft – Thailand partner of the Year and the award from Oracle – ASEAN Partner of the Year OCI, which MFEC is the only one company in Southeast Asia which has received these prestigious and proudful awards.

In the overall, MFEC Board of Directors and sub-committees achieved their tasks as set in the operational plans and still promoted Pan Panya Foundation’s activities with IT support, encouraged use of digital contents and electronic media for development of education quality and capability. Therefore, learners brought out their creative ideas for innovation and extended them for occupations, creating jobs and generating income for Thai young people with knowledge in sustainable living.

Finally, we, on behalf of the Board of Directors, would like to thank all supporting groups extending from all customers, suppliers, shareholders including employees and executives in the subsidiary companies who joined hand to drive the company to reach out the accomplishment and continuously supported the company. The Board of Directors would undertake and are committed to oversee and supervise the businesses to expand continuously with sustainability and participate in social improvement and human resources development as the power to drive the digital life and the a foundation to robust growth and prosperity in the future.



(Mr. Sirisak Tirawattanangkul)

Chairman



(Mr. Siriwat Vongjarukorn)

Chief Executive Officer

Audit Committee Report

The Audit Committee comprises of three (3) independent qualified directors who are senior experts with knowledge and experience in the fields of laws, accounting and finance, and organizational management. The scope of its duty and responsibility is assigned by the Board of Directors, following the announcement of Capital Market Supervisory Board and the regulations of Stock Exchange of Thailand.

In 2019, the Audit Committee had four (4) meetings and reported its performance to the Board of Directors every quarter. Each Audit Director had the following meeting attendance;

	Attendance
1. Mr. Suchart Thammapitagkul Chairman of Audit Committee	4/4 Times
2. Prof. Dr. Uthai Tanlamai Audit Director	4/4 Times
3. Assoc. Prof. Dr. Kamales Santivejkul Audit Director	3/4 Times

All of three (3) Audit Directors were independent directors.

In regard to the meeting of annual turnover, the Audit Committee had one (1) discussion with Chief Executive Officer, Auditors, and Internal Auditors, and one (1) meeting with the Risk Management and Corporate Governance Committee. In all meetings, the Audit Committee reported their opinions and provided its recommendation with independence in the following details;

Accuracy, Completeness and Credibility of Financial Reports

The Audit Committee audited quarterly financial reports and annual financial reports for the year of 2019 together with the management department and auditors for approval, in respect with appropriate preparation with accuracy of essential information in accordance with the general accepted accounting principles, accounting standard, significant accounting policy changes, including the review of related transactions between shareholders and subsidiaries or related companies. This was made to ensure that the related transactions were items that follows normal business conditions for the optimal benefits of the company without taking any irregular advantages, according to the laws and the regulations of the Stock Exchange of Thailand.

The Audit Committee also discussed with the auditors to acknowledge issues from the audit, including considering and proposing opinions to the audit plans and the audit results of the auditors before proposing to the Board of Directors for consideration accordingly.

The audit results stated that the 2019 financial reports and related transactions between the shareholders and the subsidiaries or other related companies were accurately prepared and followed the legal requirements, accounting standards, reliability, including sufficient information disclosure for financial-statement users.

Risk Management

Risk management system and process were managed to be standardized for efficiency and effectiveness by acknowledging the risk management report in the previous year and giving recommendations for the improvement.

The Audit Committee audited the risk management process inside the organization, as well as policies, plans, and guidelines of the risk management on a regular basis. It had the annual meeting with the Risk Management Committee to provide details of the internal audit results, to provide recommendations for appropriate improvement, and to acknowledge major risk issues for the purpose of audit planning in the following year. In 2019, the Audit Committee conducted auditing in additional issues regarding the delay in delivering the work of the Company, also to consider increasing costs and preparing the steps of the project for the analysis and the consideration of each project, in order to have an effective and efficient control system and to reduce the risks that will occur within the organization.

Internal audit was supervised to be in compliance with the professional standard through assessment of risks and internal control system of Committee of Sponsoring Organizations of the Treadway Commission (COSO), while an annual audit plan – based on business risks, workforce and internal audit human resources development plans – was reviewed and approved. Audit results were also considered with recommendations to the internal audit office and management department for working improvement.

Internal Control System and Internal Audit System

The Audit Committee considered the audit results, in compliance with the audit plan in major issues following the annual audit plan, gave observations and presented

major issues to the Board of Directors as a means to urge the management department to make working improvement in the issues founded by the internal auditors.

Compliance with Relevant Requirements and Related Laws

The Audit Committee reviewed and prompted the Company to abide by the securities and exchange laws, the Stock Exchange of Thailand's requirements and related laws on a regular basis, presenting the opinion that the compliance with audited transactions required by the securities and exchange laws, the Stock Exchange of Thailand's requirements and related laws was adequate.

Compliance with Anti-Corruption Measures

The Internal Audit Office determined the audit plan in conjunction with the business cycle, which covered the examination of anti-corruption measures in accordance with the Thailand's Private Sector Collective Action Against Corruption (CAC), the Internal Audit Office also reviewed compliance with anti-corruption policies as the Company was certified, joining the CAC from Thai CAC Committee on 17th July 2017. The Audit Committee had the opinion that the Company had implemented the adequate measures strict and careful.

Disclosure of Connected Transactions/Related Party Transactions

The Audit Committee considered, reviewed, approved and disclosed information and actions in the connected transactions, related transactions and related party transactions among the company, its subsidiaries and the shareholders at stakes which could lead to any conflicts of interest before further forwarding them to the Board of Directors for approval correspondingly. Most of the transactions in 2019 are involved in trade – the normal business. The Company abided by the policy and disclosed the information as required by the Stock Exchange of Thailand as to ensure the Company's reasonable compliance with the normal business conditions, good corporate governance and its business operation philosophy.

Selection and Nomination of Auditors

In 2019, the Audit Committee considered the performance in the previous year of Dharmniti Auditing Company Limited, which acted as an auditor for the Company and its subsidiaries, was satisfied. After the meeting with the auditors, mistake found in the internal control including the guidance for the accounting standard was reported to the Audit Committee. Therefore, the Committee agreed to recommend the Board of Directors

proposing to the Shareholders' meeting for approval to nominate

- Ms. Wannisa Ngambuatong, licensed auditor no. 6838
- Mr. Peeradech Pongsathiensak, licensed auditor no. 4752
- Mr. Thanawut Piboonsawas, licensed auditor no. 6699
- Ms. Sulalit Ardsawang, licensed auditor no. 7517
- Ms. Thunyaporn Tungthanopajai, licensed auditor no. 9169
- Mr. Suwat Maneekanoksakul, licensed auditor no. 8134
- Ms. Soraya Tintasuwan, licensed auditor no. 8658

of Dharmniti Auditing Company Limited as the Company's auditors. The audit fee was determined 1,430,000 baht, increased 7% from the rate in 2018. The auditors did not provide other services to the Company and had no relationship and/or no stake with the Company/its subsidiaries/its executives/its major shareholders or any other persons related in a person that will affect the performance of their duties independently.

Good Corporate Governance

In respect with the importance recognition of good corporate governance, the Board of Directors had followed up continuously the progress of the good corporate governance development process, corporate social responsibility, and prevention of corruption. And the Board of Directors assigned the Risk and Corporate Governance Committee, the Audit Committee (Executive Staff), and the Internal Audit Office, under the supervision of the Audit Committee, were responsible for supervision and continuously evaluating the performance of the corporate governance policy annually. All details were disclosed in this year's Annual Report "Corporate Governance".

Opinions to Audit Committee's Performance following the Audit Committee Charter

Based on its self-appraisal in 2019, the Audit Committee performed its duties and took responsibility as designated in the Audit Committee Charter, employing its knowledge, capability, caution, prudence, and independence sufficiently. Moreover, the committee expressed opinion and provided proper recommendations for equal benefits of the stakeholders. In regard to the audit works of financial statements arrangement, internal control, compliance with related laws for the businesses of the Company, selection and nomination of the auditors, consideration of connected transactions or any transaction that may lead to conflicts of interest, audit of Anti-Corruption Principle Compliance, preparation of the audit Committee report, in which the appraisal result appeared that the Audit Committee completely performed all of its duties as designated in the charter.

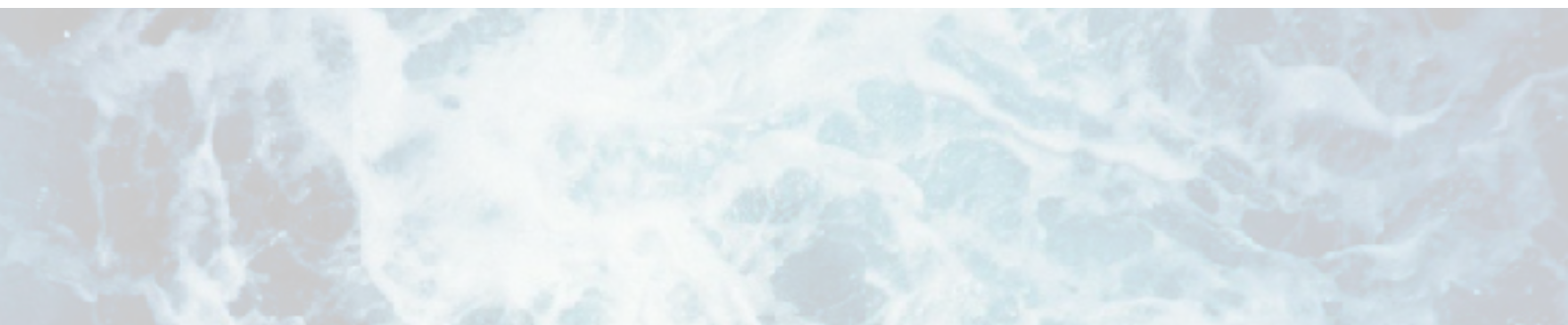
Audit Committee presented the opinion that , the Company accurately made financial reports following in conformity with the general accepted accounting standard with adequate disclosure of connected transactions or any transactions that may lead to conflicts of interest sufficiently, had sufficient risk management, appropriate and efficient internal control and internal audit system, followed in compliance with the applicable laws, the Stock Exchange of Thailand's requirements and other related laws, for the objective of continuous support for good and sustainable corporate governance of the Company in consequence.



Mr. Suchart Thammapiatagkul

Chairman, Audit Committee

17th December 2019



Risk Management and Corporate Governance Committee

Risk Management and Corporate Governance Committee consists of three (3) independent qualified experts and one (1) executive director, acting as the risk management director and performing duties identified in the scope and responsibility as delegated by the Board of Directors with directorship term of two (2) years.

In 2019, the Risk Management and Corporate Governance Committee held five (5) meetings and reported their risk management and corporate governance performance to the Board of Directors on a quarterly basis. Each Risk Management and Corporate Governance director attended the meetings in the following details;

	Attendance
1. Prof. Dr. Uthai Tanlamai Risk Management & Corporate Governance Chairman/Independent Director	5/5 Times
2. Assoc. Prof. Dr. Kamales Santivejkul Risk Management & Corporate Governance Director/Independent Director	5/5 Times
3. Mr. Thanakorn Charlee Risk Management & Corporate Governance Director/Executive Director	5/5 Times
4. Dr. Charn Tharawas Risk Management & Corporate Governance Director/Independent Director	5/5 Times

The Risk Management and Corporate Governance Committee met with Audit Committee once (1) a year in order to raise major risk issues and provide useful information for annual internal audit planning of Internal Audit Office. The Risk Management and Corporate Governance Committee expressed its opinions and recommendations on sufficiency in relation with independence of the internal control system.

In the previous year, the Risk Management and Corporate Governance Committee reviewed the following major issues delegated by the Board of Directors;

Risk Management

1. Screening, assessing risks, and giving opinions on risks that may affect the achievement of goals for the benefits of management and business expansion, also market extension as well as MFEC Group's growth such as impairment of investment (Goodwill) in the business operation of MFEC Group companies, repurchasing stocks from employees and increasing the registered capital of Digital Savvy Company Limited, investing in Undefined Company Limited before forwarding the abovementioned transactions to the Board of Directors for approval and informing the investors for acknowledgement.

2. Considering a framework of risk management and screen risks that have an impact on the organization and its subsidiary companies to achieve their strategic goals carefully. Both external and internal risks were considered prudently, while early warning signs were to be applied and suggestions were given to prevent risks and keep a watch.

3. Acknowledging risk management report in all dimensions, prepared by Risk Management and Corporate Governance working group and the managing director of each company in its subsidiaries, in all dimensions for progress monitoring on the administration's risk management tasks to contain impacts at an acceptable level. This was to build up the shareholders' confidence on MFEC Group's continuous and effective risk management and MFEC Group's capability to achieve their goals.

4. Promoting training on risks for the company's subsidiaries' executives, unit heads, and operation employee to raise awareness of the importance and increase risk analytical skills, among MFEC Group executives and employees,

5. Providing recommendations for the management department of all companies in the MFEC Group to focus on risk prevention and prioritization which will solve and establish guidelines to reduce risks to the acceptable level, considering future risks and risk prevention plan.

Corporate Governance

1. Revising the Corporate Governance Policy and various sub-policies, such as the succession plan as recommended by the Securities and Exchange Commission, presented to the Board of Directors.

2. Revising documents showing the request for being membership of anti-corruption with stating additional risk details within 3 months.

3. Providing recommendations on good corporate governance. Information Disclosure and transparency through the channels of the Stock Exchange of Thailand and the Company's website: www.mfec.co.th for the benefit of accessing information in all aspects of the Company such as Annual Registration statement (Form 56-1), Annual Report (Form 56-2), and Sustainability Report, as well as disclosing quarterly operations and important information for shareholders, investors, and public people which is complete, sufficient, and reliable.

Conclusively, in 2019, the Risk Management and Corporate Governance Committee performed its duties to govern and manage organizational risks of MFEC Group at the appropriate level to assist MFEC's Board of Directors under the principles of Good Corporate Governance. The Committee performed its tasks as delegated in the charter with prudence, carefulness, and prudence and reasonableness in order to enhance MFEC Group's efficient risk management, and to promote the organization to attain the overall business goals and also build up confidence for all of MFEC Group stakeholders.



Prof. Dr. Uthai Tanlamai

Chairman, Risk Management &
Corporate Governance Committee

17th December 2019



Nomination and Remuneration Committee Report

Nomination and Remuneration Committee is comprised of five (5) advisory board members: a director, an executive director and three (3) independent directors, performing their duties in the scope of responsibility delegated by the Board of Directors. Each Nomination and Remuneration director has a two (2) - year term.

The Nomination and Remuneration Committee meeting has taken place three (3) times in 2019, each member has attendance record as follows:

Attendance	
1. Mr. Anant Leetrakul, Nomination and Remuneration Committee Chairman/Independent Director	3/3 Times
2. Assoc. Prof. Dr. Kamales Santivejkul Nomination and Remuneration Director/ Independent Director	3/3 Times
3. Dr. Charn Tharawas Nomination and Remuneration Director/ Independent Director	3/3 Times
4. Mr. Siriwat Vongjarukorn Nomination and Remuneration Director/ Executive Director	3/3 Times
5. Mr. Kiyotoka Nakamura Nomination and Remuneration Director/Director	1/1 Times

However, Mr. Kiyotoka Nakamura was appointed to a position at the board of directors meeting no. 3/2019 on August 13th, 2019. (It was his first time attending the Nomination and Remuneration Committee meeting)

The Nomination and Remuneration Committee prudently and reasonably performing their duties has reported the result to the board on an annual basis with the aim of considering major issues delegated by the board in the following details:

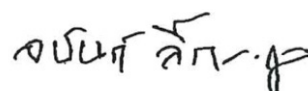
1. The consideration on performance appraisal of the Board of Directors, committees and Chief Executive Officer to determine remuneration in 2019 was involved their performances against the stated objectives, the management capability, the number of meeting attendance, self-appraisal of the Board of Directors, sub-committee, Chief Executive Officer, and comparison of the remuneration rates among industrial peers with an afford to reconsider the Company's annual remuneration rates in 2019 before submitting them to the Board of Directors and the Annual General Meeting of the shareholders for consideration.

2. The minority shareholders were promoted and given opportunities to run the business and give opinions about the operations. Meeting agenda and nomination of directors as substitutes for those who are due to retire in 2020 were proposed at least 90 days in advance (during 16th December 2019 – 16th March 2020) through the Stock Exchange of Thailand's and the Company's website: www.mfec.co.th

3. Candidates were nominated and selected from diverse fields of occupation with proper qualifications according to the related laws and regulations including, the Public Company Limited Act, Securities and Exchange Act, MFEC's Articles of Association and its Corporate Governance Principle. Necessary skills, appropriate qualifications in line with the company's business strategies and knowledge for businesses (Board Skill Matrix) as supports for the Board of Directors to achieve its objectives were taken into consideration. The minority shareholders were able to appoint well-suited candidates for the position of directors. Nevertheless, none of the shareholders has taken action during the nomination process of Annual General Meeting of the Shareholders in 2019. Thus, the retired directors were assigned to resume the position of directors for another term.

4. Another candidate with correct skills, knowledge, capability and experiences in accordance with qualifications of director were chosen for the position of Nomination and Remuneration Director. The previous Audit Directors who has retired on 13th August 2019 (Each Audit Director has two (2) - year term). Due to the fact that the Nomination and Remuneration Committee has taken the elements and appropriateness into consideration, all of three (3) Audit Directors were offered to assume the position of the Audit Directors for another team.

Conclusively, the nomination and Remuneration Committee's performance in 2019 was in line with its objectives and duties delegated by the Board of Directors, committees and executives are presented in this Annual Report for transparency.



Mr. Anant Leetrakul

Chairman, Nomination and
Remuneration Committee

17th December 2019

COMPANY PROFILE

MFEC Public Company Limited

Company name

MFEC Public Company Limited

Initial

MFEC

Business Type

IT Services and Systems Integration

Location

Head Office

699 Modernform Tower, Srinakarin Rd., Pattanakarn,
SuanLuang, Bangkok 10250
Tel. 0-2821-7999 Fax. 0-2722-8388

Branch 1

333 Lao Peng Nguan Tower 21th Floor, Vibhavadi Rungsit Road,
Chompol, Chatuchack Bangkok 10900
Tel. 0-2821-7888 Fax. 0-2618-8188

Branch 2

349 SJ Infinite One Business Complex 11th-12th, and 23rd Floor,
Vibhavadi-Rangsit Road, Chompol, Chatuchak, Bangkok 10900
Tel. 0-2821-7800

Website

<http://www.mfec.co.th>

Investor Relations

<http://www.mfec.co.th/en/investor-relation/information-request/ir-contact/>

Company Secretary

E-mail: secretary@mfec.co.th

Registration No.

01075 4600015 6

Registered Capital

441,453,555 Baht

Paid-up Capital

441,453,555 Baht

Reference

Securities Registrar

Thailand Securities Depository Company Limited
93 Ratchadaphisek Road, Dindaeng, Dindaeng,
Bangkok 10400
Tel. 0-2009-2900 Fax. 0-2009-9991
Website <http://www.set.or.th/tsd>

Auditor

Ms. Wannisa Ngambuathong,	Auditor No. 6838
Mr. Peradate Pongsathiansak,	Auditor No. 4752
Mr. Thanawut Piboonsawat,	Auditor No. 6699
Ms. Sulalit Ardsawang,	Auditor No. 7517
Ms. Thanyaphon Tangthanopajai,	Auditor No. 9169
Mr. Suwat Maneekanoksakul,	Auditor No. 8134
Ms. Soraya Tintasuwan,	Auditor No. 8658

Dharmniti Company Limited
178 Dharmniti Building 6th- 7th Floor, Soi Permsap
(Prachachuen 20), Prachachuen Road, Bangsue,
Bangsue, Bangkok 10800
Tel. 0-2596-0500 ext. 327 Fax. 0-2596-0539
Website : <http://www.dharmniti.co.th>

MFEC Group Achievement Award from 2017-2019

2019

- Received “Thailand Partner of the Year” Award from Microsoft Inspire Conference in Las Vegas, Nevada.
- Received the “F5 ASEAN Partner Executive Summit” Award 2019.
- Received the “Business Transformation Challenge” Award from developing DMP Project to Mitsubishi Motor Thailand of the TIS.
- Received “FY18 Architectural Excellence Data Center” from Cisco Thailand & Indochina Partner Appreciation Event 2019.
- Received “FY18 Innovation Excellence Partner of the Year” from Cisco Thailand & Indochina Partner Appreciation Event 2019.
- Received the “FY19 Ready Partner of the Year” Award from RedHat.
- Received the “ASEAN Partner of the Year” Award – OCI from Oracle.
- Received the “Outstanding Analytics Solution Partner 2018” Award from IBM Partner Event at Think Thailand.
- Received a verified certificate from Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC) committees.
- Received the “Best Intelligence Solution Awards 2019” Award from Get On.
- Received the “Enterprise Partner of the Year” Award from Fortinet.
- Received the “Data & AI Partner of the Year 2019” Award from Microsoft Thailand Inspire 2019 event.
- Received the “Microsoft Licensing Solution Partner of the Year 2019” Award from Microsoft Thailand Inspire 2019 event.
- Received the “Top Commercial Service Sale Partner” Award from the Cisco Commercial Champs event.



2018

- Received “Cloud Platform Partner of the Year 2018” Award from Oracle FY19 Thailand Partner Forum event, which illustrates that our transition skills enable current technology to suit with Oracle Cloud Solution successfully. We are the first partner in Thailand to develop the EXadata Cloud system for one of the largest clients in the ASEAN region.
- Received the 2018 annual evaluation of Corporate Governance Report of Thai Listed companies by Thai Institute of Directors Association (IOD) to be a “Very Good” rating.
- Received “Excellence” in the 2018 annual quality evaluation rating from the Thai Investors Association in Annual General Shareholders’ Meeting Assessment Meeting (AGM).
- Received the “Certificate of Achievement Partner Plus Champs 2018” Award from Cisco event – Commercial xcelerate Champ 2018.
- Received the “FY2018 Unity Gold Partner” Award from the F5 Networks Thailand event.
- Received the Second-Runner Up Award on Cisco Innovation Challenge topic from Cisco Partner Summit 2018 event for pushing the envelope on “mDefense” App Monitoring Solution.
- Received the “Top Enterprise Partner” Award from Lenovo DCG Channel kick-off 2018.
- Received the “Gold Partner Award” from Veritas Partner Executive Award event.
- Received the “Data & AI Partner of the Year 2018” Award in Microsoft Thailand Inspire 2018. Microsoft Thailand Inspire 2018
- Received the AWS Partner Network Advanced Consulting Partner 2018 Award on the AWS Partner Connection event.

2017

- Received the “FY16 Service Partner of the Year” Award and the “FY16 Marketing Excellence Partner of the Year” Award from Cisco Thailand and Indochina Partner Conference on 9 January 2017 at Dusit Thani HuaHin.
- Received the 2016 Biggest Deal Award from Informatica Partner on 24 August 2016 at Westin Grande Sukhumvit.
- Received the “AWS Partner Network Leadership Principle Recognition 2017” Award on 19 December at S31 Sukhumvit Hotel.
- Received the “Outstanding Contribution Partner Award 2017” in VINTCOM PARTNER FORUM 2017 event from Vintcom Technology (Public Company Limited).
- Received the 2017 annual evaluation of Corporate Governance Report of Thai Listed companies by Thai Institute of Directors Association (IOD) to be “Very Good” rating.
- Received “Excellence” in the 2017 annual quality evaluation rating from the Thai Investors Association in Annual General Shareholders’ Meeting Assessment Meeting (AGM).
- Received the “ESG 100 Certificate” Award from Thaipat Institute.

Business Policies and Overview

Strategy Goal of MFEC's Business Operations

MFEC still sets its target to become the IT company that people most desire to work with, creating technology and innovation that enhances everyone's quality of life. The Company determined to operate businesses transparently and fairly under the framework of good corporate governance, while adhering to good governance, business ethics, and Code of Business Conduct, responsibility to the society, environment, and all stakeholders for consistent competitive advantages and sustainable growth. The Company has transformed the business models according to the IT trend, bringing about Cloud Computing, Big Data, Mobility, and Security in accordance with Digital Business Transformation to support the rapidly changing situation in the present, and to strive "create people" by developing human resources both internal and external the organization in the ICT field to match the market demand of the business sector.

In the year 2019, MFEC consistently conducted internal human resource development by promoting self-learning through MFEC Udemy Project, as well as encouraging employees as instructors in The Meet Up, a joint knowledge sharing project, to transfer knowledge. The employees were also being given an opportunity to share knowledge through public articles, an additional medium, as a means to upgrade the organizational image in the dimension of MFEC employees' capabilities. The Company continued to conduct activities, producing students and having well-equipped with IT tasks, by collaborating with public and private universities to drive MFEC mission stating "the Company will be the driver to better the digital life with an emphasis to stimulate the country's human resource development and to improve learning skills in upgrading quality of life for people across the country," which conforms with the government's digital development plan. This move aims to establish a foundation which led to Thailand's stable economic growth and social development, for examples, the project with Suan Sunandha Rajabhat University, and MFEC Academy Project with Burpha University.

MFEC Group's 2019 Business Strategies

In 2019, MFEC continued to restructure the organization and its affiliated companies. In addition, the Company determines business management strategies to be in line with changes in information technology, and improves business practices to meet the needs of the market by expanding the business model to be more diverse, for example ;

- Solution Provider : To provide the best IT solutions to customers, which still attach importance to the Enterprise and Government customers as main customers of the Company
- Revenue Sharing : To invest in potential businesses creating a continuous and sustainable income
- The merger of MFEC subsidiaries: To merge similar businesses of the affiliated group benefitting their business strength, increasing opportunities and revenue, reducing business risks and building business operations strength, including financial enhancement
- To restructure the investment in the group of the affiliated companies for the benefit of subsidiary's management

In addition, the Company still uses OKR as the main tool of measuring and setting goals to increase work efficiency, continuing from the 2018 that creating "MFEC Success DNA", a group of new generation that creates creativity and focuses on productivity to meet customers' needs and benefits, to have a good mindset, and to ready for self-development and working with passion. Over the past year, the OKR tool has helped to effectively respond to the organization's key strategies and goals, strengthening the dimension of unity both front-office and back-office employees.

Structure of MFEC Group

MFEC Public Company Limited and its subsidiaries provide IT professional services and system integration for both public and private sectors. The Company focuses on large-sized enterprises which lead each industry highly demanding IT services. Scope of the services extends from advice to solve problems or satisfy customer need, development and integration of computer systems and IT network with hardware, software, extension and network equipment, system integration and tests, training for users to maintaining services. The Company has the following, three main businesses ;

1. IT Professional Services
2. System Integration
3. Professional Services

In order to strengthen the organization and comply with the government's direction which supports and promotes the digital economy among new-gen people and others, develops and creates technological innovation for business extension via digital technology for products and services based on a combination of innovation and business, MFEC Executives during 2017-2019 have had the following policies ;

- Encourage the creative employees with work and management capabilities to grow business units together with the organization expansion by holding shares, registering business units as new subsidiaries, and allowing the employees to take part in businesses as owners and shareholders.
- Expand investment with groups of allies for new channels of income to enlarge the organization's income base to other industries.
- Intend to "Produce People" by developing both internal and external human resources in the fields which matches the ICT industry need.
- Merge similar businesses in the group for business strength and dissolve the subsidiaries which have no trend to grow, greater opportunity, higher income, fewer risks, business advantages and higher financial efficiency.

During 2016-2019, the Company invested in the following, new companies ;

o December 2016: New startup was registered as Playtorium Solutions Co., Ltd. aiming to provide IT professional services and system integration. The Company held 70% of the new company's registered capital (5,000,000 baht).

o June 2017: New joint venture, Fanster Media Co., Ltd., was established by the Company and Aloha Inter Co., Ltd., providing information services from famous people through mobile/tablet applications, advertisement, PR and marketing services. The Company owned 30% of the joint venture's registered capital (40,000,000 baht).

o August 2017: New company – Data Cafe Co., Ltd. was established with an aim to provide consulting services, researching and analyzing

of all types of business for the purpose of market expansion and business extension, training and accrediting for people in IT and other technology-or-computer-related fields. MFEC held 59.9% of the registered capital (20,000,000 baht)

o November 2017: MFEC and Siam Sport Syndicate PCL. joined to establish a new company – Digital Savvy Co., Ltd. with an aim to provide services in ticketing system for tickets or tickets for all plays and organizing events. MFEC held 36% of the registered capital (30,000,000 baht).

o July 2018: MFEC acquired common shares in M.I.S. Outsourcing Co., Ltd. (MISO) and held 75% of the registered capital (5,000,000 baht) with an aim to manage the subsidiaries.

o September – October 2018: MFEC increased the registered capital of Praln FinTech Co., Ltd. to drive its business growing as set in the direction and target for new business – electronic payment. MFEC held 70% of Praln FinTech's registered capital (42,850,000 baht) and sold some common shares of its subsidiary, Praln FinTech Co., Ltd. to a company of JMART Group - J Venture Co., Ltd. After the transaction, MFEC's holding declined to 72% of the registered capital (37,000,000 baht).

o October – December 2018: MFEC's holdings in two 2 companies of Soft Square Group: Soft Square 1999 Co., Ltd.; and Khon Kaen Softtech Co., Ltd. were sold. Four 4 companies of Soft Square Group were merged. They were: 1) Soft Plus Technology Co., Ltd., 2) Soft Professional Co., Ltd.; 3) K Soft Consulting Co., Ltd.; and 4) Sam Mok Software Co., Ltd., which MFEC held 100% of the registered capital (18,000,000 baht).

The merger aimed to strengthen business, raise opportunity, increase income, reduce business risks, build up business advantages and enhance financial efficiency. In this regard, Soft Plus Technology Co., Ltd. changed the registered name of the new company on behalf of MSyne Innovations Co., Ltd. in January 2019 and purchased ordinary shares from a minority shareholder of Advance Intelligence Modernity Co., Ltd., causing the Company to increase the investment in the proportion of 98.2 percent of the registered capital (10,000,000 baht) for the benefit of controlling to set the direction/ process for future business operations. In this regard, the Extraordinary Meeting of Shareholders No. 1/2019 on December 26, 2019 has resolved to liquidate the business, since the company's original business plan is not consistent with the future economic trends.

o February 2019: MFEC bought shares from employees holding shares in Digital Savvy Co. Ltd. "DS", in order to maintain the combined shareholding of the company and with the employees of the company in the proportion of 49 percent of the registered capital (30,000,000 baht), causing the Company to invest in 39.18 percent of the registered capital. A new company was established

by MFEC and outsiders who have expertise in consulting business and being a cloud development service provider, under the name of “Undefined Co., Ltd.” with the objective of providing development services; software applications and software with cloud computing technology. The Company invested in 40 percent of the registered capital (10,000,000 baht).

o March – April 2019: MFEC increased the registered capital of Digital Savvy Co., Ltd., “DS” in order to increase liquidity in business operations, allowing the company to operate in accordance with the business plan. The Company held 41.64 percent of the registered capital (40,000,000 baht). And MFEC reduced the registered capital of Data Café Co., Ltd. in order to make the company to have a suitable level of the registered capital for the management and business operations of the organization. The Company held a reduced investment in the proportion of 59.90 percent of the registered capital (8,000,000 baht).

o June – July 2019: MFEC reduced the registered capital of Motif Technology Public Company Limited “Motif” in order to be at an appropriate level for the management and business operations. In this regard, the Company had reduced the remaining investment in the proportion of 99.99 percent of the registered capital (40,000,000 baht).

MFEC increased the registered capital of Fanster Media Co., Ltd., “FM” in order to expand the service, disseminated news, activities of famous people through applications and other channels. This will increase business benefits, in which the Company held 34 percent of the registered capital (67,000,000 baht).

In this regard, the Extraordinary General Meeting of Shareholders No. 2/2019, Advance Intelligence Modernity Company Limited “AIM” has resolved to liquidate since there is a tendency for growth not in accordance with the business guidelines. As a result of investment in new companies as mentioned above, MFEC Public Company Limited and its subsidiaries, as of 31 December 2019, consisted of four (4) associated companies and nine (9) subsidiaries;



Structure of MFEC Public Company Limited and its subsidiaries



Shareholder

MFEC Public Company Limited

Subsidiary Company 01

Advance Intelligence Modernity Co., Ltd (AIM)
98.20%

Subsidiary Company 02

Prain FinTech Co., Ltd. (Prain)
71.62%

Subsidiary Company 03

M.I.S. Outsourcing Co., Ltd. (MISO)
75.00%

Subsidiary Company 04

Business Application Co., Ltd. (BAC)
99.99%

Subsidiary Company 05

Motif Technology PCL. (Motif)
99.99%

Subsidiary Company 06

MSyne Innovations Co., Ltd.
99.99%

Subsidiary Company 07

Hong Son Co., Ltd. (HS)
99.99%

Subsidiary Company 08

Playtorium Solutions Co., Ltd. (PTS)
70.00%

Subsidiary Company 09

Data Cafe Co., Ltd. (DC)
59.50%

Associated Company 01

Angstrom Solution Co., Ltd. (Angstrom)
40.00%

Associated Company 02

Promptnow Co., Ltd. (PN)
20.00%

Associated Company 03

FansterMedia Co., Ltd. (FM)
34.00%

Associated Company 04

Digital Savvy Co., Ltd. (DS)
41.50%

Presently, MFEC Public Company Limited has nine (9) subsidiaries and four (4) associated companies with products and services in the following details;

Products/Services by MFEC Group

Associated Company	Main Product/Service	Customer Type
1. Angstrom Solution Co., Ltd. (Angstrom)	<ul style="list-style-type: none"> • Securities trading 	<ul style="list-style-type: none"> • finance/securities companies
2. Promptnow Co., Ltd. (PN)	<ul style="list-style-type: none"> • Mobile Financial Service • Gamification • Managed Service 	<ul style="list-style-type: none"> • Financial institutions • Telecom
3. FansterMedia Co., Ltd. (FM)	<ul style="list-style-type: none"> • Information service on mobile/tablet applications • Advertisement/PR/Marketi 	<ul style="list-style-type: none"> • Entertainment • Retail
4. Digital Savvy Co., Ltd. (DS)	<ul style="list-style-type: none"> • Service for platform management system about the exhibition • Ticketing system for all play types 	<ul style="list-style-type: none"> • Entertainment • Sports
Subsidiary	Main Product/Service	Customer Type
1. Advance Intelligence Modernity Co., Ltd. (AIM)	<ul style="list-style-type: none"> • Mobile Products • Software as a Service • E-Commerce • Digital Content 	<ul style="list-style-type: none"> • Telecom • Insurance • Retail • Financial institutions • Consumers
2. Prain FinTech Co., Ltd. (Prain) Former: Modernform Integration Services Co., Ltd. (MIS)	<ul style="list-style-type: none"> • Payment Gateway • Financial Technology • Consulting service and computer system development 	<ul style="list-style-type: none"> • E-Commerce • Business groups with demand for Alternative Payment Channel • Middle market • Insurance • Manufacturing/petrochemical • Service and Transportation • Retail • Consumers

Subsidiary	Main Product/Service	Customer Type
3. M.I.S. Outsourcing Co., Ltd. (MISO)	<ul style="list-style-type: none"> • Audit, warranty management, and maintenance of IT infrastructure • IT project management and equipment management • Outsourcing IT outsiders • Professional services and system integration for Cloud and office work • IT professional services and system integration involving IT infrastructure – hardware & software 	<ul style="list-style-type: none"> • Tourism • Financial institutions • Transportation • Manufacturing • Retail • Food • State agencies/State enterprises
4. Business Application Co., Ltd. (BAC)	<ul style="list-style-type: none"> • Business Analytics <ul style="list-style-type: none"> - Cognos BI - Cognos TM1 - SPSS Software - Tableau - Datawatch 	<ul style="list-style-type: none"> • State agencies/private enterprises in all industries
5. Motif Technology PCL. (Motif)	<ul style="list-style-type: none"> • Agent Management (iAM) • Agent Compensation (iCOM) • Agent Leader (iAL) • Smart Quotation (iSO) • eApplication (eAPP) • iClaim • Legal Tracking System (iLegal) • iCollection • Appraisal Collateral (iAppraisal) 	<ul style="list-style-type: none"> • Financial institutions • Insurance/Life insurance
6. MSyne Innovations Co., Ltd. Former: SoftPlus Technology Co., Ltd. (SPT)	<ul style="list-style-type: none"> • Sell products mainly related to Data, Big Data, Data Lake, and Data Governance with emphasis on Cloudera, Hortonworks, or Informatica primarily • Selling services (Professional Services) installing Big data systems for various organizations <ul style="list-style-type: none"> - Data Integration - Data Preparation - Data Governance - Data Science • Selling Big Data Maintenance Services to various organizations, providing 24*7 service. 	<ul style="list-style-type: none"> • Healthcare • Energy • Financial Institution • Telecommunication

Subsidiary	Main Product/Service	Customer Type
7. Hong Son Co., Ltd. (HS) Former: Hong Son Software Co., Ltd. (HS)	<ul style="list-style-type: none"> • Advisory service for work process • Customized Software • System maintenance & support 	<ul style="list-style-type: none"> • Energy • Financial institutions • Auction
8. Playtorium Solutions Co., Ltd. (PTS)	<ul style="list-style-type: none"> • IT professional services and system integration in new technology groups and startups • Recruitment service 	<ul style="list-style-type: none"> • Financial institutions • Insurance/life insurance • Telecom • SMEs/startups
9. Data Cafe Co., Ltd. (DC)	<ul style="list-style-type: none"> • Business advisory and analytics • Accreditation for IT people 	<ul style="list-style-type: none"> • Telecom • Financial institutions • Enterprises • Energy

Remark 1. Advance Intelligence Modernity Co., Ltd. (AIM), the Extraordinary General Meeting of Shareholders No. 2/2019 passed a resolution at the meeting to dissolve the company from 14 January 2020 onwards.

2. Undefined Co., Ltd. (Undefined), the Extraordinary General Meeting of Shareholders No. 1/2019 passed a resolution to dissolve the business from 26 December 2019.

Business Relationship with Major Shareholder

MFEC and its group are neither subsidiaries nor parts of the major shareholder's business group. In addition, the company's main business does not have significant relationship or significantly relate to the major shareholder's business group. MFEC has only marketing strategic cooperation with the major shareholder in expanding business opportunities to both internal and external targeted customers for the company's business growth.

Only former subsidiary, Promptnow Co., Ltd. connects with the major shareholder TIS Inc. after MFEC sold its commonshares (some) in Promptnow and waived its rights for Promptnow's capital increase shares to TIS Inc. on 1 May 2016. This move aimed to expand the Japanese customer base in Thailand and customer base overseas. Given TIS Inc. as a financial technology service leader, Promptnow will become a specialist in providing specific services. After the transaction, TIS Inc. holds a 40% stake in Promptnow and MFEC owns a 20% stake.

TIS Inc., as of 31 December 2019, held 24.9% of MFEC's paid-up capital. In 2019, TIS Group consisted of 38 subsidiaries and 5 associated companies in the following details;

TIS INTEC Group Companies

Domestic TIS INTEC Group Companies

Japan Only

- INTEC Inc.
- AGREX INC.
- QUALICA INC.
- AJS Inc.
- IUK Inc.
- INTEC Solution Power Inc.
- KOUSHI INTEC Inc.
- SKY INTEC INC.
- SorunPure Inc.
- Chou System Corporation
- TIS System Service Inc.
- TIS Tohoku Inc.
- TIS Solution Link Inc.
- TIS Total Service Inc.
- TIS Nagano Inc.
- TIS West Japan Inc.
- TIS Business Consultants Inc.
- TIS Beijing Inc.
- TIS Hokkaido Inc.
- Registration Network, Ltd.
- NEOAXIS Co., Ltd.
- Nexway Co., Ltd
- HOKKOKU INTEC SERVICE Inc.
- MicroMates Corp.

Overseas TIS INTEC Group Companies

China

- INTEC Information Technology (Wuhan) Co.,Ltd.
- QUALICA (SHANGHAI) Inc.
- TISI (Shanghai) Co.,Ltd.

Singapore

- QUALICA ASIA PACIFIC PTE. LTD.
- TISI (Singapore) Ptd Ltd.

Thailand

- Baseline Technology Consultants Co.,Ltd.
- CODE IT Consulting Co.,Ltd.
- ECM Consulting Co.,Ltd.
- I-AGREX (Thailand) Co.,Ltd.
- I AM Consulting Co.,Ltd.
- I Coach Co.,Ltd.
- iHR Consulting Co.,Ltd.
- ITS – Trade ship Co.,Ltd.
- PromptNow Co.,Ltd.
- TISI (Thailand) Co.,Ltd.

Vietnam

- AGREX (Vietnam) Co.,Ltd.
- INTEC Vietnam Co.,Ltd.

United States

- INTEC Innovative Technologies USA, Inc.
- TIS R&D Center, Inc.

Myanmar

- Promptnow

Business Characteristics

Income Structure

During 2017-2019 as of 31 December 2019, the company and its subsidiaries' income structure was classified by type of products and services in the following table.

Products	2019		2018		2017	
	MIL Bt.	%	MIL Bt.	%	MIL Bt.	%
IT professional service / 1	736	19.74	953	28.10	649	21.52
System integration	1,471	39.45	1,357	40.02	1,441	47.78
Maintenance service	1,481	39.71	1,029	30.35	871	28.88
Income from sales and services	3,688	98.90	3,339	98.47	2,961	98.18
Other income/2	41	1.10	52	1.53	55	1.82
Total income	3,729	100.00	3,391	100.00	3,016	100.00

Remark :

/1 Income from IT professional service is income from only service fee excluding sale of hardware and software products related to each project. Such sale is included in System Integration.

/2 Other income consists of gain from sale of investment in subsidiaries, adjustment of fair value of investment, income from promotion from product sellers, interest receivable, gain from asset sale, gain from foreign exchange, and other miscellaneous income.

Out of total income, 39.45% came from system integration, 39.71% from maintenance service and 19.74% from IT professional service, based on No. 30: Financial Information by Business Type of Note to Financial Statements.

Products and Services

MFEC Public Company Limited pay paramount importance to deliver continuous business transformation (Always Business Transformation). It is a transformation in how we conduct business to cope with dynamic markets, fast rapid technological changes, and customers' needs. Therefore, the company restructure and operate new businesses all the time. These transformations will ensure our products and services have a competitive edge and stay ahead with the business uptrend group. At the same time, technology allows innovation creation and reinforces new knowledge which create an overall company-wide synergy both product and service.

One of our approaches has not competed against competitors solely on price or technology, but we will compete with building a brand new business model combined with developing new market demand from the beginning. Not to mention, creating knowledge workers and co-financing with an employee-based startup within the organization. We will reinforce new creativity to foster the client's business, including the overall support industry and the fast-changing technology landscape.

Currently, the company had set out a policy for each business unit to develop communication technology as full services works under the four main business groups. Our vision is to offer a specific solution for clients that enhance a client's competitive advantage. By working alongside clients closely, our team will truly understand the client's business and what clients' business needs the most. This method will help clients to achieve their business objectives. Also, all businesses of the organization can provide creative technology and a holistic approach to clients. It is a one-stop service that will promptly respond to the client's business strategy. Our four main businesses are consisting of the following.

1. Hybrid Infrastructure Services Cloud Solution Services



The Cloud Platform technology is designed to respond to all types of business needs. It helps to increasing business performance: speed, agility, stability, security, and scalability for all types of businesses. As a result, clients can innovate new products and release to the market (time to market). Our Cloud Solution Services team has expertise in Cloud technology on all types (Public Cloud, Private Cloud, and Hybrid Cloud) on every platform. The Cloud Solution Services team can design and implement a solution to match with client's business needs.

MFEC Cloud Services is all-in-one Cloud service providers who provide consultation, configuration, implementation, and maintenance of the Cloud technologies. We offer numerous designed Cloud Solutions to client's organizations to solve all kinds of business challenges. MFEC Cloud Solution Services has multi-talented Cloud specialists on every type and every Cloud platform. We are ready to tackle every problem. As the System Integrator business leader, our core design philosophy is based on "Design for Operation" to personalize the client's business solution to become more effective and responsive to match with the client's business the most. The Cloud Solution Services team bring team multidisciplinary business thinking and adapt them into five main solution categories:

1. Cloud Platform Services

Cloud Platform Services are the design and implement Cloud technology on every available platform (AWS, Azure, and Google) and every type of Cloud technology (Public Cloud, Private Cloud, Hybrid and Multi-Cloud) for clients who want fast and convenient Cloud infrastructure. The fundamental cloud structure is suited for crafting innovation to the organization and it should have these procedures: creating estimate value, controlling expense management, alerting notification, creating monthly report including creating billing service management which suit to domestic and international tax condition.

2. Professional Services

Professional services are consultation and implementation of the complex systems in terms of architecture (Integration on premise,

Multi-Cloud Platform) and data system operation (Application flow and Data flow). We customize complex systems to make them compatible with various security measures (Data security, Data privacy, Mission-critical application, Disaster recovery). At the same time, technology must support the business in speed, agility, stability, security, and scalability.

3. Technical Operation Services

Technical Operation Services is an after-sale service that the client might like some help with designing and maintaining systems consistency. Let's leave all complex system maintenance to us. Clients can focus on making and developing the latest innovation and service in their businesses as a priority.

4. Products

The uniqueness of our product and innovation is personalization to suit Thai people like MVRP (MFEC Virtual Route Planning) platform. It is a platform for logistic planning by using the map of Thailand and the collection of Thailand's statistical traffic report for more than ten years. This platform plans on how to do logistic planning for Thais. It predicts what route we should take, which products we should drop first, or how many vehicles we should use. Marketing mail or SureInbox product is the platform to ensure that every email gets sent to an inbox guarantee because receivers must receive every letter. The benefit of this platform is that the client can analyze the receiver behaviors: what kind of marketing they would be interested? (Behavior Tracking). The platform gathers all of these information and store into an extensive database for further analyze and design the next marketing strategy.

5. Service Package

Every service package has a specific scope and time to respond to quantitative demand. Here are our service package types:

- Migration Services: The Migration Service is to migrate data from one system to another system (On-Premise to Public Cloud or Public Cloud A) to Public Cloud B) by our certified IT expert.

- Hybrid Gateway: The Hybrid Gateway service package can provide a system connection between On-Premise able to Public Cloud by our certified IT expert.

- Optimization: The optimization service package is to provide a current system checklist and then present the best practice. Next, the team will do system optimization or enhancement to make the system more effective by our certified IT expert.

Product development and innovation stages required to gain a competitive advantage to race against the rest of the competitors. It requires speed, agility, stability, security, and scalability. As a leading business expert on the System Integrator field, our MFEC Cloud Solution Service team can deliver full IT services to you promptly.

With more than 20 years of IT experience, we collaborate with leading partners. Also, we are fully competent in diverse IT multidisciplinary skills: On-premise, Private Cloud, Public Cloud, Hybrid/Multi-Cloud. Our core design principle is based on “Design for Operation” to let client’s businesses to get the most effective and the most responsive to what customers need the most.

Information Security



Our information security team focuses on technical examination and prevention by using information technology on a full complete scale. Additionally, we reinforce the security system to ensure a safer way to gain access to an organization’s data. Our information security team was founded for more than 15 years. We have highly skilled IT personnel from different fields. They are well-equipped with consultation, installation, development, and maintenance tasks. These tasks can be divided into six solutions: Network Security, Data Security, Endpoint Security, Security Assessment, Cloud Security, and DevSecOps

1. Network Security

Network Security is a complete solution that consists of a network security system. It is designed to prevent external network threats, including internal threats from within a company network such as firewall system, intrusion prevention system, email security, and proxy.

2. Data Security

Data is considered as one of the most valuable company assets that should be protected. Our information security team will regulate, control, implement, and send your user information with maximum data protection. Our areas of solution expertise include data leakage prevention, SSL inspection, hardware security module, and privileged access management.

3. End Point Security

The user is considered to be the most vulnerable part for an organization safety. Our information security team has developed safety solution which directly involving user actions or also known as endpoint security. Our solution is included with antivirus, antimalware, and multi-factor authentication.

4. Security Assessment

The security assessment service is solely provided by the leading IT service company only. There are two significant components of security assessment services: technical assessment and compliance assessment. First, a technical assessment which including vulnerability assessment and penetration testing. Second, compliance assessment that consists of ISO27001 assessment and CSA assessment.

5. Cloud Security

We can’t deny the fact that Cloud technology has already become an integrated part of the organization. Many organizations use cloud technology to operate the core business. When there is increasing usage in Cloud technology, the safety measurement also requires as well. The information technology sees the importance of preventing an organization’s data while working on Cloud platforms, both in a public cloud, private cloud, or hybrid cloud. Our company provides checking solutions on both compliance verification and cloud security protection topics to ensure that the company valuable information is still safe condition even though there is activity on the Cloud platform.

6. DevSecOps

In past years, the digital world has become a full effect on our lives. A software development team has become an essential part of leading companies to their success. Besides fierce competition on implementation, there are also speed races in delivering new services to customers first as well. However, if the application or service has a loophole, this will bring damage to both consumers and the organization as a whole. Therefore, building safety measurement is the essence of building an application in this digital era. Our areas of information security experts are including DevOps platform, security for DevOps, and Container security solution.

The MFEC Information Security team was founded for over 15 years. We have a team that dedicates specifically on information security more than 70 people. It is considered as one of the most significant information security team in Thailand. We genuinely understand information security comprehensively. Our team had completed a wide range of information security certifications: CISSP, CISA, CISM, ISO27001 Lead auditor. We have many success stories with many prominent clients. Also, MFEC is organization is equipped with a team with a diverse body of knowledge. The collaboration on the team will bring out a complex solution to help with the client’s business needs exceptionally

System Infrastructure



System Infrastructure related technology mostly used to support application development or client's business to respond to the fast-changing businesses' needs. At the same time, it helps reducing developing IT costs. It increases an extension of necessary infrastructure structure capability in terms of scalability, flexibility, and automatically ability.

1. System Infrastructure Services

Our System Infrastructure Service will provide from consulting to designing infrastructure solutions (Server & Storage) on both traditional systems and modern systems (Big data, In-Memory Computing, and Objective Storage) Also, our service, including DR Solution implementation, is building a back-up site to prepare for an unexpected catastrophe and migrating data from an old system to a new system.

2. Modernize Datacenter Services

Our modernize Datacenter Services will enhance organization to have compatibility with modern-day applications and today's changing business landscape by using state-of-the-art technology like Hyper Converged, Virtualization, Automation, Hybrid-Cloud, Private-Cloud.

3. Intelligent Data Protection Services

Our Backup and recovery services will prevent data loss from server and desktop levels. Also, our service will back up any data for further use in the future (Copy Data Management) to reduce preparation time for other activities like Test/UAT. Additionally, our service helps with cost reduction on storage allocation. Another example is that a developer can gain access to data and can do the work by themselves (self-service) in developing new applications.

4. Digital Workspace Services

Our end-user management service will be responsible for the use of several applications and data from multiple devices including the use of personal data within an organization (Enterprise File Sync and Share).

In a fast-changing world, technology is drastically evolving in fast-moving pace, including business competition, and customer behavior. These kinds of changing behaviors cause every organization to adapt themselves to unexpected events. MFEC System Infrastructure is fully equipped with experienced IT specialists who have a wide range of technological background. We have collaborated with a leading partner and vendor to monitor infrastructure as full services. Clients can ensure that MFEC can deliver works efficiency.

Network



MFEC have a Professional Team (Certified Engineering) which is able to provide the entire service to our customers and support our leading product and solution are providing the company's telecommunication network. We offer consulting, designing, planning, and installing networks. Also, we provide training and after-sale service with 24/7 support. Our top-quality IT experts provide their services both in the technical and management area. We offer diverse technology that covers any communication network requirements both within the organization and between organizations. We want to become a partner alongside clients to have sustainable growth in this digital era at both the regional and international level to find the appropriate solutions for each client and more over MFEC is the Cisco Advanced Architecture Specialization in 5 main Technology which are Enterprise Networks, Security, Collaboration, Data Center and Service Provider. MFEC has potential and readiness in all areas for every organization.

1. Enterprise Networking

A large scale of network solutions consists of Software-Defined Networking, Switch, Router, Wireless, Network Management, and Optical Networking.

2. Wireless and Mobility

A large scale of the wireless and mobile network consists of Software-Defined Access, Wireless controllers, Indoor access points, Outdoor and industrial access points, and Cloud-managed access points.

3. Security

Solution for Network security such as Next-Generation Firewalls, Advanced Malware Protection, Cloud Security, Network Visibility and Segmentation, Email Security and Web Security.

4. Collaboration

Solution for Coordinate function such as Unified Communication, IP-Telephony system, Contact Center system, Voice & Video Conference and Collaboration Endpoints system.

5. Data Center

Solution for Data Center such as Servers - Unified Computing, Data Center Management and Automation, Data Center Switches, Data Center Security, Hyper converged Infrastructure, Storage Networking and Virtual Networking

6. Hybrid-IT

A group of innovative solution will support the work to be more efficient and convenient in both of Cloud Services and Managed Services such as Cisco Meraki, Cisco WebEx and Cisco Umbrella.

7. Network Programing

Network Programing is taking API of Cisco product to develop for responding customer's demand by serving services such as Web application, Integration service, IoT platform, or Automation support to reduce complex works

MFEC is a Cisco Gold Certify Partner for more than 10 years. There is a certified engineering team which able to serve customers whole cycle, whether for consulting, designing, installation, Deliverable technology training, postproduction support and 24x7 service team with having experience and continuous development. We work with Cisco to serve our customers and we have a customized team to get the actual solution for each organization. We, Cisco Advanced Architecture Specialization, are the one of 5 technologies; Enterprise Networks, Security, Collaboration, Data Center and Service Provider which have ability and ready for every type of industry.

IT Operation Managed Service (ITOMS) is supporting out-source and managing services in IT infrastructure includes IT infrastructure installation and maintenance out-side Bangkok. As IT is a technology that has changed quickly. Currently, the customers need an IT team with skills base on changing technology following the trend to support their business by using leading – edge technology.

1. Outsource and Managed Services

Our Outsource and Managed Services is providing the engineering team on-site at the customer's sites including network engineer, system engineer as well as providing off-site services for the customers with support teams.

2. Installation and Maintenance Service

Our Installation and Maintenance Service is consulting, design, installation, maintenance services such as Network equipment, system, CCTV, Access Point, Beacon, Cables, Electrical Systems and Air Conditioning Systems in the Data Center includes transferring of IT equipment to the customers both in Bangkok and out-side Bangkok with service center in the country.

3. Microsoft Service

Microsoft Service is composed of Product Microsoft consulting, designing, installation and maintenance services such as Windows Server, Hyper-V Management, Exchange Server, Office 365, Microsoft EMS (AIP/RMs/Intune), SCCM, SharePoint including training for customers.

4. Other Product Support

Other Product Support which managed by MFEC Team such as HPE Aruba, Solar Winds, Zabbix

MFEC is a SI that has complete IT infrastructure. After installation, Operation & Support section is an important part for customers to use the system continuously

IT Operation Managed Services



2. Enterprise Solution Digital Information Services



Data analytics technology that responds to data usage from the past, shows the analysis of presumption about what will happen in the future. Subject to the conditions or various relevant factors, Digital Information Service Team has applied business concepts and shared solution to support develop digital business with partners for sustainable stability.

1. Database Solution Services

Database Solution Services is an on premise or cloud database solution to satisfy demand of customers to develop systems or applications that store data in various formats, both RDBMS and NoSQL.

2. Big data Solution Services

Big data Solution Services is the usage of data that is not just in the RDBMS database system, but also able use other part of the organization to gather, analyze and find the value of the data from various sources. For the business advantage, the partner will be able to get benefits from the information like never be before.

3. Analytic and Business Intelligent

Analytic and Business Intelligent is a good analysis results because of having sufficient data. Useful information is relevant information. The results will be accurate. Digital Information Service has a team of data scientists sufficient for the analysis of the data at many levels such as Data Mining, Machine Learning, Sentiment Analytic, Social Listening, to decipher and seek insight or lead to analyze, predictive analytic together with providing easy understanding reports for creating a business advantage.

4. Application Infrastructure Service

Application Infrastructure Service is the application of middleware solutions, whether On-Premise or cloud to respond the demand of the customers who desire to develop system or applications by providing services in various areas, such as Web Application, Message Service, Integration Services or Ser-

vice Oriented Architecture by bringing the capabilities of various together connected to support Application perfectly

The information you have can be managed to create efficiency and value thorough MFEC Digital Information Service which is experienced and professional organization, therefore we confident and ready to provide comprehensive information management services such as design, planning, storage, processing, analysis, and reporting including training and consulting accordance with our policy to ensure that the information be accessible for the customers.

Business Service Management



Now a day, the IT Administration and Management has never been more complex and complicated caused the technological advancements creating new standards such as Big data, Container, Mobile, LoT, that make large organization become a strong in competitive advantage in such industry by using Enterprise IT Solution tools to increase the business driving efficiency. MFEC has an experienced team providing great advice, development and supporting the customer as our partner. The solution of the BSM team have both On-premise and cloud which are composed of 4 parts as following;

1. Monitoring Solution

Monitoring Solution is a solution to monitor and alert the efficiency of system or application for large organization and covering Application Monitoring section such as Java, .NET, Python, NodeJS or in the section of Infrastructure for example Server, Virtualization, Network, Database, Storage or in scheme of customize of the customer, such as Mobile iOS, Android, Web etc. At least, in order to reduce problems and speed up the detection and resolution of problems to customers and make the organization earn incomes and business advantage by availability of customer satisfaction.

2. IT Service Management Solution

IT Service Management Solution is the design and enhancement of IT management solution following ITIL standards

which consists of many processes such as Incident, problem, change, service request, CMDB, asset management including Contract Center or Service Desk system to customers for efficiency supporting internal and external organization.

3. IT Automation and Robotic Solution

IT Automation and Robotic Solution is Automatic IT management solution conduction or AI robot using to enhance and manage tasks increasingly and efficiency to respond all demands in globalization which moving fast and complicated. There are many solutions; RPA Solution, analyzing text by AI using (OCR), managing automatic batch job (Workload automatic) by supporting productive for employees, reducing cost from zero human errors, and speed up IT in business responsiveness like never been before.

4. Customer Engagement Solution

Customer Engagement Solution is the new solution for track and support various channels which called “Omni channel Customer Engagement” in order to understand actual desires and able to respond all at once. Such as Chat, Web, Email, Call, Line, Social Media; Facebook, Twitter and also Voice Authentication Solution, Thai Chatbot using which will conduct to customer satisfaction and follow-up to increase the value of the business enormously.

MFEC has a large corporate client base including Banking, Telecom, Insurance, Enterprise, Government with over 20 years of experience and highly qualified teamwork.

Business Solution



Business Solution is a team providing Professional Service and focusing on technology to reach the high level business solution in Financial Solution, Digital Process Automation, Enterprise Content Management and CRM with world-class products, responsible with Software Implementation including Project Management, Business Analysis/Consulting, Solution/Architecture design, Configuration, Testing, Tuning, and Post Production Support Go-Live.

1. Financial solution

1.1) Capital Market Solution

The Solution for Financial Market consisting of Foreign Exchange transactions products, interest rate risk management products and commodity price risk management products, derivatives transactions and debt instrument for investment transactions, supporting end-to-end work processes from front-office, middle and back-office to accounting based on process automation and straight through processing (STP) to increase work efficiency and time-to-market

1.2) Lending Solution

Solution for Loan Origination System and Core Loan system to support Loan Products; Secured, Unsecured Loan for individual and institutional clients such as Term Loan, Mortgage Loan, Auto Loan, Hire Purchase/Leasing covering Apply Loan Request, Loan Approval and Credit Analysis, Customer Management, Receivable Management functions including Debt Collection.

1.3) Payment, Money transfer and Banking Operations Workflow

2. Digital Process Automation (DPA)

DPA is the technology to automate business processes to end-to-end automation to drive change in digital timeline by driving workflow between human, system and robotics from personal processes to business management. It makes visualize, understand, and improve business processes efficiently.

3. Enterprise Content Management (ECM)

ECM is a solution for managing content and documents in the organization to be integrated into Digital or Paperless, covering content access (Check-in), Scan and indexing, Search and View, editing and control version (Check-out), controlling the security of the information access as specified conditions (Document Security) including the automated process of archiving and destroying content in accordance with the Retention policy which the organization able to reduce the amount of paper used reduce data redundancy includes increasing efficiency in using and distributing data both inside and outside the organization.

4. Customer Service Solution (CRM)

CRM is the solution to manage customer relations for business strategies that using technology to management process and correspondence with the customers in order to create a good relationship in long term by learning difference customer's demand and responding by suitable products or services for each customer such as the customer service system and using CRM customer service for such business or organization in order to improve the component of the customer service process.

Internet of Things



In the current changing trend, technology is the one of the main drivers of rapid change and we cannot deny it. Only technology will get closer to our life every day. Especially the Internet of Things (IoT) which has technology devices in our daily life from waking up to going to bed, such as our health tracking devices, etc. IoT technology is also used in the image of the service industry business, medical, agriculture. Especially in the industry, we will see the benefits both in reducing production costs and increasing productivity Which has a positive impact to industrial business.

1. Sensors

IoT technology is a sensor for receiving data from various sensors. It is small but has a large amount and has a lot to send data. The sensor has a variety of quality, choosing the right sensor for the important issue which has been researching and developing various types of sensors suitable for both quality and price to responding demand of the customers.

2. Communication

A communication from sensors to storage is also important. Because in the real working environment, there are always limitations to communication and energy. MFEC's Module IoT supports a wide range of communication formats including NB-IoT, LoRa, Wi-Fi, BLE, RS-232, RS-484, Dry Contact, and Modbus, etc.

3. Platform

It is the Data Warehouse from Sensors for IoT which needs to be designed to support large volumes of data but has a small data size. Therefore, it is necessary to use a special data warehouse that is designed to be suitable for the storage of IoT data and further expanded to the BIG DATA section for further use of technology. AI. to enhance the potential of the system such as a glimpse into future machine maintenance events, predictive Maintenance (PdM)

4. Application

After the information is provided, it must be properly presented and quickly. The development of the intelligent mobile application. (Smart Phone) including information alerts when an error occurs with the factory or machinery immediately Via various channels such as Line, Massager, email, SMS, and App Notification.

IoT technology in the industrial sector is an extension of the machine control systems for production in traditional factories by centralizing the information obtained from the machines in the factory and showing the status information to relevant parties on mobile devices, computers and monitors Instant Which is a combination of many systems and continuously work together, including Sensor Hardware Platform and Mobile Application, which has few such talents. MFEC is a trader with all the potential and qualifications. And with services designed specifically for industrial plants in Thailand, the system has been designed to be stretched and can be adjusted to suit many types of industrial plants. According to the suitable usage conditions.

3. Digital Delivery



Our next gen application development services cover all aspects of SDLC (Software development life cycle) and Agile Development. By committing to deliver professional services, we ensure that our clients meet their expectations and goals. We provide intellectual solutions for E2E development for web and mobile, block chain, e-commerce, API gateway and Identity management. In addition to that, we also provide full support and maintenance services for

1. Strategy Assessment

We will assess your goals, gap analysis and evaluate business impact to help you define and prioritize your transformation.

2. Rapid User and Customer Experience

Leading user and customer experience workshops and working with your team side-by-side with UX/UI experts in rapid technology development environments.

3. Solution design

Solution design to maximize your transformation to achieve your business goal belong to user/customer, process, operating model and technology

4. Solution Delivery

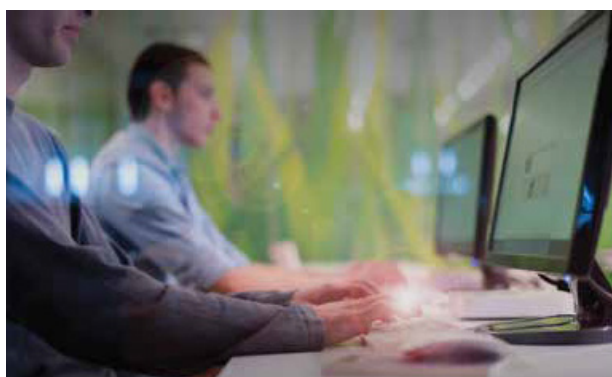
Complex project management, third-party integration and customization assures each solution is able to work with existing systems to meet customer target.

5. Support and Maintenance

Providing the E2E support and maintenance service to ensure the solution is working smoothly.

If you need E2E Solution development team in new technology such as mobile, block chain, api gateway and identification management we are your best selection.

4. Transformation Research and Development



Research and development are some of the key factors, making new products or services innovations or improving existing products or services, the research and development team consists of a team that monitors and studies new technology related to IT and having new knowledge and skills as mentioned, to create benefits by new products or services or better than before that the team of company able to work for supporting to increase or maintain the competitiveness of the company.

1. Thai Language-related Solution

Thai Language-related Solution is bringing the existing Thai language technology to develop in order to benefit in accordance with the needs of the actual use of the customer.

2. The AI-related solution

The AI-related solution is the use of AI technology and techniques to develop products or services. Especially in areas that require or involve the capabilities of people.

With a budget that has been trusted by the research and development team that is excellent and has received good feedback and create the most benefits or solve problems for customers.

M-Lab



Currently, every industry is disrupted by a new business model even in the IT industry causing us to have a development team that is capable of developing new applications up to catch up with the changes and responding to the business model of the organization and of customers in a timely manner.

1. Chatbot

We have a self-developed chatbot solution from the basics and make it able to support connections with various systems of the organization quite independently for create a new type of users interface for users Able to access new ways of working more easily.

2. Application Development

Application Development by the Technology Stack that we choose to use and resulting in the application development limit being extended to the next level whether development, testing, or work delivery accurately and rapidly.

If you need the Application Solution for solving and improving the system to be better including create new functions accurately and rapidly. We are all your solutions

Venture Lab



It is like a Startup Studio which is a center of knowledge for innovation and support in research and development of forms to complete business planning for customers with a thought process system that uses understanding of problems and takes the creativity and views from the user as the center for creating ideas. Now it becomes a solution to test and develop innovation that meets customers as well as plan strategies for the market of industry and they are also ready to deal with the changing trend. The role of Venture Lab consists of;

1. Understanding and assigning pain points to the point
2. Problem Solving and Testing MVP
(Minimum Valuable Product)
3. Creating a commercial business model
4. Leap-building Go-To-Market Strategies While also analyzing the market potential in depth to meet the ultimate goal is to be able to develop into a business that can grow

Income structure

Customer characteristics and target customers

The company has a clear policy for establishing a trusted advisor strategy based on a holistic approach, providing solutions, including investments and labor to support customers in the long term. The company will focus on leading customers in each industry that use modern technology to be a leader cover all each type of industry, whether the telecommunication group, financial Institution group, government and education group, manufacturing industry group, state enterprise and public utilities group, and medical service group.

However, in the year 2020, the company has the policy to expand the customer and respond to changing in business groups that are likely to be linked and increasingly crossing the boundaries of industrial groups. Providing services and various products and delivering benefits to end consumers. Such as solutions that increase consumer satisfaction, etc.

Besides, the company has laid out a strategy to expand the customer base, focusing on the target market (Segmentation and Targeted Marketing) and focusing on creating non-technological business alliances such as collaborations between organizations or universities. By taking the ability and add technology to solve problems for specific groups of customers, including investment with external personnel in various forms, including startups, to create products and services that are clear in the market and specified needs.

Risks

MFEC Group has implemented the principles of risk management in the organization. The company has adopted risk management's international standards of The Committee of Sponsoring Organizations (COSO) and Enterprise Risk Management (ERM). Establishing the Risk Management Structure and having systematic and continuous processes help reducing the occurring damage. Risk Management Structure also helps contain sizes and level of occurring damage to be at acceptable level, which the damage can be evaluated, controlled, and systematically examined, along with considering the accomplishment of the objectives or goals of the organization. The Company has established risk management in various areas such as Strategic Risks, Operational Risks, Human Resource Risks, Financial Risks, and Compliance risks. The Risk Committee has identified objectives, environment, event identification, risk assessment, risk response, and control activities which are communicated and followed up regularly.

Risk Management in 2019

Changes in various aspects such as Geopolitics, demographic, and rapid change of technology have a profound impact in business operation and daily life. Digital disruption was highly mentioned in 2019, for example, the idea of replacing unskilled labor with robots. The business owner will also consider using robots and technology for its highest benefits. The organization will have to be aware of what will disrupt its business and how to transform the organization to achieve the goals. In this regards, the Company has appointed the Executive Committee, Risk Management and Corporate Governance Committee and Board of Directors to manage risks that may affect the business operation and to ensure the confidence in achieving Company's goals and long term development in a sustainable way.

1) Strategic Risk

1.1 Business Risk

The economic direction in 2019 is still impacted by the previous year, i.e. by "Digital Disruption" which is the core of the competition in major industries, "Industrial 4.0" which is integrating digital technology and innovation into use. Businesses need to accelerate their potential in innovation by creating new products and services, developing the system to create a competitive advantage, creating new business models that completely changes the competition. All of these need technologies to create and drive the changes.

In the past years, the effect from such changes was consistent with changes of customers' behavior who understand and adapt to digital life. Therefore, E-Commerce businesses and other related businesses are expanding. Speed and customers'

satisfaction have become the basic requirements of the business. Causing the increase in using technology to drive businesses, increase efficiency and accuracy in decision making, reduce operational costs, creating understanding and customers' satisfaction. Technology becomes a necessity for all businesses and companies. To achieve the goals, the companies need to explore various technologies, for example, communication and interaction via social media, data analytics, and flexible computer system or Cloud Computing to help business operation. Moreover, the companies need to transform the process and business model to a digital way by applying Artificial Intelligence (AI), Robotics and Automatic systems, Cognitive Computer systems, and Internet of Things (IoT). This is to be applied to all industries to create a rapid progress in technology, which will lead to innovations in products and services. In addition, the technology that helps connect humans, such as Chatbot Technology and Voice Translation technology, will create a competitive advantage to many organizations in various industries, i.e. medical industry, E-Commerce businesses, government sector, service industry, and upcoming aging society.

Therefore, to prepare for the above needs, in this year the Company has focused on adjusting strategies for business operation, which is a continuation from the previous year, through market studies and analysis. The Company also proceeds with adjusting business model, products and services, creating a brand image, and focusing on communicating with the customers. The Company adapts and integrates various strategies in order to achieve Company's objectives and goals, and to reduce the risk which will impact the growth of businesses in MFEC Group. Following are Company's strategies:

o Transforming businesses of the company and other companies in the group to be in line with technology trend - Cloud, Mobility, Big Data/Analytics and Social Business, eyeing on and adjusting to the following technology trend for business extension.

(1) Artificial Intelligence (AI): Helping a computer system to have intelligence and capable of learning, making important decisions correctly and effectively. AI has been trusted and developed for many industries. Moreover, AI can think and analyze with rationale. AI can also create and adjust to new information provided. The development of AI are various and can be used differently in many industries

(2) Robotic Process Automation (RPA): A program that helps the businesses to build a robot to work in specific purposes. Each robot can work in a specific pattern which is planned by the creator. The robots can be used for repetitive works. Therefore, the staff will not need to work on repetitive tasks. RPA can help accelerate the work process by many times and can be operated 24 hours. Once the business is growing, the business can increase the efficiency by using RPA to easily support the increased workload. Should there be new

processes or tasks that can be done by RPA, the businesses can immediately handle the workload without increasing the staff.

(3) Data Analytics : A process of analyzing information and data by finding the relation of each information and use the information for business purposes. For example, studies in market trends, analyzing customers' needs and behavior, using information for making business decisions by business executives. Data analytics is the process that will help drive the business to grow faster and smarter. This is because data analytics helps create products and services which are suitable for the market due to the understanding in customers' needs and efficiency in business operation.

(4) Blockchain : It is a growing list of records, called blocks, which are tied together and typically managed by peer-to-peer network for accuracy. Blockchain works as a data structure so that each person's digital transaction can be shared to others like a chain, allowing the blocks of data to connect with all users, and being detected by other users for the block ownership. Blockchain is designed to store information in a way that makes it virtually impossible to add, remove or change data without being detected by other users. As everybody has a copy of blockchain, all blocks will perceive correction and can run algorithm to inspect transactions. New transaction will be permitted and secured when most of the network users agree on accuracy. Blockchain technology was originally developed as part of digital currency Bitcoin. The growth of this technology will take place in the next few years as many organizations are interested in bringing this technology for security and reliability of the organizations.

(5) Internet of Things (IoT) : This is Internet technology connects tools or things together or brings them to communicate each other through sensor software or network system so that information can be gathered and exchanged and humans can order and control equipment and tools through Internet. Examples are switch on-off of electrical appliances, mobile phones, office equipment, manufacturing machines and other daily-use equipment. IoT is also used to analyze data for cost reduction and safety in manufacturing plants. Internet of Things (IoT): Although IoT technology is still in early stage, the IoT market in Thailand has the possibility to grow constantly in the next 10 years as both customers and businesses are more aware of features and benefits of the IoT.

(6) Robots : They are new targets to replace workforce in the future, assisting human tasks. Some of which are repetitive jobs, like lifting things from one location to the other, which lead to workers' health problems. Robots can do high-risk tasks like firefighting and rescue. Its human-like ability may lead to lower hire of humans in the future.

(7) Virtual Reality (VR) : VR is a three-dimensional, computer-generated environment which can be explored through equipment for surrounding sound in a determined area. VR seems to be similar to augmented reality (AR) but clearly differs in applications. VR immerses as a virtual world only; whereas AR use the technology to overlay pictures in three dimensions on the real surface. VR is used for pilot training in aircrafts, reducing some pilot training costs or for surgery training for expertise.

(8) 3D Printing Technology : It is the technique in which material is added together under computer control to create a three-dimensional object, with each material is printed continuously. The 3D printing technology plays a role in designing new products and developing existing products, prototyping with various materials for various products and faster time to market for new products with quality and without too-high costs.

(9) Information Security : Information Security is the protection of information systems used for collecting, processing and exchanging information through policy management. Information Security also includes both physical and technical protection and any other related technological protection. As Thailand is entering the time which technology is used for developing the country's economic potential, many businesses and organizations are giving priority to the security of information systems. A business can only be reliable when having credible transactions with customers. This technology can also create confidence regarding the security of business and clients' information. The tools which are used for information security are Anti-Virus software, Website Security Services, Biometrics Security, Multi-Factor Authentication, Voice Authentication, Facial Recognition, Palm Vein Pattern Authentication, Personal Security Device, etc.

(10) Natural Language Processing (NLP) : Natural Language Processing is the process to make computers understand human language. NLP is not only the program which makes computers understand humans, but also allows computers to analyze linguistic and text interpretation such as analysis and response to human needs. NLP is one of the Artificial Intelligence (AI) technologies which allows computers to understand languages for the purpose of communicating and analyzing information related to language. NLP is developed because computers were originally designed to be able to understand only numerical data or codes with a clear meaning, of which are not the communication between humans, who mainly use languages to communicate. Languages are also more complex than codes which computers use. Therefore, NLP is developed to minimize the gap in human-computer communication. NLP supports both reading and listening by using other technology, such as Visual Recognition for text reading and Voice Recognition for listening. NLP also uses other technologies to show the output to humans and the ability to transmit information in the forms of text and audio as well.

(11) Mobile Technology : In the previous year, we've used mobile technology as a fast and convenient way of communication due to the coverage of all areas, domestically and internationally. However, when we enter the time which technology is used to drive the economy, Thailand has used mobile technology as a means of communication with more substantial and more widespread. At the present, Mobile Applications have been variously developed, both in platform and type of applications. Mostly by developing the programs or applications which were previously on computer platforms, both stand-alone programs and internet-accessed program, to be mobile applications; for example, e-Mail, Calendar, Web browser, Financial & Internet Banking, Social Network, and Video Conference. Moreover, many organizations have applied the capabilities of mobile devices

and wireless networks for their applications, both for internal public uses in a form of mobile application, such as CRM Application, Business Intelligent (BI), and Internal Work Application. Allowing many organizations, especially at the executive level, to implement management policies for staff and to make decisions for any urgent matters via mobile devices anywhere, anytime, even while traveling.

- o Restructure : MFEC Group has been restructured and its people have been developed with skill sets to cope with technology and market needs for efficient management.

- o Retention of the existing customers in System Integration & Maintenance, increase of recurring income and Project Management. With these, project delivery can be complete with quality, punctuality and competitive costs. Joint cooperation is made with universities in terms of academics and recruitment of new graduates who are ready to work with MFEC Group. The policy implementation complies with the government policy to develop workforce for the digital economy and society. The company, as a result, bears lower labor cost

- o Investment and establishment of new companies. Cooperation is made with business partners to expand markets and extend businesses for new sources of income, while the customer base is enlarged to other industries which have never been the company's customers and its leading position in the IT industry is strengthened.

Business Co-Creation: In 2019, MFEC and partner company saw the upcoming business opportunity. Therefore, MFEC and partner company have jointly invested in a new business, combining MFEC's strength in technology and the partner company's strength in services and market knowledge. Deeple, the start-up company specializing in Chatbot, has been established on the revenue-sharing scheme between MFEC and the partner company.

Regarding the subsidiary companies which lack of competitiveness, strategies to expand the business, or likely to be an obligation to the Company in the future, the Company will adjust the strategies by changing the business or dissolving the subsidiary, i.e. Advance Intelligence Modernity Co., Ltd.

1.2 Risk to Investment in New Startups

Given MFEC's policy and business expansion plan in the previous year, MFEC continued its investment plan to enlarge its business operation base and strengthen MFEC Group. However, risks existed to investment in terms of the rates of return which may not meet targets and project implementation which may be delayed. These risks could arise from several factors including local economic uncertainties, the government's investment promotion policy, laws and regulations involving taxes and others pertinent to investment, consumer behavior, industry response to changes, and rapidly changing technology trends.

And to prevent and reduce risks to investment, all companies are required to assess strategic risks, operational risks, financial risks and human resource risks, and set work plans to reduce risks. Risk Management and Corporate Governance Committee considers and gives approval on the work plans to reduce or control risks to acceptable levels. The management of the company and other companies in the group monitors performances of activities to reduce risks and, then, consistently reports them to the Risk Management and Corporate Governance Committee. Reporting is done to the Board of Directors for acknowledgement and solutions to immediate impacts arising from factors.

1.3 Competition Risks

Competition has heightened in the information technology business's system integration (SI) due to its rapid development of products and services. Both new and existing product owners make substitutes and authorize various representatives or distributors as more alternatives for consumers, leading to higher competition and reducing each project's profit margins in light of price competition and the representatives and distributors' services.

Besides, technology changes like incoming Cloud will help lessen human works in organizations in the long term, leaving their people more time for other execution. Use of Cloud services surged more than 100% per annum at organizations in Asia. These services extend from a basic Cloud - Microsoft Office 365, an organizational systems - Microsoft Dynamics, Microsoft SharePoint, Microsoft Azure to other Cloud services from other developers. These services tend to grow further.

Therefore, in order to reduce business risks in System Integration (SI), the company and other companies in MFEC Group have evolved themselves to find strength as a means to maintain competitiveness by focusing more on services, developing know how to service extension of Cloud services, and emphasizing on investment in new startups with potential growth in marketing.

2) Operational Risks

2.1 Project Management Risks

The company has a policy to focus on selling products and providing services which will maximize customer satisfaction. To do so, the Company will deliver quality products and services in a timely manner. To prevent the matters regarding late delivery, the Company has organized a training for project managers. All project managers are required to participate and pass the training in order to ensure that the project management is in accordance with the operational standards set by the Company. The key topics in the training consist of Effective Project Planning, Monitoring and Controlling the Project, Project Risk Evaluation, etc.

The Company also develops the software for internal usage to assist in project management, which will promote a systematic and standardized work throughout the organization. The organization also has a Quality Control Department to regularly inspect project operations. Should there be any

projects that do not meet the plan, a report will be sent to relevant parties and according to the level of occurring issues to find the solutions to reduce operational risk. The matter regarding fines for the project occurred in 2019 was derived from the “New Treasury System” project. The project had various factors causing delays in project delivery. The Company has hired a third-party supplier to carry out the project. Therefore, the Company could use the deposit to compensate for the damages and fines.

2.2 Human Resources Risk Management

MFEC Group recognizes the importance of human resources, which is the key to drive the business. Therefore, the Company promotes continuous human resource development to prepare for the competition and changes in technology. Human Resource department has set the criteria for risk assessment in four (4) topics as follows :

Topic	Metric	Level of Risks				
		1 Very Low	2 Low	3 Moderate	4 High	5 Critical
Higher unemployment rate	Metric : Number of Man-Day in non-working time reports	< 5%	5% - 10% (exclude)	10% - 15% (exclude)	15% - 20% (exclude)	20% - 25% (exclude)
High resignation rate of the staff in ‘Star’ group	Metric : Turnover rate of the staff in Successor Group compare to a number of staff in Successor Group defined by the Head of Business Unit	< 5%	5% - 10% (exclude)	10% - 15% (exclude)	15% - 20% (exclude)	20% - 25% (exclude)
Development of necessary skills for business operation	Metric : The assessment score given by the Head of Business Unit in Technical Skill is lower than 2, compare to all employees	< 5%	5% - 10% (exclude)	10% - 15% (exclude)	15% - 20% (exclude)	20% - 25% (exclude)
Refusal to adapt to changes.	Metric : Number of employees who need to develop skills according to the evaluation of technical capabilities and have better scores in the next round of assessment	> 80%	70 - 80%	60 - 70%	50 - 60%	< 50%

1. The results of Human Resource Risk Management for the year 2019 for Quarter 1, 2, 3 and 4 are as follows: number of Man-Day in non-working time report is considered moderate risk, which are 10%, 11.42%, 13.47%, and 12.95% respectively. Human Resource Department has set strategies for human resource development to reduce the risks as follows:

(1) Ex Academy : Human Resource Department has provided a place to develop staff's potential to be able to keep up with the technology, and to be the biggest Tech Community in Thailand. It is also the place where the IT experts and guru has gathered together. Ex Academy has focused on four (4) main activities: organizing courses related to technology which are taught by IT experts, holding sessions for sharing experience and inspiration, organizing community meetup for various technology groups and enthusiasts in order to create network and connection, and sponsoring any Tech events held by vendors or partners. The expected outcome of Ex Academy is that the staff have developed skills and knowledge in technology, and also reduce the standby time for work.

(2) Develop MFEC Star Criteria (12 Criteria) to be a guideline for recruitment, probation evaluation, and annual review. The Company believes that recruiting staff who have all 12 qualifications will reduce the Human Resource Risks.

- Passion
- Creativity & Taking Initiative
- Teamwork
- Leader for Senior & Self Reliance for Junior
- Self-Learning / Self Development
- Logical Thinking
- Technical Skill
- Job Quality
- Willing to do extra work
- Speed
- Customer Satisfaction
- Discipline

(3) Arrange ranking groups for quarterly performance review : Staff who need to develop skills and urgently need to develop skill are required to participate in the Performance Improvement Program (PIP). Should the staff be unable to develop their skills, the staff are required to participate in Capability Improvement Plan (CAP). The representative from the Human Resource Department will attend the meeting, set the time frame for improvement, and follow up within 1 month. More than 80% of participating staff can pass the program. If the staff cannot pass the required program, Human Resource will allocate the staff to a new job which is suitable for the staff, both internal and external, as per the prior agreement between Human resource and the staff.

(4) Transform the organization to be a Learning Organization by encouraging staff to write Individual Development Plan (IDP) and Medium Blog to share knowledge within the organization. As well as creating Micro Learning through MPY application, both in Podcast format and video clips.

(5) Organize MFEC People Code "MBassador" as a guideline for business operation. The MBassador is divided into 4 ways as follows:

a. Know yourself: For the staff to set their career path and work goals through Career Design, finding their own challenges, and grow with the success of the Company.

b. Know your job: The staff should pay attention to the quality of work and be responsible for their assignment by creating an efficient work process. Therefore, staff shall continually develop their skills through the organization's learning process.

c. Know the process to expertise: The Company encourages the staff to use passion and positive energy in their work. The Company also encourages the staff to work professionally and create new standards in order to be a part of supporting their team and the organization with full capacity.

d. Know the organization: The staff must be informed of the direction of the organization and abide by the concepts and practices for their work. At the same time, the staff should realize that they are the Company's representative anytime and anywhere. The staff are encouraged to help design and create the Company to be a sustainable organization; moreover, create opportunities for the next generation. This is considered as a duty of every staff.

2. A turnover rate of the staff in Successor Group compared to a number of staff in Successor Group defined by the Head of Business Unit: The rate for Quarter 1, 2, 3, and 4 are 0%, 3%, 3%, and 5% respectively, which is considered as a low risk.

3. The assessment score given by the Head of Business Unit in Technical Skill is lower than 2, compared to all employees : The rate for Quarter 2 and 4 are 5.30% and 1.39% respectively, which is considered as a low and very low risk.

4. Number of employees who need to develop skills according to the evaluation of technical capabilities and have better scores in the next round of assessment: The rate for Quarter 2, 3, and 4 are 93%, 92%, and 100% respectively, which is considered as a low risk.

Further details of measures and actions for Human Resource Management for Sustainable Growth can be found in the 2019 SD Report under the section "Creating People".

2.3 Information Technology Management Risks

Due to the importance of IT system to business management, the company draws up its IT strategy to be in line with the internal administration and analyzes IT Risk Management in all dimensions.

(1) Business Disruption Risk

(2) Technology Risk

(3) IT Governance Risk

MFEC Group which provides IT services has a contingency plan for risks in the cases (1) and (2). If there arise such risks in the future, the risks will be ensured to acceptable levels as set in the contingency plan.

With respect to the IT governance risk, the information security measures are established for portable tools including notebooks. Portable tools are necessary and become a part of IT work. Therefore, risks could happen from information loss or unintentional information leakage. There are also the measure for use of legitimate software. As there are diverse employees, some may use fake software. Therefore, there must be control and preventive measures as use of fake software is regarded as infringement of intellectual property. The executives and IT Support supervisors collaborate to define measures to mitigate such risks. The policy and measures are set to control and prevent the risks, while being announced for all employees for acknowledgment and strict practices.

3) Financial Risks

3.1 Foreign Exchange Risks

The company faces FX risks as most of its products are purchased in the US dollar and the company earns most of its income from sales of products and services in the baht. Therefore, the company has obligations to pay in a foreign currency. Meanwhile, it is difficult to forecast currency fluctuations, given its impact factors spanning from Thailand's economic fundamentals, fiscal and monetary policies, the global economic situations, expectations to speculations.

Previously, the company has hedged against FX risks through forward contracts to take the full coverage of the whole foreign currency-denominated payment for more efficient cost and income management.

3.2 Credit Risk – Account Receivables

The company has the prudent credit policy, taking into account proper credit conditions. The company's customers are categorized into two (2) groups.

The first group is the existing customers with strong financial status. Most of them are in large size. The company extends the credit term of 30-60 days to this group. The second group is comprised of new customers. The company has the policy for them to pay in cash or make payment through banks' letter of credit. Payment will be made in installment according to work completion.

Credit extension will be subject to analytical results of financial statements and other information of each customer. Aside from its prudent credit extension, the company has the

policy to set aside provision for doubtful debts as described in net realizable value. The company and its subsidiaries record estimated provision for doubtful debt for a loan loss that may incur from inability to collect receivables. Generally, this is considered by collection experience and an analysis of receivables period.

3.3 Risks in Investment in Subsidiaries

Based on the financial statements, the company had investment of 439 million baht, or 13% of total assets, in its subsidiaries. To prevent risks involving demonstration of investment which did not reflect the actual business picture in the financial statements, the company, in 2019, hired a specialist to make the value appraisal of all subsidiaries. The consultant used the discount cash flow method (DCF) to analyze net cash flow of each subsidiary's future operations. Based on the value appraisal, the company adjusted the investment value to accord with the appraisal results in its financial statements.

Apart from the value appraisal, the company continued its monitoring on its subsidiaries' performance. Every subsidiary has been asked to set work plans which are presented to the Executive Committee every year. Monitoring is done every quarter. If any subsidiary records its performance which does not meet its plan, that subsidiary must report and present the plan to the Executive Committee. And the company requires all subsidiaries to have and report their business risk assessment to the Executive Committee on a regular basis.

4) Compliance Risks

4.1 Risk from Conditions of Purchase/Sale Agreement for Products and Services

It is possible for both parties to disagree on conditions in a trade agreement. Therefore, the conditions needed to be amended to satisfy both of them and may delay the delivery of products and services to customers particularly to large- to medium-sized enterprises which often disagree in the conditions. Therefore, after deciding on purchase / sale of products and services, the company's Legal Department studies and reviews conditions in an agreement as desired by both buyers and sellers and as required to be in compliance with the international standard. The action aims to have the agreement to follow the standard which can be referred and acceptable. If a drafted agreement does not exist in a project, the company's standard agreement will be used as a draft for purchase / sale of products and services in such project.

4.2 Corruption Risk

MFEC Group is well aware of and pay attention to encouragement of the employee across the organization

to perform their duties with honesty and integrity, while none of authorities is exploited for self-advantages or others' benefits. Therefore, the policy and practices are determined across all processes starting from sales, services, hire, procurement, donation and other forms of support such as reception, and giving/receiving gifts for the employees' practices. The guideline is prepared and training is provided. Risks are evaluated, monitored and reported to the Executive Committee for acknowledgement. The letter is delivered to customers and suppliers to acknowledge the guideline for MFEC's business operations with transparency and fairness.

In 2019, the Company has continuously conducted an evaluation form on Anti-Corruption measures and submitted the assessment form to the Thai Private sector Collective Action Coalition Against Corruption (CAC) for consideration on August 5th, 2019. The collective Action Coalition Committee of the Thai Institute of Directors Association (IOD) has approved MFEC Public Company Limited to be a member of the Thai private Sector collective Action Coalition against Corruption. The said certification is valid for three (3) years from the date that the resolution is approved.



Securities and Shareholders

Registered & Paid-Up Capital

● Securities

- Total registered capital: 441,453,555 baht, equivalent to 441,453,555 common shares Par value at 1 baht per share
- Total paid-up capital: 441,453,555 baht, equivalent to 441,453,555 common shares Par value at 1 baht per share

The company has none of other types of shares whose rights or conditions differ from common shares such as preferred shares or a project to issue and offer shares or convertible securities to Thai Trust Fund or an issuance of derivative warrants.

Shareholders

List of Shareholders and their Holding, as of 31st December 2019

Major Shareholder	No. of Shares	% of Total Shares
1. TIS Inc. ¹	109,921,999	24.9
2. Mr. Siriwat Vongjarukorn	15,408,059	3.5
3. Mr. Sirisak Thirawattanangkul	12,926,013	2.9
4. Group of Mr. Thanapol Kongboonma ²	11,874,400	2.7
5. Group of Mr. Prasert Foongvanich ³	10,979,013	2.5
6. Group of Mr. Ramade Silapaprom ⁴	10,055,353	2.3
7. Modernform Group PCL. ⁵	8,200,000	1.9
8. Mrs. Vilai Klohngvithi	6,895,951	1.6
9. Group of Thanakrit Vetpathom ⁶	6,200,000	1.4
10. Mrs. Nudee Nupairoj	6,002,364	1.4
11. The Minority of Shareholders	242,990,403	54.9
Total	441,453,555	100.0

Remark: The number of shares included the shareholders related according to Section 258. MFEC Public Company Limited had TIS Inc. as the shareholder with stake.

¹TIS Inc. provides IT professional services and system integration. As of 25 June 2019, the company had the following directors and executives:

1) Toru Kuwano	Chairman
2) Masahiko Adachi	Representative Director, Executive Vice President
3) Yasushi Okamoto	Director and Senior Managing Executive Officer
4) Josaku Yanai	Director and Senior Managing Executive Officer
5) Takayuki Kitaoka	Director/President and Representative Director of INTEC Inc.
6) Akira Shinkai	Director/Director, Executive Vice President of INTEC Inc.
7) Koichi Sano*	External Director
8) Fumio Tsuchiya*	External Director
9) Naoko Mizukoshi*	External Director/Partner of Endeavour Law Office
10) Kei Ando	Standing Audit & supervisory Board Member
11) Katsuhiko Ishii	Standing Audit & supervisory Board Member
12) Taigi Ito*	External Audit & Supervisory Board Member (Certified Public Accountant and President Ito Office)
13) Muneaki Ueda*	External Audit & Supervisory Board Member (Chairman, Professional Bank, Inc.)
14) Sadahei Funakoshi*	External Audit & Supervisory Board Member
15) Masayuki Inaba	Executive Vice President

*Designated for Independent Director/Auditor as specified by the Tokyo Stock Exchange in Japan.

16) Jun Ikimune	Managing Executive Officers
17) Hiroyuki Kodake	Managing Executive Officers
18) Yuji Sato	Managing Executive Officers
19) Shinchi Horiguchi	Managing Executive Officers
20) Makoto Tsujimoto	Managing Executive Officers
21) Masahiro Ueda	Managing Executive Officers
22) Masahiro Hosokawa	Managing Executive Officers
23) Tetsuya Asano	Managing Executive Officers
24) Takashi Mori	Managing Executive Officers
25) Kiyotaka Nakamura	Managing Executive Officers
26) Saburo Kato	Managing Executive Officers
27) Tsuyoshi Fukuda	Managing Executive Officers
28) Fumiyasu Mase	Executive Officers
29) Satoru Tayasu	Executive Officers
30) Shinkou Ohba	Executive Officers
31) Takeo Munakata	Executive Officers
32) Naoto Kita	Executive Officers
33) Thanawat Lertwattanak	Executive Officers
34) Teruaki Akutsu	Executive Officers
35) Hiroto Ito	Executive Officers
36) Yoshikuni Yamada	Executive Officers
37) Manabu Yono	Executive Officers
38) Akira Ogane	Executive Officers
39) Hidehiko Shimoyama	Executive Officers

*The executive in No. 19 Mr. Kiyotaka Nakamura was appointed as MFEC's director by the Company's Annual Meeting of the Shareholders no. 1/2019 held on 25 April 2019.

List of Major Shareholders of IT Holding, as of 30 September 2019, consists of:

1) ICHIGO Trust Pte. Ltd.	6,360,000 shares	or 7.56%
2) The Master Trust Bank of Japan, Ltd. (Trust Account)	4,943,000 shares	or 5.88%
3) Japanese Trustee Services Bank, Ltd. (Trust Account)	4,066,000 shares	or 4.83%
4) Employees' Shareholding Association of TIS INTEC Group	2,193,000 shares	or 2.61%
5) Japan Trustee services Bank, Ltd. (Trust Account 9)	2,161,000 shares	or 2.57%
6) Nippon Life Insurance Company	2,073,000 shares	or 2.46%
7) MACQUARIE Bank Limited DBU AC	1,705,000 shares	or 2.03%
8) MUFG Bank, Ltd.	1,654,000 shares	or 1.97%
9) The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account)	1,598,000 shares	or 1.90%
10) SSBTC Client Omnibus Account	1,355,000 shares	or 1.61%

²Kongboonma Group:

1) Mr. Thanapol Kongboonma	2,968,800 shares
2) Mr. Marachai Kongboonma	2,962,500 shares
3) Mr. Naiyapong Kongboonma	2,962,500 shares
4) Mr. Ronnachai Kongboonma	2,962,500 shares
5) Mr. Jeadsada Kongboonma	100 shares

³Foongvanich Group:

1) Mr. Prasert Foongvanich	10,966,013 shares
2) Ms. Praphaipun Foongvanich	13,000 shares

⁴Silapaprom Group:

1) Mr. Ramade Silapaprom	10,035,353 shares
2) Mrs. Yamonporn Silapaprom	20,000 shares

⁵List of Major Shareholders of Modernform Group PCL. as of 4 October 2019, consists of:

1) Mr. Taweecat Chulangkul	41,605,800 shares	or 5.55%
2) Mrs. Chuleewan Wiwattanakasem	34,101,840 shares	or 4.55%
3) Mr. Kawiwut Nueangchamnong	27,504,000 shares	or 3.67%
4) Mr. Yothin Nueangchamnong	25,962,820 shares	or 3.46%
5) Mr. Chaiyot Paporn	21,219,063 shares	or 2.83%
6) Mr. Chatchai Thammarungruang	20,600,070 shares	or 2.75%
7) Mr. Thaksa Busayaphoka	19,846,000 shares	or 2.65%
8) Dhipaya Insurance PCL.	19,511,600 shares	or 2.60%
9) Mr. Ongart Dharmrongsakul	16,568,700 shares	or 2.21%
10) Ms. Sutheera Busayaphoka	14,270,000 shares	or 1.90%

⁶Vetpathom Group:

1) Mr. Thanakrit Vetpathom	6,130,000 shares
2) Ms. Patchanyaphak Vetpathom	50,000 shares
3) Ms. Nitsana Vetpathom	20,000 shares

Limitation of Foreign Holding

Foreign shareholders are allowed to hold no more than 49% of total shares issued and paid up. As of 2nd January 2020, foreign shareholders held 24.91% of total shares issued and paid up.

Dividend Payment Policy

1. Dividend Payment Policy of MFEC Public Company Limited

The company has a policy of paying a dividend of not less than 50% of net profit after tax and legal provision. The company's Board of Directors is authorized to declare no dividend payment or alter the policy occasionally to maximize the shareholders' benefits. For example, the earnings are used as reserve for debt payment, investment of business expansion or the case of changes in market conditions that may affect the company's future cash flow.

In 2019, the Board of Directors resolved to pay the dividend of 0.35 baht per share which is subject to input tax at a rate of 20% and will be forwarded to the Annual General Meeting of the Shareholders. In this regard, the shareholders will be taxed at 10% of their dividend received.

Dividend Payment during 2015-2019

Products	Year				
	2019	2018	2017	2016	2015
No. of common shares, 31 Dec. (share)	441,453,555	441,453,555	441,453,555	441,453,555	441,453,555
Non-allocated retained earnings, 31 Dec. (Mil.Bt)	350.55	226.43	502.23	502.74	502.74
Net profit (Mil.Bt)	225.42	(166.15)	153.99	221.77	196.53
wEPS (Bt/share)	0.51	(0.38)	0.35	0.50	0.45
Dividend per Share (Bt/share)	0.35	0.20	0.25	0.35	0.33
Dividend Payout Ratio (%): Dividend for the year relative to net profit	69	-	71	70	73
Dividend Ratio (%): Dividend for the year relative to retained earnings	44	39	22	31	34

2. Dividend Payment Policy of the Subsidiaries

In the case of the subsidiaries, the Board of Directors resolved to set the subsidiaries' dividend payment of no less than 50% of total profit after tax and legal provision.

Board of Directors



Mr. Sirisak Tirawattanangkul
Chairman



Mr. Kiyotaka Nakamura
Vice Chairman



Mr. Siriwat Vongjarukorn
Director



Mr. Thanakorn Charlee
Director



Mr. Anan Leetrakul
Independent Director



Mr. Suchart Thammapiatagkul
Independent Director



Prof. Dr. Uthai Tanlamai
Independent Director



Assoc. Prof. Dr. Kamales Santivejkul
Independent Director



Dr. Cham Tharawas
Independent Director

Executive Committee and Management



Management Structure

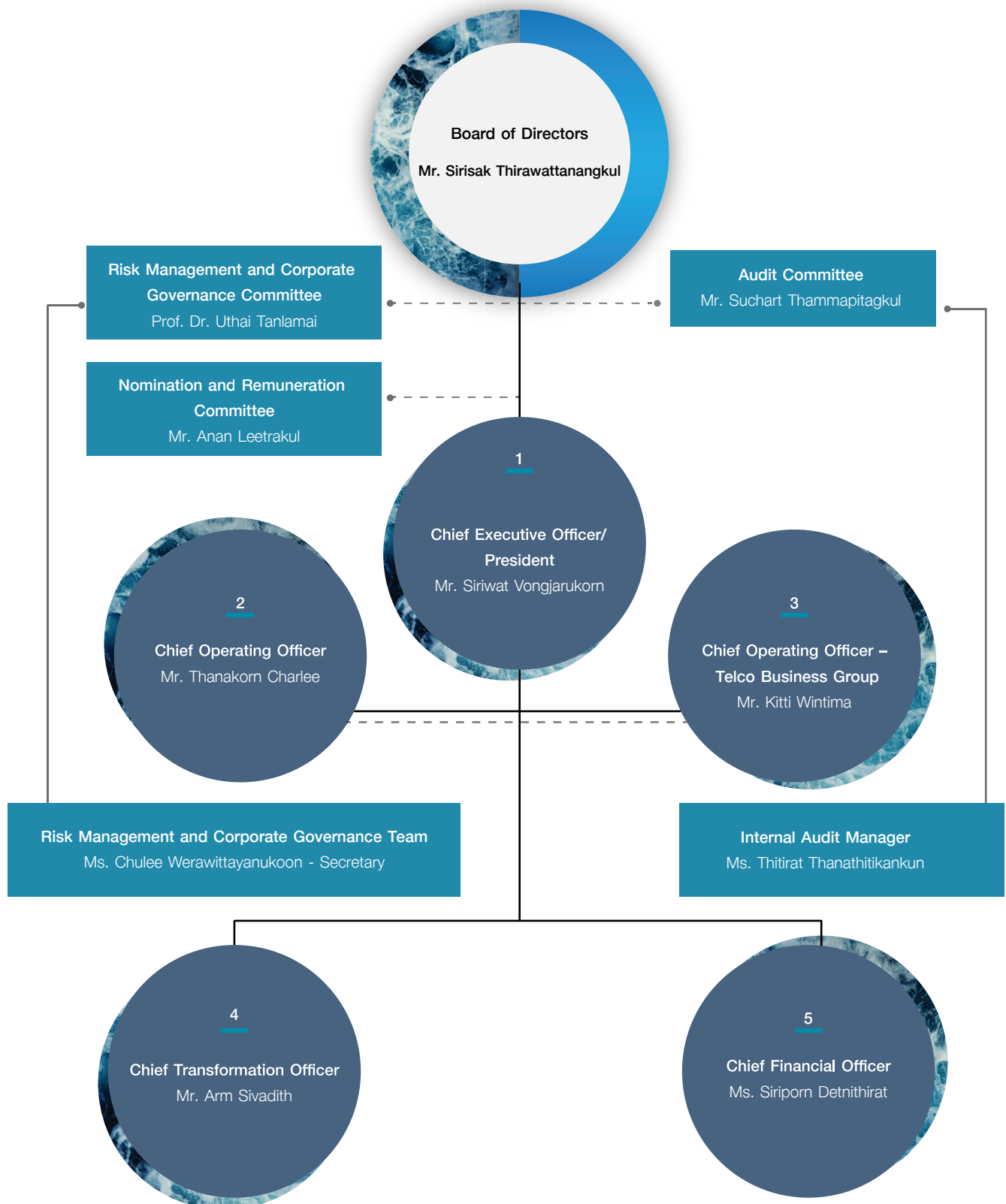
1. Mr. Siriwat	Vongjarukorn
2. Mr. Thanakorn	Charlee
3. Mr. Kitt	Wintima
4. Mr. Arm	Sivadit
5. Ms. Siriporn	Detnitirat

Position

Chief Executive Officer
Chief Operating Officer
Chief Operating Officer - Telco Business Unit
Chief Transformation Officer
Chief Financial Officer

Organization Structure

Internal Management Structure Diagram



1-5 are the Company's management executives according to the Securities and Exchange Commission, Thailand.

Board of Directors/ Committees of the Company

The company has five (5) committees: Board of Directors; Audit Committee; Executive Committee; Risk Management Committee; and Nomination and Remuneration Committee.

(1) Board of Directors

According to the company's regulations, the board has the following elements;

- The board shall consist at least five (5) members, no less than half of which have domiciles in the kingdom of Thailand
- No less than three (3) board members shall be independent directors. (Based on the good corporate governance, no less than half of the board members shall be independent. The board has totally nine (9) members)

Qualification of Independent Directors (according to requirements of the Securities and Exchange Commission, Thailand, and The Stock Exchange of Thailand)

- 1) An independent director shall hold no more than 1% of total shares, eligible for voting, of the company, its subsidiaries and associated companies or juristic persons that may have conflicts. Shares owned by related persons are included.
- 2) The independent director shall neither have been an executive director, an employee, an officer, a consultant with regular

salary, nor a person with controlling power of the company, its subsidiaries and associated companies or juristic persons that may have conflicts. An exception is made for a person who has left the said-positions for no less than two (2) years.

- 3) The independent director shall not have blood relationship or legal registration as parents, spouses, brothers or sisters, and daughters or sons. A spouse of daughter or son of an executive, a major shareholder, a person with controlling power or a candidate for an executive position or that with controlling power of the company and its subsidiaries.
- 4) The independent director shall have no business relationship with the company, its subsidiaries, and associated companies or juristic persons that may have conflicts possibly hinder independent consideration.
- 5) The independent director shall not be the one appointed as a representative of the board, a major shareholder or a shareholder related to the company's major shareholder.
- 6) The independent director shall not have any other characteristics that hinder independent opinions involving the company's operations.

As of 31st December 2019, the Board of Directors, according to the Ministry of Commerce's certificate, consisted of nine (9) members. Of total, two (2) members were executives and the remaining seven (7) members were non-executives. Among all non-executive positions, five (5) were independent directors.

Name	Position	Appointment Date by AGM
1. Mr. Sirisak Tirawattanakul	Chairman	25 April 2019
2. Mr. Kiyotaka Nakamura	Vice Chairman/ Member of the Nomination and Remuneration Committee	25 April 2019
3. Mr. Siriwat Vongjarukorn	Director/ Chief Executive Officer/ Member of the Nomination and Remuneration Committee	21 April 2017
4. Mr. Thanakorn Charlee	Director/ Chief Operating Officer / Risk Management and Corporate Governance Committee	21 April 2017
5. Mr. Suchart Thammakitakul	Independent Director/ Chairman of the Audit Committee	23 April 2018
6. Mr. Anan Leetrakul	Independent Director/ Chairman of the Nomination and Remuneration Committee	23 April 2018
7. Prof. Dr. Uthai Tanlamai	Independent Director/ Member of the Audit Committee/ Chairman of the Risk Management and Corporate Governance Committee	23 April 2018
8. Assoc.Prof.Dr.Kamales Santivejkul	Independent Director/ Member of the Audit Committee Member of the Risk Management and Corporate Governance Committee/ Member of the Nomination and Remuneration Committee	25 April 2019
9. Dr. Charn Tharawas	Independent Director/ member of the Nomination and Remuneration Committee/ Member of the Risk Management and Corporate Governance Committee	21 April 2017

In this regard, Mrs. Varaporn Wisedsang resigned since 30th September 2019. And the Board of Directors Meeting No. 3/2019 has resolved to appoint Ms. Orawan Hnuntaku acted as secretary to the Board of Directors since 1 October 2019 onwards.

Remark : The Annual General Meeting of Shareholders No. 1/2019, dated 25 April 2019, resolved to appoint Mr. Sirisak Thirawattanangkul, Mr. Kiyotaka Nakamura, and Assoc. Prof. Dr. Kamales Santivejkul in replacement to the Board of Directors once again.

Information on holding Securities of Directors in 2019 and 2018 as follows ;

Name	Number of Shares		Number of Shares increased (decreased) during the year
	31 December 2019	31 December 2018	
1. Mr. Sirisak Tirawattanangkul	12,926,013	12,926,013	-
2. Mr. Kiyotaka Nakamura	-	-	-
3. Mr. Siriwat Vongjarukorn	15,408,059	8,415,259	6,992,800
4. Mr. Thanakorn Charlee	-	-	-
5. Mr. Suchart Thammapiatagkul	60,961	60,961	-
6. Mr. Anan Leetrakul	-	-	-
7. Prof. Dr. Uthai Tanlamai	-	-	-
8. Assoc. Prof. Dr. Kamales Santivejkul	-	-	-
9. Dr. Charn Tharawas	-	-	-

Remark : Shareholding includes spouses and underage children according to section 258. The information on holding of securities of the above directors shows that each director does not have a spouse or children who are not sui juris, hold MFEC shares in any way.

Scope of Authority of the Board of Directors

• Authority

1. The board is authorized to supervise and manage the Company to abide by the laws, objectives, regulations, and the shareholders' meeting resolutions.

2. The board is authorized to appoint a director as Chairman and another one as Vice Chairman.

3. The board is authorized to appoint a director as Chief Executive Officer, President, and Company Secretary.

• Duties and Responsibilities

1. The board shall have duties to follow the Articles of the Company's Regulations, while supervising and managing the Company to abide by the laws, objectives, regulations, and the shareholders' meeting resolutions.

2. The board shall set the Company's visions, directions, strategies, policies, and key plans, and consider risks that may arise for executives who will follow them with efficiency.

3. The board shall control and monitor work implementations, based on the company's strategies, policies, objectives, targets, work plans, and approved budget.

4. The board shall manage to have an accounting system, financial reporting and auditing, while administering to have efficient internal control and internal auditing.

5. The board shall oversee and supervise solutions to conflicts of interest that may arise and interconnected transactions.

6. The board shall set a direction for overall risk management with proper risk management processes.

7. The board shall make performance assessment of Chief Executive Officer/ President, oversee and supervise proper determination of remuneration that should be in line with performance results for short- and long-term motivation.

8. The board shall manage to gain proper communication channels for each of shareholder groups and stakeholders.

9. The board shall manage to have information disclosure with clarity and transparency.

Authorized Directors

Two of three directors – Mr. Sirisak Tirawattanangkul, Mr. Siriwat Vongjarukorn, and Mr. Thanakorn Charlee, co-sign with a corporate seal.

Appointment and Removal of the Board of Directors

• Appointment

1. The Company Secretary informs the shareholders about regulations that permit them to nominate qualified candidates to hold the position of directors through the Stock Exchange of Thailand's channels and the Company's website; www.mfec.co.th, and propose the qualified candidates to the Nomination and Remuneration Committee's Meeting, the Board of Directors Meeting, the Annual General Meeting of Shareholders (AGM) Meeting for consideration.

2. There shall be no less than five (5) board members and no less than three (3) independent directors. At least one (1) of the board members shall have knowledge and expertise in accounting and finance. No less than half of total board members shall have domicile in the kingdom of Thailand. The Board of Directors' Meeting No. 1/2019 resolved to nominate the Annual General Meeting of Shareholders to elect Mr. Sirisak Tirawattanangkul, Mr. Kiyotaka Nakamura, and Assoc. Prof. Dr. Kamales Santivejkul to resume their positions as the board members.

3. The Annual General Meeting of Shareholders shall elect a director with a majority vote of the shareholders. The Nomination and Remuneration Committee shall nominate a qualified person to the Board of Directors select and nominate a qualified person to the Annual General Meeting with the following criteria:

- (1) Each share of a shareholder is eligible for one vote.
- (2) Shareholders' voting shall be on an individual basis.

(3) Candidates, who rank in order descending from the highest number of votes received, shall be elected as the Board members. The number of the board members' vacancies shall be equal to the number of vacancies determined or elected at that time. In the event of a tie, Chairman shall cast the final vote to break the tie.

As of 31st December 2019, the Board of Directors consisted of nine (9) members. (Eight (8) of which had their domiciles in the Kingdom of Thailand. Five (5), or 55.5% of total, were independent directors. Four (4) of total were those with knowledge in accounting and finance. They were Mr. Anan Leetrakul, Prof. Dr. Uthai Tanlamai, Assoc. Prof. Dr. Kamales Santivejkul, and Dr. Charn Tharawas.)

• Removal

1. One-third of the board members shall be removed in each Annual General Meeting of Shareholders. In the case that the number of directors cannot be divided into one-third of the board members, it shall be removed in the number of director closet to one-third. The directors, who shall retire from the office in the first two years after the company registration, will be selected through drawing lotteries. In the later years, the directors who hold the longest period in the office shall retire. The directors who retired by rotation may be re-elected to hold the office for another term.

2. Apart from vacating by rotation, the director vacates his or her office when he or she dies, resigns, disqualified or possesses legal prohibited characteristics, or dismissed by a resolution of the shareholders or a court order.

3. To resign from the position, a director shall submit a

resignation letter to the company. The resignation takes effect from the date of the resignation letter arrives at the company.

4. In the case of vacancy in the board due to reasons other than the end of the term of duty, the board shall select a qualified person without legal prohibited characteristics in replacement as the director in the next meeting of the board. In the case that such director's term is less than two months, the person who replaces the director will hold the position for remaining term. The resolution of the board shall consist at least three-fourths of the votes of the remaining directors.

5. The Shareholders' Meeting may resolve to remove any director from the position before the end of the term of duty with not less than three-fourths of the votes of shareholders who attend the meeting and is eligible for voting, which is not less than half of total shares of the shareholders who attend the meeting and is eligible for voting

The Board of Directors Meeting

The Company's regulations prescribe the meeting regulations as follows ;

- In the case of Chairman's resignation, Vice Chairman or a director shall perform the duty.
- No less than half of total directors constitutes a quorum.
- The minimum quorum amount at the time, when the Board of Directors will vote at the Board Meeting, must have at least two (2) in three (3) of the total number of directors.
- At least three (3) meetings shall be held per year. Hence, the Board of Directors Meeting resolved to hold at least six (6) meetings per year according to the good corporate governance. This is to provide sufficient time for consideration, supervision, and oversight in compliance with the Board's roles, duties, and responsibilities.

• Director, who has a conflict of interest matter, should left the meeting during the consideration of the meeting and allow the meeting to express their ideas freely.

The Company Secretary is assigned to arrange annual meeting schedules of the Board of Directors and committees, and to notify them for acknowledgement and the benefits of meeting attendance. The meeting document shall be delivered to all board and committee members no less than five (5) days in advance to allow sufficient time for detail consideration in each agenda.

In 2019, the Board of Directors held six (6) meetings with the following attendance of each member ;

List of Board Members	1/2019	2/2019	3/2019	4/2019	5/2019	6/2019	Attendance (%)
1. Mr. Sirisak Tirawattanangkul	√	√	√	√	√	√	100.0
2. Mr. Kiyotaka Nakamura	√	√	√	√	√	√	100.0
3. Mr. Siriwat Vongjarukorn	√	√	√	√	√	√	100.0
4. Mr. Thanakorn Charlee	√	√	√	√	√	√	100.0
5. Mr. Anan Leetrakul	√	√	√	√	√	√	100.0
6. Mr. Suchart Thammaoitagkul	√	√	√	√	√	√	100.0
7. Prof. Dr. Uthai Tanlamai	√	√	√	√	√	√	100.0
8. Assoc. Prof. Dr. Kamales Santivejkul	√	X	√	√	√	√	83.3
9. Dr. Charn Tharawas	√	√	√	√	X	√	83.3
Number of directors attended each meeting	9/9	8/9	9/9	9/9	8/9	9/9	

Ms. Orawan Hnuntaku acted as secretary to the Board of Directors since 1 October 2019. In the meeting of the Board of Directors No. 1/2019, there was a meeting to discuss the agenda of consideration of the performance of the Chief Executive Officer and the compensation, which there is no Executive Committee to consider in the said meeting, is a meeting between non-executive directors and independent directors only.

Committees

(2) Executive Board

The Board of Directors appoints the Executive Board to perform tasks, as assigned under its authority and duties in order to attain goals and plans. The Executive Board consists of four (4) members; Chief Executive Officer and three (3) executives. The Executive Board is required to hold at least one (1) meeting per quarter. As of 31 December 2019, the Executive Board had four (4) members who convened eight (8) times as shown below;

List of Board Members	1/2019	2/2019	3/2019	4/2019	5/2019	6/2019	7/2019	8/2019	Attendance (%)
1. Mr. Siriwat Vongjarukorn Chief Executive Officer	√	√	√	√	√	√	√	√	100.0
2. Mr. Thanakorn Charlee Executive Director	√	√	√	√	√	√	√	√	100.0
3. Mr. Arm Sivadith Executive Director	√	√	√	√	√	√	√	√	100.0
Number of directors attended each meeting	3/3	3/3	3/3	3/3	3/3	3/3	3/3	3/3	

Ms. Siriporn Detnitirat, Chief Financial Officer, attended the meetings and Mrs. Orawan Hnuntaku acted as secretary to take minutes.

Scope of Authority of Executive Board**1. Screening**

- Policies, directions, business strategies, management structures and principles of business operation to be in accordance with economic situations and competitions
- Business plans and annual budgets of the company
- Principles and policies for investment and management of subsidiaries and associated companies in the core business or other business groups
- All investment projects, searching for new businesses and business operations with allies
- Annual workforce plan
- Appointment, removal, disemployment, work extension of employees or management employees at positions below Chief Executive officer, employment or disemployment of persons whose ages reach or surpass requirements for retirement according to the company's regulations, and the consideration of compensation according to the salary structure

2. Approval or Disapproval

- Investment projects worth no more than 20 million baht and involving the company's business
- Bidding via cooperation with allies in the forms of

consortiums or joint ventures

- Opening and closing the company's accounts in financial institutions
- Write-off for deteriorating assets/ sales of assets unused for operations
- Improving, changing the organizational structure at the departmental level, and reporting to the Board of Directors for acknowledgement
- Bonus payment and the amount that used for annual salary raising within a budget

3. Monitoring and Supervising of Operations

- Strategic plans, work plans, and projects in an annual business plan approved by the Board of Directors
- Financial performance
- Supervising and oversighting on practices following the corporate governance

4. Report to the Board of Directors

- Financial performance on a quarterly basis
- Other reports as delegated by the Board of Directors

(3) Audit Committee

The Audit Committee has a two (2) – year term. The Board of Directors meeting No. 3/2019 dated 13 August 2019, has considered the extension of the three (3) Audit Committee positions, with at least one (1) independent director has knowledge of accounting or finance. The Meeting of Audit Committee No. 3/2019 has resolved to appoint Ms. Thitirat Thanathitikankun as the secretary to the Audit Committee. At least four (4) meetings shall be organized per year. As of 31 December 2019, the Audit Committee had three (3) directors who convened four (4) times this year. It had two (2) meetings with the external auditor, the Accounting Department and the Management. All were reported to the Board on a quarterly basis. Details were described below;

List of Board Members	No. 1/2019, Joint Meeting, Auditor, and Executives	No. 2/2019, Joint Meeting, Auditor, and Executives	No. 3/2019	No. 4/2019	Attendance (%)
1. Mr. Suchart Thammapiatagkul Chairman of the Audit Committee Independent Director, Knowledge in Law	√	√	√	√	100.0
2. Prof. Dr. Uthai Tanlamai Member of the Audit Committee Independent Director, Knowledge in Accounting and Finance	√	√	√	√	100.0
3. Assoc. Prof. Kamales Santivejkul Member of the Audit Committee Independent Director, Knowledge in Accounting and Finance	√	√	√	√	100.0
Number of directors attended each meeting	3/3	3/3	3/3	3/3	

Ms. Thitirat Thanathitikankun acted as Internal Audit Manager instead of Mrs. Renuka Buntongdee who resigned, and Ms. Orawan Hnuntaku acted as secretary to the Audit Committee.

Scope of Authority of the Audit Committee

1. To verify in order to ensure about the accuracy of the company's financial reporting in accordance with the general accepted accounting principle and standard. Sufficient quarter and annual financial statements are disclosed to be consistent with fact, completeness, adequacy and creditability prior the presentation to the Board of Directors review.

2. To verify in order to ensure that the company has appropriate and effective internal control and internal audit systems, and reviews the independence of the internal audit, which directly reports to the Audit Committee as well as approval on appointment, removal, or employment termination of the internal audit executives, and assess adequacy of the Company's internal control system on an annual basis.

3. To verify the company's operation to be in line with the law of Securities and Stock Exchange, Thailand, requirement of the Stock Exchange of Thailand and other laws related to the Company's businesses.

4. To consider, select, and propose the appointment of the Company's auditor who is independent to be the company's auditor, and determine annual remuneration for the auditor, as well as attend the meeting with the company's auditor without attendance of the management for at least once a year.

5. To streamline understanding among the auditor, the Board of Directors, and the Internal Audit Department into the same direction.

6. To consider on verification and disclosure of connected transactions or transactions possibly with conflict of interests to follow related rules and regulations so as to ensure that such transactions are reasonable and provide maximum benefits to the company.

7. To prepare the report of the Audit Committee with the minimum information as required by the Stock Exchange of Thailand to be disclosed in the annual report of the Company.

8. To regularly verify and amend its charter of the Audit Committee to be proper and consistent with the Securities and Exchange Act and the stock Exchange of Thailand criteria.

9. To consider and approve the annual audit plan of Internal Audit Department.

10. To govern the Internal Audit Department to comprehensively in major issues for all units, to propose and suggest the corrective guideline for solving by the Management Team, and to monitor the correction in accordance with the suggestions within specified period

11. To consider and approve budget and manpower of Internal Audit Department

12. To report the performance of the Audit Committee to the Board of Directors for acknowledgement at least four (4) times a year

13. To have the authority to invite the Executive, the Management or the employees of the company related to express the opinions, attend a meeting, or give document deemed as related and necessary

14. The Audit Committee may search for independent opinion from the advisors in other professions when deemed as necessary at the company's expense

15. To undertake other matters, including the financial management policy review, as assigned by the Board of Directors and the Audit Committee

16. To annually assess the performance of the Audit Committee for consideration on further improvement

(4) Risk Management and Corporate Governance Committee

The Risk management and Corporate Governance Committee shall have at least four (4) independent directors and executives. An independent director is the Chairman, while executives and an accounting/financial expert assist in systematic risk management for all significant work processes at activity and organizational levels. As of 31 December 2019, the Risk Management and Corporate Governance committee comprises of four (4) members, each of which serves a two-year term of office. Regular meetings are required. In 2019, the Risk Management and Corporate Governance Committee had four (4) meetings with its quarter reports to the Board of Directors with the following details;

List of Risk Management and Corporate Governance Committee	No. 1/2019	No. 2/2019	No. 3/2019	No. 4/2019	Attendance (%)
1. Prof. Dr. Uthai Tanlamai Chairman of the Risk Management and Corporate Governance Committee Independent Director	√	√	√	√	100.0
2. Assoc. Prof. Dr. Kamales Santivejkul Member of the Risk Management and Corporate Governance Committee/ Independent Director	√	√	√	√	100.0
3. Mr. Thanakorn Charlee Member of the Risk Management and Corporate Governance Committee/ Independent Director	√	√	√	√	100.0
4. Dr. Charn Tharawas Member of the Risk Management and Corporate Governance Committee/ Independent Director	√	√	√	√	100.0
Number of directors attended each meeting	4/4	4/4	4/4	4/4	

Ms. Chulee Werawittayanukoon acted as Secretary to Risk Management and Corporate Governance Committee and Ms. Orawan Hnuntaku acted as recording the minutes to the Risk Management and Corporate Governance Committee.

Scope of Authority of the Risk Management and Corporate Governance Committee (Risk Management Part)

1. To consider and propose the Board of Directors about the risk management policy and framework for approval
2. To consider, review, and approve acceptable risk appetites
3. To oversee and supervise development and implementation, following the risk management policy and framework consistently
4. To review risk management reports for monitoring on significant risks and further implementation
5. To coordinate with the Audit Committee on major risks with the internal audit unit as a reviewer for confidence
6. To report the Board of Directors about risks and risk managements on a regular basis
7. To provide the Risk Management Team about advice and recommendations and to consider proper directions in solving information relevant to risk management system development
8. To consider and appoint additional persons or persons in replacement in the Risk Management Team as appropriate, and to set their roles, duties, and responsibilities, achieving the objectives
9. To perform any other risk management tasks as assigned by the Board of Directors
10. To communicate and exchange information, and to coordinate with the Internal Audit Department in respect to risks and internal control at least once (1) a year.

Scope of Authority of the Risk Management and Corporate Governance Committee (Corporate Governance Part)

1. To consider policies and guidelines for Good Corporate Governance to the Board of Directors for consideration and approval
 2. To provide the Board of Directors advice to Good Corporate Governance principles
 3. To consider, review, and approve Good Corporate Governance principles, compared with international standards and the Stock Exchange of Thailand and proposed to the Board of Directors to consider and approve to update regularly
 4. To appoint a working group to assist with the appropriate work and consider the good Corporate Governance of the company by reporting the results of corporate governance that are periodic
 5. To report the operational results to the Board of Directors
 6. To perform other duties as assigned by the Board of Directors
- Risk Management and Corporate Governance Team consists of executives and heads of business units of the company. In 2019, the Risk management and Corporate Governance Team had four (4) meetings with the following members;

List of Risk Management and Corporate Governance Team : Risk Management and Corporate Governance Team consists of executives and heads of business units of the company. In 2019, the Risk management and Corporate Governance Team had four (4) meetings with the following members :

List of Risk management and Corporate Governance Team		Position
1. Mr. Thanakorn	Charlee	Chief Operating Officer
2. Mr. Arm	Sivadith	Chief Transformation Officer
3. Ms. Siriporn	Detnitirat	Chief Financial Officer
4. Mrs. Thunkamol	Pinthong	Financial & Budget Control Director
5. Mr. Surachai	Khumitti	Senior Sales Director (Non-Telco)
6. Mr. Paiboon	Pattanasaksiri	Project Director
7. Ms. Uraporn	Aiedkarn	People Excellent Director
8. Mr. Montri	Seemasiri	Director of Managed Solution Center
9. Ms. Thitirat	Thanathitikankun	Internal Audit Manager
10. Ms. Orawan	Hnuntaku	Company Secretary/ Secretary for minutes of meeting

Scope of Authority of the Risk Management and Corporate Governance Team

- 1.To assess risks and supervise units following the risk management plan
- 2.To convene reviewing operational performance following the risk management plan and reporting the Risk Management and Corporate Governance Committee for acknowledgement on a regular basis or a quarterly basis
- 3.To adapt policies and guidelines for good corporate governance
- 4.To train supervisor/employee acknowledging the practices of Good Corporate Governance and Anti-Corruption Policies, such as IT Governance
- 5.To review performance according to Good Corporate Governance and to report the Risk Management and Corporate Governance Committee on a regular basis or continuously

Business Ethics Working Team (Executive Level) : consisting of Chief Operating Officer, People Excellence Director, Legal Director, and Company Secretary

List of Business Ethics Working Team	Position
1. Mr. Thanakorn Charlee	Chief Operating Officer
2. Mrs. Uraporn Aiedkarn	People Excellence Director
3. Ms. Orawan Hnuntaku	Company Secretary

Scope of Authority of Business Ethics Working Team

In order to push everyone to understand their duties in conducting business in an ethical, honest and transparent way that is consistent with the organization's policy. Therefore, in August 2019, the Company has become a member of Anti-Corruption which exists for three (3) years from the date of approval.

IT Supervisory Working Team : consisting of information technology director of each department and Director of Quality Inspection Department

List of IT Supervisory Working Team		Position
1. Mr. Montri	Seemasiri	ITOMS
2. Mr. Sermsak	Sriphothong	System Infrastructure
3. Mr. Manutchai	Rojanavichian	Network
4. Mr. Pituphong	Yavirach	Information Security
5. Mr. Panusak	Eakareesak	Quality Assurance
6. Mr. Wason	Liwlompaisan	Chief Technology Officer
7. Mr. Pongsatorn	Paolanwat	Professional Service

Scope of Authority of IT Supervisory Working Team

Giving advice, setting directions, and finding solutions about information technology issues (IT)

(5) Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall have at least three (3) members; one (1) independent member of which shall be the Chairman. It assists in nominating persons with proper knowledge, capabilities and experience to be members of the Board of Directors and committees, Chief Executive Officer and President, while establishing appropriate remuneration policy. In the Board of Directors Meeting No. 3/2019 dated 13 August 2019, Mr. Kiyotaka Nakamura was elected to be an additional member of the Nomination and Remuneration Committee. As of 31 December 2019, the Nomination and Remuneration Committee consisted five (5) members, one of which served a two-year(2) term of office. At least two (2) meetings per year are required. In 2019, the committee had three (3) meetings with the following details ;

List of the Nomination and Remuneration Committee	No. 1/2019	No. 2/2019	No. 3/2019	Attendance (%)
1. Mr. Anan Leetrakul Chairman of the Nomination and Remuneration Committee	√	√	√	100.0
2. Mr. Siriwat Vongjarukorn Member of the Nomination and Remuneration Committee	√	√	√	100.0
3. Assoc. Prof. Dr. Kamales Santivejkul Member of the Nomination and Remuneration Committee	√	√	√	100.0
4. Dr. Charn Tharawas Member of the Nomination and Remuneration Committee	√	√	√	100.0
5. Mr. Kiyotaka Nakamura Member of the Nomination and Remuneration Committee	-	-	√	100.0
Number of directors attended each meeting	4/4	4/4	5/5	

Mrs. Uraporn Aiedkarn acted as secretary to the Nomination and Remuneration Committee and Ms. Orawan Hnuntaku, acted as secretary for minutes of meeting.

Scope of Authority of the Nomination and Remuneration Committee

1. To establish policies and principles before forwarding them to the Board of Directors for consideration

1.1 Policies, principles, and procedures for nomination of Board members, committee members, Chief Executive Officer, and President

1.2 Policies, principles, and procedures for remuneration and other fringe benefits for Board members, committee members, Chief Executive Officer, and President

2. To select and nominate qualified candidates for Board members, committee members, Chief Executive Officer, and President before forwarding them to the board for consideration

3. To oversee the board containing an appropriate size and necessary elements for the environment and having the board

members, committee members, Chief Executive Officer, and President to receive reasonable remuneration for their duties and responsibilities

4. To assess and determine, with the Company's Chief Executive Officer (CEO), the successors of CEO and top executives who directly report to CEO, and to report the Board of Directors for acknowledgement with respect to the succession plans of top executives on an annual basis

5. To review and assess the adequacy of the Nomination and Remuneration Charter and, if appropriate, recommend changes to the Charter to the Board of Directors for approval

6. To perform any other tasks or to have such authority and responsibilities, as may be delegated to the Committee by the Board of Directors on a case-by-case basis

Executives**List of Executives, as of 31 December 2019**

Based on the Organization Structure in "Internal Organization Chart", there were five (5) executives below;

Name		Position
Mr. Siriwat	Vongjarukorn	Chief Executive Officer/ President
Mr. Thanakorn	Charlee	Chief Operating Officer
Mr. Kittti	Wintima	Chief Operating Officer – Telco Business Unit
Mr. Arm	Sivadith	Chief Transformation Officer
Ms. Siriporn	Detnitirat	Chief Financial Officer

Details of the current executives are elaborated in the article "Details of Executives and Controlling People".

Scope of Authority of Chief Executive Officer

1. To control, supervise, and oversee execution of the Executive Committee and calling for its meetings for consideration on any issues as appropriate

2. To have authority to sign on the company's cheques or payment document, accounting and financial document in an amount assigned by the Board of Directors

3. In case of emergency that an Executive Committee meeting cannot be held or its members cannot convene, Chief Executive Officer is authorized to make decision on establishing the Company's mission, objectives, directions, and policies

4. To have authority to appoint, remove, or disemployment executive officers

5. To perform duties with integrity and caution on the company's benefits In any proceedings that Chief Executive Officer or his/her sub-attorney that may have conflicts, stakes,

or conflicts of interests (according to the articles of association and the securities and exchange Commission's requirements) with the company or its subsidiaries (if any), Chief executive Officer or his/her sub-attorney has none of the authority to approve any proceedings of such matters. Exception can be made for approval of transactions according to the company's policies and principles approved by the Board of Directors, and the Stock exchange of Thailand's requirement on interconnected transactions and acquisition or disposition of key assets of the company or its subsidiaries.

Scope of Authority of President

1. To manage and control operations relevant to the Company's general management

2. To proceed with operations as delegated by the Board of Directors or the Executive Board

3. To have authority to appoint, transfer, dismiss, disemploy,

set wage rates and rewards, increase salary, determine remuneration, provide bonuses for all employees in positions lower than the executive level, and for appointment of a representative of the employer in the provident fund

4. To have authority to approve and appoint a sub-attorney to approve disbursement for procurement of assets and services for the company's benefits, and to approve financial transactions within an amount limit authorized by the Board of Directors or the Executive Board

5. To have authority to introduce orders, rules, announcements and records for work implementation following the company's policy and benefits and for internal disciplines

6. To have authority to take actions and express himself / herself as the company's benefits

7. To approve any appointment of advisors in the fields necessary to operations

8. To perform any other tasks as delegated by the board of Directors or the Executive Board on a case-by-case basis

In any proceedings that president or his/her sub-attorney that may have conflicts, stakes, or conflicts of interests (according to the Articles of Association and the securities and exchange Commission's requirements) with the company or its subsidiaries (if any), Chief executive Officer or his/her sub-attorney has none of the authority to approve any proceedings of such matters. Exception can be made for approval of transactions according to the company's policies and principles approved by the Board of Directors, and the Stock exchange of Thailand's requirement on interconnected transactions and acquisition or disposition of key assets of the Company or its subsidiaries.

Company Secretary

The Board of Directors' Meeting No. 3/2019, dated 13 August 2019, resolved to appoint Ms. Orawan Hnuntaku, as the Company Secretary onward. She was given training in the course relevant to duties of Company Secretary from the Institute of Directors (IOD). Her qualification is described in attachment 1.

In the event that Company Secretary leaves the position or cannot perform the duties, the Board of Directors shall appoint new Company Secretary with 90 days from the date the previous one leaves the position or cannot perform duties.

Profile of Company Secretary

Ms. Orawan Hnuntaku

Bachelor : Faculty of Archaeology - Silpakorn University

Qualification : Having knowledge in relevant laws, possessing coordination skills and flexibility to perform tasks, gaining capabilities to summarize any issues and preparing minutes of meetings with good relationship, leadership, and communication skills. Being given training on duties of Company Secretary from the Institute of Directors (IOD)

Duties and Responsibilities of Company Secretary

- To stay as the center for document preparation/storage
- To coordinate with the shareholders and facilitate organization
- To report stockholding of directors and executives
- To coordinate on implementation following the Board resolutions
- To have the board perform its duties following the laws, the Public Company Act, the Securities and exchange Act, and rules and regulations of the Securities and Exchange Commission, Thailand, and the Stock Exchange of Thailand, and to provide advice on laws and announcements
- To do any other issues as delegated by the board

Details of Executives and Controlling Persons of MFEC Public Company Limited

As of 31st December 2019

01. Mr. Sirisak Tirawattanangku

Chairman
The Authorized Person Appointed by AGM 1/2019
Shareholding : 2.9%
59 years

Education

- Bachelor's Degree in Physics, Chulalongkorn University
- DAP, RCP Programs of IOD

Working Experience in Past 5 Years

2016 - Present Chairman MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

2011 - 2013 Director MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

*Directorial position in Listed Company: One (1) Listed Companies

Director in MFEC Public Company Limited

*Directorial position in Non-Listed Company: None (-) Company

02. Mr. Kiyotaka Nakamura

Vice Chairman
The Non-Authorized Person Appointed by AGM 1/2019
Shareholding : -
51 years

Education

- Bachelor of Engineering, Osaka University, Japan
- DAP Program of IOD

Working Experience in Past 5 Years

2014 - Present Director MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network

2014 – Presen Managing Executive Officer TIS Inc.
: Provide advisory services and development and services for information technology

2016 - Present Chairman Promptnow Company Limited
: Provide sales, leasing, rental of software, hardware, products and services on computer systems

*Directorial position in Listed Company: Two (2) Listed Companies

Director in TIS Inc. and one (1) company in the group

Director in MFEC PLC.

*Non-Listed Company: None (-) Company

03. Mr. Siriwat Vongjarukorn

Director, Chief Executive Officer, Member of the Nomination and Compensation Committee
The Authorized Person Appointed by AGM 1/2017
Shareholding : 3.5%
51 years

Education

- Honorary Doctorate Degree of Information Technology, Sripatum University
- Bachelor of Engineering, Chulalongkorn University
- DAP, DCP Programs of IOD

Working Experience in Past 5 Years

2003 - Present	Director and Chief Executive Office MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network
2017 - Present	Director Angstrom Solutions Company Limited : Provide consulting, development and training on software, hardware and computer systems
2017 - Present	Director Veranda Resort Public Company Limited : Hotel business
2016 - Present	Chairman M.I.S. Outsourcing Company Limited : Provide technology consultancy services, integration, maintenance
2016 - Present	Director Digital Ventures Company Limited : Invest and develop financial business
2016 - Present	Director Digital Ventures Company Limited : Invest and develop financial business
2013 - Present	Director Promptnow Company Limited : Provide advisory services and development services for information technology and create entertainment media
2005 - Present	Chairman Praln FinTech Company Limited : Providing electronic payment services and providing payment services

*Directorial position in Listed Company: 3 Listed Companies
Director in MFEC Public Company Limited and 4 companies in the group
Director in Matichon Public Company Limited
Director in Veranda Resort Public Company Limited

*Directorial position in Non-Listed Company: 1 Non-Listed Company

04. Mr. Thanakorn Charlee

Director, Executive Director, and Member of the Risk Management and Corporate Governance Committee. 51 years
The Authorized Person Appointed by the AGM 1/2017
Shareholding : -

Education

- Bachelor of Engineer, Chulalongkorn University
- DAP, HRP Programs of IOD

Working Experience in Past 5 Years

2015 - Present	Director and Executive Director MFEC Public Company Limited : Provide advisory services, development and system integration for computer system
2019 - Present	Director A-Brand Intertrade Company Limited : Export-Import the basis of food and beverage
2018 - Present	Director MSyne Innovations Company Limited : Design computer programming, develop software system, and website design service
2017 - Present	Director Digital Savvy Company Limited : Provide ticket selling system and organizer services in events or other performances
2015 - Present	Director Praln FinTech Company Limited : Provide electronic payment services and instead payment service
2013 - Present	Director Coach Marketing Company Limited : Organize conference
2011 - Present	Director Motif Technology Public Company Limited : Provide consulting services and advice regarding computer systems, network, computer programs
2004 - Present	Director Advance Intelligence Modernity Company Limited : Consulting for the development of information technology and creative entertainment media

Directorial position in Listed Company: 1 Listed Company
Director in MFEC Public Company Limited and 6 companies in the group

*Directorial position in Non-Listed Company: 2 Non-Listed Companies

05. Mr. Anan Leetrakul

Independent Director and Chairman of Nomination and Remuneration Committee

79 years

Appointed by AGM 1/2018

Shareholding : -

Education

- Ph.D. Faculty of Information Technology, Rajamangala University of Technology Suvarnabhumi (Honorary Degree)
- Bachelor of Accountancy, Chulalongkorn University
- DCP, RCC Programs of IOD

Working Experience in Past 5 Years

2016 – Present	Independent Director, Chairman of Nomination and Remuneration Committee MFEC Public Company Limited	: Provide advisory services, development and system integration for computer system and information technology network
2016 – Present	Director A-Host Company Limited	: Provide information and computer technology services
2012 – 2016	Independent Director, Member of the Audit Committee	: Provide advisory services, development and system integration for computer system and information technology network
2008 – Present	Director D2 Systems Company Limited	: Wholesale network security system

Directorial Position in Listed Company: 1 Listed Company

Independent Director in MFEC Public Company Limited

*Directorial Position in Non-Listed Company: 2 Non-Listed companies

06. Mr. Suchart Thammapiatagkul

Independent Director and Chairman of the Audit Committee

71 years

Appointed by AGM 1/2018

Shareholding : -

Education

- Master of Law, Harvard Law School, U.S.A
- Bachelor of Law, Chulalongkorn University
- DAP, DCP, RCC Programs of IOD
- Barrister of the Thai Bar Association

Working Experience in Past 5 Years

2003 – Present	Independent Director and Chairman of the Audit Committee MFEC Public Company Limited	: Provide advisory services, development and system integration for computer system
2006 – Present	Director Charmchuri Innovation Company Limited	: Provide intellectual property products and similar products, excluding copyrighted work, for rent
2005 – Present	Independent Director and member of the Audit Committee Unimit Engineering Public Company Limited	: Provide manufacturing equipment in the energy and petrochemical industries
2004 – Present	Independent Director and Chairman of the Audit Committee T.C. Union Global Public Company Limited	: Provide and distribute the food supplements
1999 – Present	Independent Director and Chairman of the Audit Committee Modernform Group Public Company Limited	: Provide and sell furniture
1989 – Present	Director Bann Sathorn Company Limited	: Rental of building space
1986 – Present	Director Somnuk Sutee Associate Company Limited	: Provide litigation and legal consulting services
1970 – Present	Director On-Nik Company Limited	: Distribute chemical

Directorial Position in Listed Company: 4 Listed Companies

Independent Director in MFEC Public Company Limited

Independent Director in Modernform Group Public Company Limited

Independent Director in T.C. Union Global Public Company Limited

Independent Director in Unimit Engineering Public Company Limited

*Directorial Position in Non-Listed Company: 4 Non-Listed Companies

07. Prof. Dr. Uthai Tanlamai

Independent Director, Chairman of the Risk Management Committee, and Member of the Audit Committee 67 years

Appointed by the AGM 1/2018

Shareholding : -

- Education**
- Ph. D. (MIS Major), University of Illinois at Urbana Champaign
 - MS B.A. (MIS Major), University of Illinois at Urbana Champaign
 - B.A. in Accounting (Cost Accounting Major), Chulalongkorn University
 - DAP, DCP, FSD Programs of IOD

Working Experience in Past 5 Years

- 2016 – Present Independent Director, Chairman of the Risk Management Committee, and Member of the Audit Committee MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network
- 2016 – Present Director Thai Challac (1980) Company Limited
: Produce seedlac
- 1995 - Present Professor for Accounting Major Chulalongkorn University
: University

*Directorial Position in Listed Company: 1 Listed Company
Independent Director in MFEC Public Company Limited

*Directorial Position in Non-Listed Company: 1 Non-Listed Companies

* Professor in the institution: 1 Institution

08. Ass. Prof. Kamales Santivejkul

Independent Director, Member of the Risk Management and Corporate Governance Committee, 68 years

Member of the Audit Committee, Member of the Nomination and Remuneration Committee

Appointed by the AGM 1/2019

Shareholding : -

- Education**
- Ph.D. Business Administration, Oklahoma State University, U.S.A
 - Master's Degree, Major of Monetary and Fiscal, National Institute of Development Administration
 - BA, Civil Engineering, Songklha Nakarin University
 - DCP Program of IOD

Working Experience in Past 5 Years

- 2016 - Present Independent Director, Member of the Risk Management and Corporate Governance Committee, Member of the Nomination and Remuneration Committee MFEC Public Company Limited
: Provide advisory services, development and system integration for computer system and information technology network
- 2015 – Present Advisor Computer Center, Faculty of Commerce and Accountancy, Chulalongkorn University
: University
- 2008 – Present Director, Chairman of the Corporate Governance Committee Nonthavej Hospital Public Company Limited
: Provide medical services
- 2006 – Present Director Jamjuree Innovations Company Limited
: Distributor, brokerage house and sales representative for products with intellectual property's contents
- 2004 – Present Director C & C International Venture Company Limited
: Advisor for administration and techniques
- 1994 - Present Independent Director and Chairman of the Audit Committee Sea Fresh Industry Public Company Limited
: Produce and sell frozen shrimp, value-added shrimp, and frozen processed ready-to-eat shrimp

* Directorial Position in Listed Company: (3 Listed Companies)
Independent Director in MFEC Public Company Limited
Independent Director in Sea Fresh Industry Public Company Limited
Director in Nonthavej Hospital Public Company Limited

*Non-Listed Company: 2 Non-Listed Companies

*Advisor in Institution: 1 Institution

09. Dr. Charn Tharawas

Independent Director, Member of the Nomination and Remuneration Committee, 68 Years
 Member of the Risk Management and Corporate Governance Committee
 Appointed by AGM 1/2017
 Shareholding : -

- Education**
- Ph. D., Finance, Western American University, U.S.A
 - Master's Degree, Business Administration, Kasetsart University
 - Bachelor's Degree, Economics, Thammasat University
 - DAP, DCP, AACP Programs of IOD

Working Experience in Past 5 Years

2016 – Present Independent Director, Member of the Nomination and Remuneration Committee,
 Member of the Risk Management and Corporate Governance Committee MFEC Public Company Limited
 : Provide advisory services, development and system integration for computer system and information
 technology network

2019 – Present Independent Director, Chairman of the Audit Committee EFIN X Company Limited
 : Digital Property Exchange

2018 – Present Independent Director, Chairman of the Audit Committee, Chairman of the Nomination
 and Remuneration Committee Thai Appliance Industry Public Company Limited
 : Digital Property Exchange

2006 – Present Advisory to the Board of Directors Jubilee Enterprise Public Company Limited
 : Manufacturing and selling diamond jewelry

1999 – Present Director Inter Capital Leasing Company Limited
 : Give advice on financial and business management

1995 - Present Chairman of the Board C. Am Creation Company Limited
 : Financial Advisor

*Directorial Position in Listed Company: 1 Listed Company

Independent Director in MFEC Public Company Limited

*Directorial Position in Non-Listed Company: 4 Non-Listed Companies

10. Mr. Kitt Wintima

Chief Operating Officer – Telco BU 47 years
 Shareholding : -

- Education**
- Master's Degree of Information Technology, Kasetsart University
 - Bachelor's Degree of Computer Engineering, Khon Kaen University
 - DAP, DCP Program of IOD

Working Experience in Past 5 Years

2018 – Present Chief Operating Officer – Telco BU MFEC Public Company Limited
 : Provide advisory services, development and system integration for computer system and
 information technology network

2018 – Present Director MSyne Innovations Company Limited
 : Design computer programming, develop software system, and website design service

2003 – Present Vice President – Sale Telecommunication MFEC Public Company Limited
 : Provide advisory services, development and system integration for computer system and
 information technology network

*Directorial Position in Listed Companies: 1 Listed Company

Executive Director in MFEC Public Company Limited and Director in one (1) company of the Group

*Directorial Position in Non-Listed Companies: -

11 Mr. Arm Sivadith

Executive Director / Chief Transformation Officer

45 years

Shareholding : 0.04%

Education

- MBA, University of Houston
- Bachelor's Degree in Computer Engineering, King Mongkut's Institute of Technology Ladkrabang
- HRP Program of IOD

Working Experience in Past 5 Years

2018 – Present	Executive Director and Chief Transformation Officer Business Development Director - MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network.
2017 – Present	Director - Playtorium Solutions Company Limited : Managing activities of computer facilities.
2017 – Present	Director - Fanster Media Company Limited : Provide news dissemination of activities of famous people through the application.
2017 – Present	Director - Data Café Company Limited : Serve as consultants for research, analysis of all types of business data of all forms.
2017 – Present	Director - Digital Savvy Company Limited : Provide ticket selling services for various shows and public relations services.
2016 – 2018	Executive Director, Chief Adviser and Personnel Development - MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network.
2014 – 2016	Assistant Director of Product Development and Consulting - MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network.
2011 – 2014	Business Development Director Business Development Director - MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network.

* Directorial Position in Listed Companies: One (1) Listed Company

Executive Director in MFEC Public Company Limited and Director in four (4) companies of the group

* Directorial Position in Non-Listed Companies: None (-) Company

12. Ms. Siriporn Detnitirat

Chief Financial Officer

45 years

Appointed in the Executive Board Meeting No. 1/2016 Dated: February 8th, 2016

Shareholding : -

Education

- Master's Degree of Business Law, Ramkhamhaeng University
- Bachelor's Degree of Costing Major, University of the Thai Chamber of Commerce
- Training Programs: 2nd Generation of Strategic CFO in Capital Markets Program by SET, and Dividend Tax Planning Profit sharing from Dharmniti Auditing Company Limited

Working Experience in Past 5 Years

2016 – Present	Chief Financial Officer - MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network
2016 – 2019	Director - MSyne Innovations Company Limited : Design computer programming, develop software system, and website design service.

2016 – Present	Director - Advance Intelligence Modernity Company Limited : Computer programming design and system development services.
2016 – Present	Director - Praln FinTech Company Limited : Provide electronic payment services and providing payment service instead.
2016 – Present	Director- M.I.S. Outsourcing Company Limited : Provide consulting for technology maintenance.
2016 – Present	Director - Motif Technology Public Company Limited : Provide consulting services and advice regarding computer systems and network computer program

* Directorial Position in Listed Companies: One (1) Listed Company

Chief Financial Officer in MFEC Public Company Limited and Director in five (5) companies of the group

* Directorial Position in Non-Listed Companies: None (-) Company

13. Ms. Orawan Hnuntaku

Company Secretary 32 years

Appointed by Board of Directors No. 3/2019 Dated: August 13th, 2019

Shareholding : -

Education

- Bachelor's Degree of Archaeology, Silpakorn University
- Company Secretary Program of IOD

Working Experience in Past 5 Years

2019 – Present	Company Secretary - MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network.
2016 – 2019	Personal Assistant to CEO - MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network.
2015 – 2016	Cabin Crew - City Airways : Aviation Business.

14. Mrs. Netnapha Chaoun

Accountant 37 years

Education

- Bachelor's Degree of Business Administration in Accountancy, the University of Central Thailand

Working Experience in Past 5 Years

2017 – Present	Accountant - MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network.
2014 – 2017	Chief Accounts Receivable - MFEC Public Company Limited : Provide advisory services, development and system integration for computer system and information technology network.

Noted :

1. Executive Director means a director with authority to sign binding the company as specified in the certificate.
2. Number of Shares as of 31 December 2019
3. Proportion of Shares included spouse, children who are underage under Section 258

(All directors hold shares in their own names)

Details of Directors, Executives and Company Secretary of MFEC Public Company Limited, and subsidiaries, associated

Company's Name	MFEC Plc.	Subsidiaries										Associated Companies				Related Companies	
		AIM	PFT	MISO	BAC	MOTIF	MS	HS	PS	DC	ANG	PN	FM	DS	TIS		
1. Mr. Sirisak Tirawattanangu	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Mr. Kiyotaka Nakamura	I	-	-	-	-	-	-	-	-	-	-	I and II	-	-	-	II	-
3. Mr. Siriwat Vongjarukorn	I and II	I and II	I and II	I and II	-	-	-	-	-	-	I	I and II	-	-	-	-	-
4. Mr. Thanakorn Charlee	I and II	I and II	I and II	I and II	-	I and II	I and II	-	-	-	-	-	-	-	I and II	-	-
5. Mr. Anan Leerakul	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Mr. Suchart Thammapiitagkul	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Prof. Uthai Tanlamai	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Assoc. Prof. Kamales Santivejkul	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Dr. Charn Tharawas	I	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Mr. Kitti Wintima	III	-	-	-	-	-	I and II	-	-	-	-	-	-	-	-	-	-
11. Mr. Arm Sivadiith	III	-	-	-	-	-	-	-	I and II	I and II	-	-	I and II	I and II	-	-	-
12. Ms. Siriporn Detniritat	III	I and II	I and II	I and II	-	I and II	I and II	-	-	-	-	-	-	-	-	-	-

Remark : 1. X = Chairman, I = Director, II = Executive Director, III = Executive

2. The list of subsidiaries and associated companies follows Part 1, 1.3: Shareholding Structure

3. Advance Intelligence Company Limited (AIM) passed the resolution at the meeting to dissolve the company from January 14th, 2020 onwards.

Details of Internal Audit Manager

Name : Miss Thitirat Thanathitikankun.
Age : 40 Years.
Position : Internal Audit Manager.
The Appointment Date : Appointed by Audit Committee Meeting 4/2019 on November 11th, 2019.

Education : • Bachelor of Science, Ubon Ratchathani Rajabhat University.

Training Record :

- Internal Audit Management, Federation of Accounting Professions of Thailand.
- IT Governance : Data Risk Management, The Securities and Exchange Commission.
- Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance, Thai Institute Of Directors.
- Capability Maturity Model Integration (CMMI) CMMI Institute .

Certificate : • CMMI Certifications Version 1.2

Working Experience

October 2019 - Present	Internal Audit Manager, MFEC Public Company Limited.
2018 - October 2019	Quality Control Manager / Secretary of Risk Management Team, MFEC Public Company Limited.
2017 - 2017	Quality Control Manager / Assistant to Secretary of Risk Management Team, MFEC Public Company Limited.
2016 - 2016	Quality Control Manager, MFEC Public Company Limited.
2011 – 2015	Senior Software Quality Assurance, MFEC Public Company Limited.
2006 - 2010	Software Quality Assurance, MFEC Public Company Limited.

Member of Institute/Organization -

Remuneration for Directors and Executives

The Company determines the remuneration policy clearly and transparently, based on the principles before forwarding it to a meeting of the shareholders for consideration and approval.

Since 2019, the Nomination and remuneration Committee has reviewed the remuneration according to the principles and has presented it to a meeting of the Board of Directors and a meeting of the shareholders for consideration and approval.

• Policy and principles for remuneration to the Board of Directors

The remuneration is set to be paid on an annual basis, with respect to mission, responsibility, and work performance of the Board, in comparison with other companies at a similar size in the similar industry. The directors who are assigned to hold any positions in the committees will receive additional remuneration as per his/her additional responsibility.

• Policy and principles for remuneration to the Executives

The Board considers remuneration to the executives in the forms of salary, bonus, contribution to a provident fund and other beneficial obligations, based on the following factors:

- 1) Survey data on remuneration provided by institutions or units in the same industry and similar level
- 2) Inflation
- 3) Past record of net profit growth and work performance in accordance with assigned responsibility and work performance as targeted earlier

Financial remuneration

(1) Remuneration to the Board of Directors/Committees

• Remuneration/Travel Allowance: The remuneration to the Board was presented to 2019 Annual General Meeting of the Shareholders held on 25th April 2019 which decided to keep the remuneration unchanged during 2014-2019 in the following decisions:

Position	Remuneration to the Board (Annual Basis)				
	Board of Directors	Audit Committee	Risk Management & Corporate Governance Committee		Nomination & Remuneration Committee
			Remuneration	Travel Allowance	
1. Chairman	264,000	264,000	264,000	60,000	264,000
2. Directors	192,000	264,000	264,000	60,000	264,000

- Remark :
- 1) Mr. Kiyotaka Nakamura, Vice Chairman who represents TIS Inc. of Japan, waived remuneration throughout his term following the good corporate governance of Japan's Stock Exchange.
 - 2) Mr. Thanakorn Charlee, who held the positions of both Executive director and a member of Risk Management & Corporate Governance Committee, did not received annual remuneration and travel allowance.
 - 3) Mr. Siriwat Vongjarukorn, who held the positions of both Executive director and a member of the Nomination and Remuneration Committee, did not receive annual remuneration.
 - 4) The AGM 2019 received on remuneration for the Board of Directors and committees at no more than 3,840,000 baht.

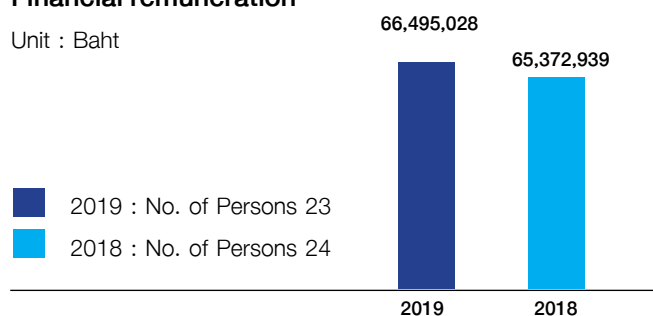
- Other remunerations: None of other benefits aside from annual meeting/travel allowance

(2) Remuneration to the Executives

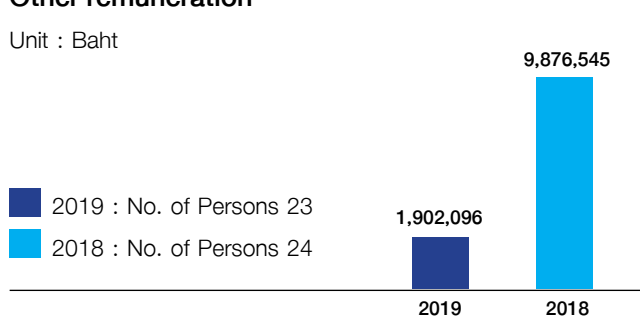
- Financial remuneration for executives of the Company and its subsidiaries: Salary and bonus
- Other remuneration for executives of the Company and its subsidiaries: Social security contributions, Provident fund contribution, employee benefit obligations

Financial remuneration

Unit : Baht

**Other remuneration**

Unit : Baht

**Employees of the Company and its Subsidiaries**

The employees are the organization's essential resources for business operations. The organizational growth depends on the quality employees who possess skills, knowledge, and expertise. Therefore, MFEC Group has the policy for Skill Set development, improvement of internal management process to be in line with changed technology, service standards and sustainable growth. The employees are encouraged to be aware of ethics and good corporate governance.

- Number of Employees**

As of December 31st, 2019, and December 31st, 2018, the Company and its subsidiaries had the employees by main business line in the following details;

MFEC & its Subsidiaries	No. of Employees (person)			
	31 st December 2019		31 st December 2018	
	Permanent Employees	Contract Employees	Permanent Employees	Contract Employees
1. MFEC Public Company Limited	1,032	116	926	104
2. Subsidiaries: 9	291	25	261	20
Total	1,323	141	1,187	124

Remark : The lists of 9 subsidiaries are described in Part 1: Shareholding structure of MFEC Group

The number of the employees, as of 31st December 2019 and 31st December 2018, of the Company and its subsidiaries can be grouped by the following, main business lines;

Main Business Line	No. of Employees (Person)	
	31 st December 2019	31 st December 2018
1. Sales & marketing	75	70
2. Technical Support & Product Development	1,125	1,000
3. Administration	123	117
Total	1,323	1,187

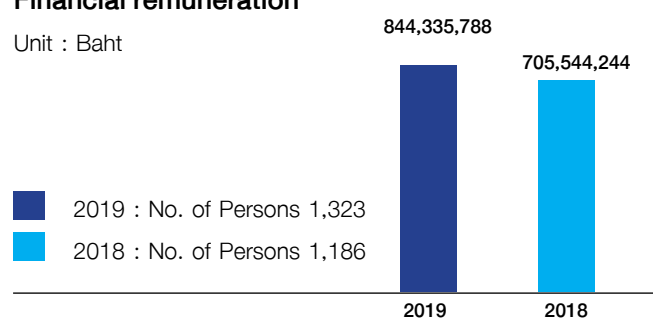
Remark : The Company and its subsidiaries have no labor unions and any labor disputes in the past five (5) years

- Remuneration to the employees of the Company and its subsidiaries**

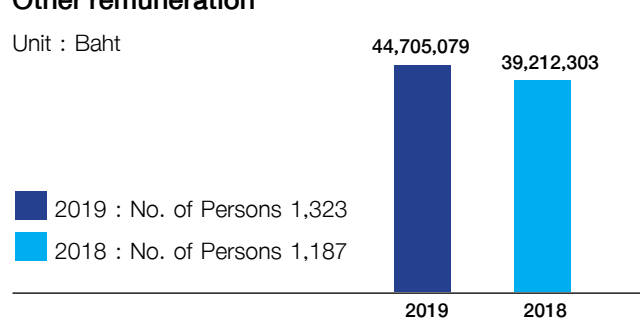
1. Financial remuneration: Salary, Bonus, Allowance, Overtime payment, Travel allowance, and Welfare
2. Other remuneration: Social security fund, Provident fund, and Employee benefit obligations

Financial remuneration

Unit : Baht

**Other remuneration**

Unit : Baht



Human Resources Development Policy

The Board of Directors foresaw the importance of human resources in the business operations of the Company, providing continuous human resource development; operational skills development, increasing knowledge, ability, and working efficiency for employees, including creating readiness to adapt new innovations in the information technology market. In order to efficiently manage existing human resources, MFEC Group has created a Skill Table, which is an important tool for managers to consider allocating personnel with expertise in each field and at different skill levels. To be responsible for each job according to the characteristics and needs of that job, there are the main forms of policies of the employees' development of the Company as follows;

1. The Company has organized training for internal and external knowledge on various techniques, including training for customers to provide knowledge about products and services. It also encouraged personnel who are experts in IT products to be able work efficiently with that product, be professional, and solve problems.

2. The People Excellence Department has organized employee's development training to increase skills, work efficiency, and maintain quality in customer service with most efficiency. The details of training that organized in the past year are In-House Training 48 courses 465 people and Local & Oversea Training 432 courses 622 people.

3. Learning Culture is the space creation for employee to share knowledge (Knowledge Sharing), which employees will increase knowledge and have the opportunity to practice teaching others (Train the Trainer). Being a lecturer under the Meet Up Project, there will be lectures on technology, technical skills and mindset that are ready to accept the current changes with external lecturers to increase knowledge in other areas.

4. The Company still operates various educational activities continuously, including collaboration with more than 25 leading governmental and private universities in the country. It is an important mission to create personnel by integrating to increase capacity and transfer knowledge and technology. In response to the growth of MFEC Group under the name of MFEC The Next Gen project that links the industry with the education sector, MFEC combines two (2) strengths to create a mechanism for the development of personnel in the ICT profession to the country for the past seven (7) years. MFEC signed a memorandum of cooperation (MOU) with governmental and private universities in the form of a joint curriculum and providing knowledge to all twelve (12) nationwide educational institutions.

Corporate Governances

Corporate Governance Policy

The Board of Directors is firmly committed to organizational development for transparency, corporate governance, responsibility and retention of the stakeholders' gains and social benefits. The Company's employees have been developed to be good people with morality, while being promoted in IT education for more effectiveness of the organization's sustainable expansion and participation in the nation's social development.

Guidelines for the sustainable development are described below ;

1. Corporate governance with fair business operations
2. Anti-Corruption
3. Respect to human rights and corporate social responsibility
4. Participation in development of community education
5. Preparation of Sustainability Report

Corporate Governance Plan in 2019 ;

1. Establishing a Business Ethics Committee (Executive Level) to encourage everyone in the organization understand the roles and responsibilities operating businesses with transparency and compliance with the organization's policy, and becoming a member of the Anti-Corruption CAC Project with the Thai Institute of Directors (IOD) on August 5th, 2019 at the Joint Practice Committee Meeting for the second quarter of 2019

2. Making confidence and declaration of intention towards suppliers for their acknowledgement of the Company's Code of Business Conduct and participation in anti-corruption

3. Reviewing and driving the vision and mission of the organization, adjusting business strategies for sustainable growth, and supervising to have an efficient system to support anti-corruption and to ensure that executives, management, employees and all relevant parties realizing the importance and putting into practice until becoming a corporate

4. Supporting the activities of "Pan Panya Foundation" consistently as a means to drive and develop Thai children's education quality, and promote the education quality toward remote communities

5. The Company received "Very Good" for corporate governance of listed companies and the organization of Annual General Meeting of Shareholders.

The company revised its manual on corporate governance (in reference of the principles of good corporate governance for listed companies in 2017) following the resolution of the Board of Directors' Meeting No. 6/2017 held on 15 December 2017. The manual for the Code of Business Conduct has been prepared to communicate with the directors, executives and employees to acknowledge and realize its importance. The manual is used as the guideline to consider risky behavior which may come against the ethics and work guidelines, helping to promote the organization's corporate governance, improving the company's business operations and encourage the organization's people to have moral mind. This move will gain confidence and acceptance from the society and lead to a sustainable growth through the internal channels and MFEC's website <https://www.mfec.co.th/en/corporate-governance/code-of-conduct>

The Board determines the Corporate Governance Policy in the following details ;

In order to have an efficient operating system and the basis for sustainable growth, the Company adheres to conduct business with morality and ethics with partnership and alliance policy with customers, partners, shareholders, investors and the society to develop business competitiveness and grow in parallel with the business operations of the "MFEC Group".

In summary, the essence of the operation of corporate governance is as follows:

Guideline 1) To aware of the leadership roles and responsibility of the Board of Directors for value creation with sustainability

: The Company pays high attention to the Board's roles, duties and responsibilities for the purpose of maintaining benefits of the shareholders and stakeholders.

Therefore, the Board comprises of nine (9) members and the number is appropriate for the size of MFEC. The Board consists of Chairman (non-executive and non-independent director), five (5) non-executive, independent directors (one (1) female independent director and four (4) male independent directors), two (2) executive directors and one (1) non-executive director.

The list of the Board members with a three-year term as follows ;

Director	Type	Appointment Year	Latest Selection Year by AGM	No. of Years for the Position (Year)
Mr. Sirisak Tirawattanangkul	Non-Executive Director	2011	2019	8
Mr. Kiyotaka Nakamura	Non-Executive Director	2014	2019	5
Mr. Siriwat Vongjarukorn	Executive Director	2003	2017	16
Mr. Thanakorn Charlee	Executive Director	2015	2017	4
Mr. Anant Leetrakul	Independent Director	2012	2018	7
Mr. Suchart Thammapitagkul	Independent Director	2003	2018	16
Prof. Dr. Uthai Tanlamai*	Independent Director	2016	2018	3
Ass. Prof. Dr. Kamales Santivejkul*	Independent Director	2016	2019	3
Dr. Charn Tharawas*	Independent Director	2016	2017	3

Authority of the Board of Directors :

The Board of Directors has the authority to approve various matters of the Company in accordance with the scope of duties under the law, Company regulations, Charter of the Board of Directors, and the resolution of the Annual General Meeting of Shareholders, including determining and reviewing the vision, mission, operational strategy, risk management policy, budget plan and annual business plan, medium-term business plan. The matters of the Company are included determining the goals of the business operation, following up, evaluating the operational results as planned, and supervising investment expenses items during mergers and acquisitions, including investment in new businesses

In 2019, the Board of Directors performed its duties and was well aware of its responsibilities following the Corporate Governance Policy in the following details;

1.1 To define duties and responsibilities in establishing a system to promote, support, and supervise, ensuring that all employees and related parties are required to comply with anti-corruption policy, including reviewing the suitability of various systems and measures to comply with business changes, regulations, and legal requirements

1.2 To provide a code of business ethics for the purpose of communicating internally to the directors, executives, and employees, and to be aware of the importance and used as a basis for considering the appropriateness of behavior that may be at risk of violation of ethics and operational guidelines

1.3 To determine the policy for each director to hold the directorial position in no more than five (5) listed companies, and President and senior executive holding the managerial position in one (1) listed company for sufficient management time

1.4 To have no records of infringement against the regulatory requirements of the Securities and Exchange Commission / Stock Exchange of Thailand

1.5 To determine having a chairman of the Board of Directors not to be the same person as the executive chairman for clearly separated roles, authorities, and duties, and to appoint independent directors as a chairman of the sub-committees

1.6 To govern the Company having the internal control system which take a full coverage of finance, work execution, legal and regulatory compliance, and proper and sufficient risk management, having an Internal Audit Department under the supervision of Internal Audit Manager, named Ms. Thitirat Thanathitikankun, which is an independent department reporting to the Audit Committee

1.7 To ensure that there is a sufficient risk management system, regular monitoring of risk management, following the organization's principles of corporate governance by assigning the Risk Management and Corporate Governance Committee to report the risk management results on a quarterly basis and to report the results of the supervision operations complying with the anti-corruption practices within the organization to the Board of Directors on a regular basis

1.8 To determine having the performance appraisal of the president with proper remuneration for the organization structure

Guideline 2) To determine Objectives and Main Goals for Sustainability : The Board pays attention to lead the organization to a sustainable growth. In 2018, the Board of Directors' Meeting No. 5/2018 held on 25th September 2018, resolved to approve the revision of the Company's vision, mission and corporate value, as well as preparation of the manual for the code of business conduct

Vision :

To become Thailand's best IT workplace with passion to create technologies and innovate solution that uplift your digital life

Mission :

To drive innovations that enhance people's digital life

MFEC aims to be the IT company people most desire to work with to create technology and innovation which upgrade all people's quality of life committed to conduct business with transparency and fairness under the framework of good corporate governance, adhere Corporate Governance Policy and Code of Conduct having responsibility to society, environment and all stakeholders. To create competitive advantage and sustainable growth, the Company has changed the business model according to the trend of information technology such as Social Media, Cloud Computing, Big Data, Mobility and Security in accordance with Digital Business Transformation for supporting the rapidly changing situation at present and striving to "create people" by developing human resources both inside and outside the organization in the ICT profession to match the market demand trends of the business sector;

Corporate Values :

- **Passion to Succeed** To perceive the definition of self-success and strong desire for work success and future career path jointly planned with the organization

- **Teamwork** To become the unity, working together with mutual understanding, sharing a success, suffering and happiness with colleagues

- **Professional** To being committed and responsible for the disciplines and ownerships of duty for everyone and customers

The Board of Directors is required to hold a joint meeting with the management at the end of every year. MFEC Board of Directors' Meeting No. 6/2019 held on 17th December 2019 discussed with the management teams of MFEC and its companies to set their goals, strategies and business plans for the following year so that these actions meet the goals and ensure the Company to be able to make profit as setting in the organization's business plan

Guideline 3) To promote Effective Board of Directors :

As the Board of Directors is well aware of its roles, duties and responsibilities to lead the organization to its objectives and goals as determined, while playing a major role to push for the company's sustainable growth, the Board's structure and qualifications, and the company's criteria and procedures are set in the following details ;

3.1 The Board of Directors is well structured and comprises of directors who have proper and versatile qualifications (Skill Matrix). Among the Board members, at least one (1) shall be non-executive director with business experience. The proportion

of executive directors to non-executive directors shall reflect a balance of power. The Board shall consist of no less than five (5) members and no more than 12 members. MFEC Public Company Limited has nine (9) Board members. Five (5) of which satisfy the independence characteristics according to the Securities and Exchange Commission (details as described in Attachment 1: Details of Directors).

The responsibility for performance, time allocation and support mechanism are determined for the directors to perceive their roles and criteria for the directorial position in other companies as a means to ensure that the directors are able to dedicate time performing their duties. Therefore, each director is required to take the directorial position in no more than five (5) listed companies, while reporting is required for other positions taken with disclosure of direct and indirect stakes in other enterprises. The criteria and information must be revealed. Each director should have at least 80% meeting attendance.

Definition: A listed company means a company whose shares are publicly traded on the stock exchange.

3.2 Mr. Sirisak Thirawattanangkul was appointed as Chairman of the Board and Mr. Siriwat Vongjarukorn was appointed as Executive Chairman/President whose duties and responsibilities differ from the former's

In this regard, Chairman of the Board has taken the roles and duties to govern, monitor and ensure the directors' efficient performance and achievement of the organization's objectives and goals, determining the Board of Directors Meeting agendas through discussion with all directors, and ensuring major issues included in the agenda, by allocating adequate time for the management to present and discussing important issues with the directors to encourage their careful consideration and independent opinions, strengthen good relationship between executive directors and non-executive directors, and to foster relationship between the Board and the management.

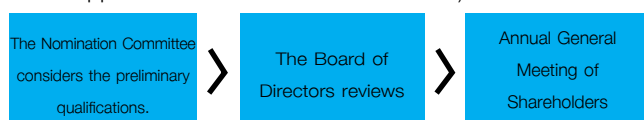
3.3 The Board of Directors appoints all sub-committees consisting of the Audit Committee, the Nomination and Remuneration Committee, the Risk Management and Corporate Governance Committee, and the Executive Committee. These committees review major and specific issues in detail prudently, screen information, and present directions for consideration before forwarding them to the Board for approval. These committees' roles, duties and meeting attendance are disclosed in the topic on Management Structure.

3.4 The Board determines the criteria for nomination and remuneration to the directors and each of committees in the

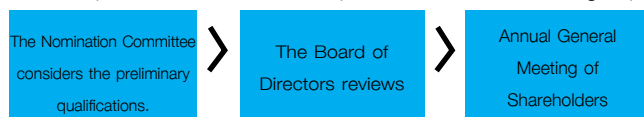
following details:

3.4.1 Practice in nominating qualified candidates for the position of directors : Nomination of candidates for directors / independent directors In 2019, the Nomination and Remuneration Committee nominated the candidates to assume the positions of the directors and independent directors who had a diversity of qualifications, experience, skills, and specific and useful capabilities with dedicated time and full effort for the strong Board of Directors. Therefore, each director was required to hold the position of the director at no more than five (5) listed companies.

The Company provided the opportunity for the minority shareholders to propose qualified candidates and present them to the Nomination and Remuneration Committee's meeting before forwarding the list to the Board of Directors meeting, and to appoint them according to the Articles of Association requiring a shareholders' meeting approval of no less than half of the number of eligible shares to vote. One (1) shareholder had the number of votes as one (1) share for one (1) vote. Each shareholder must cast all of his/her votes to elect a candidate or candidates as a director or directors in the number equal to the directors that required in an election. One-third of all directors shall vacate the office at each of Annual General Meeting of Shareholders. The number of non-independent directors may be determined as a proportion of the number of shares held in the company as appropriate. This was also subject to elected directors' capabilities. (The nomination procedures for directors is reported in Management Structure, 8.1.4: Appointment and Removal of Directors.)



3.4.2 Practice to determine remuneration for the Board of Directors and sub-committees : This is in line with the Company's long-term strategy and goals, experience, duties, scope of accountability and responsibility which the committee members, who are assigned duties and responsibilities as members of the sub-committee, should receive appropriate additional remuneration and compare with the level that is practiced in the industrial group.



3.5 The Board determines a framework and mechanism on supervision of operations of the subsidiaries and other enterprises in which the company makes investment, according to the company's policy to promote/jointly invest with the employees who have knowledge, capabilities and management capabilities for new subsidiaries. The Company has the policy to jointly invest with its allies to enlarge services to a full coverage

(The list of 9 (nine) subsidiaries and four (4) associated companies are described in 1.3: Shareholding Structure of MFEC Group). Therefore, the Board defines the framework and mechanism to supervise the enterprises that the Company invests in the following manners:

Subsidiary - To appoint an MFEC representative as each subsidiary's director, executive, or controlling person, by specifying the scope of duties and responsibilities of the representative, while arranging the proper, prudent, and sufficient internal control for transactions following the legal and regulatory requirements and compliance with each subsidiary and MFEC's policies

Associated Company - To appoint an MFEC representative performing duties in accordance with each associated company and MFEC's policies, which the Board should make the Shareholders' Agreement or other types of agreement for clarity of managerial authority, participation in decision-making of major issues, and monitoring of performance for preparation of the Company's consolidated financial statements in a duly manner

Scope of Authorities, Duties and Responsibilities of Directors / Executive Representatives

1. To participate in planning and formulating policies, directions, strategies, work plans, and organizational structures, in accordance with economic conditions, market competition conditions, and MFEC Public Company Limited Policy
2. To participate in planning and setting business plans, annual budgets to be presented to MFEC Board of Directors
3. To supervise the business operations following the policies, the management directions and the approved business plans
4. To supervise for having completed and correct disclosure of financial status, performances, connected transactions in the group or related persons, acquisitions or liquidations of assets or other major transactions following MFEC's regulatory requirements involving the disclosure of information and transactions
5. To supervise having an appropriate internal control system and sufficient conciseness

Apart from its supervision through the dispatch of directors/ executive representatives and directors in the subsidiaries/as-associated companies as approved by their Board, the Company has the auditing mechanism, through the Internal Audit Department, to help audit/review the subsidiaries/associated companies' internal control system with proper, prudent and adequate management in required fields, and report the results to the Audit Committee for acknowledgment.

3.6 To have the Board and committees' annual performances and appraisals by group and individual at least once (1) a year for joint consideration of performance and problems for further improvement

Criteria for Performance Appraisal of the Board/Committees (by group/individual)

Appraisal Item	Board	Committee	Individual
Structure & Qualification of Directors	/	/	/
Role, Duty & Responsibility of Directors	/	/	/
Meeting of Directors	/	/	/
Relationship with Management	/	X	X
Self-Development and Development of Executives	/	X	X

Remark : / = Appraisal, x = No Appraisal

Summary of Performance Appraisal of the Board by Group Based on five (5) appraisal items, the Board scored very good with improvement and practices following the principles of corporate governance.

Summary of Performance Appraisal of Four (4) Committees The Executive Committee, the Audit Committee, the Risk Management and Corporate Governance Committee and the Nomination and Remuneration Committee. Based on three (3) appraisal items combined, all of the committees scored good.

3.7 Regular development and improvement of skills and knowledge for the directors' tasks

- To have a newly appointed director gain suggestions and useful for their duties so that they understand the Company's objectives and goals, visions, missions, corporate culture, business characteristics and directions for businesses, and none of new directors was appointed in 2019.

- To have the directors taking necessary training and knowledge development, understanding legal and regulatory requirements, standards, risks, business environment, and updated information regularly

In 2019, the Board members and executives have taken the following additional training

Course	Trainee	Position
• DTC (Digital Transformation for CEO) by Nations	Mr. Thanakorn Charlee	Chief Operating Officer
• Anti-Corruption: Road to Certify by IOD	Mr. Worapot Wongpan Mrs. Renuka Buntongdee	Senior Legal officer Internal Audit Director
• Company Secretary Program by IOD	Ms. Orawan Hnuntaku	Company Secretary
• P01: Preliminary to Corporate Sustainability by SET	1 st Generation Ms. Phanchitar Wipatchwatee 2 nd Generation Ms. Renuka Buntongdee Mr. Pisit Thitihirunthikun	HR Business Partner Manager Internal Audit Director Legal Director
• Improvement of the report on distribution of shareholding (Free Float Report) by SET	Mrs. Varaporn Wisedsang Mrs. Renuka Buntongdee	Company Secretary Internal Audit Director
• S01 – S03: Corporate Sustainability by SET	Ms. Uraporn Aiedkarn	People Excellence Director
• S06: Sustainability Reporting by SET	Ms. Uraporn Aiedkarn	People Excellence Director
• Secretary Qualifications and Importance of Contact Person by SET	Ms. Orawan Hnuntaku Ms. Dollaporn Nijsathorn	Company Secretary Assistant to Company Secretary
• Training program SET Link by SET	Ms. Orawan Hnuntaku Ms. Dollaporn Nijsathorn	Company Secretary Assistant to Company Secretary
• Smart Disclosure Programme by SET	Ms. Orawan Hnuntaku Ms. Dollaporn Nijsathorn	Company Secretary Assistant to Company Secretary

And Ms. Siriporn Detnitirat, Chief Financial Officer, was trained in the course “Stock Valuation, updated major work issues according to Financial Reporting Standard and Item Revision for Future Standards” and CVC – New Investment Strategy for Innovation to Keep Pace with the Business World.

Each Board member/executive’s record of basic training by Institute of the Thai Directors (IOD) are described in Attachment 1: Details of Directors, Executives and Authorized Persons.

3.8 To have the Company Secretary supporting operations of the Board of Directors and sub-committees with access to necessary information, arrange the annual meeting schedule and delivering meeting documents not less than seven (7) days in advance, and to qualify the Company Secretary as required by the Stock Exchange of Thailand (Details are shown in Item 8.3 Company Secretary) for supporting the Board of Directors

- To have all Board members proposing useful issues as meeting agenda
- To encourage invitation to the high-level executives attending the Board meeting in October and December and, as the direct positions involving business-related difficulties, providing additional information for business, and getting acquainted with high-level executives for the purpose of consideration on the succession plan
- To have the non-executive directors, in every first meeting of a year, meeting each other as necessary for discussions without the presence of the management, and informing the President about the meeting results

Guideline 4) To nominate and develop top executives and personal management :

In order to ensure high-level executives having necessary knowledge, skills, experiences and qualifications to lead the organization toward its goals, the Board delegates the Nomination and Remuneration Committee performing the following tasks;

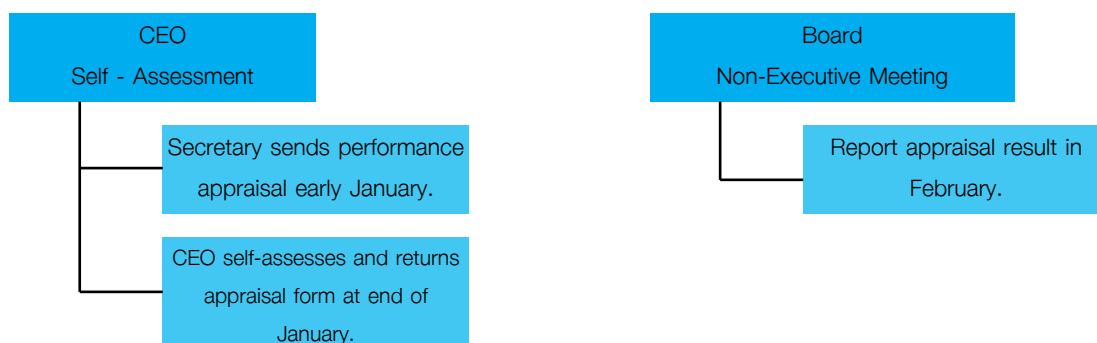
4.1 To consider and determine the nomination criteria and procedures of qualified candidates for the position of the President and the succession plan, reporting the Board about the results at least once (1) a year, and setting the policy and procedures for the president and high-level executives who will take positions of the directors in other companies by presenting and proposing the approval from the Board of Directors meetings

4.2 The Company has a policy to promote and support the Chairman of the Board, President, Executive Committee, attending training and development to increase knowledge, capability, and experience that are beneficial to the operations.

4.3 The Board determines the remuneration as incentives for Chairman of the Executive Committee/ President, high-level executives, and other employees at all operational levels to comply with the organization’s objectives, goals, and benefits in the long term, and to compare the remuneration with those in the same industry, regarding to the operating performance.

Remuneration Structure	Executive Chairman / President / Top Executives
Monthly Remuneration	Salary
Other Monthly Remuneration	Position car, fuel expense, mobile phone expense and management allowance
Welfare	Provident fund, social security insurance, group health insurance and liability insurance

4.4 The Board determines the criteria and factors for performance appraisals, approves the remuneration structure of the directors/president/top executives, and follows up the appraisals to comply with the criteria.



Guideline 5) To promote innovation and business operations with responsibility : This guideline aims to create value to businesses and brings benefits to customers or related parties with the environmental and social responsibility, increasing business opportunities which comply with the organization's objectives, goals and strategic plans, with respect to impacts and sustainability

5.1 As the Board has the policy to support innovations by inventing new items through creative ideas for the benefits to the economy and society, the Board assigns the management teams of the Company and MFEC Group's companies to review their business goals, strategies and work plans/operating activities adding value to the organization via business models for the sustainable expansion. The Executive Committee, therefore, sets the concept and informs it to every business unit, putting it into practice and, as a part of the innovative plan to improve the work procedures, bringing about a reform, making a difference, and gaining competitive advantages

In 2019, the management assigned the People Excellence Department to join the Software Development Department planning and holding activities continuously as a means to support and encourage the employees to take part in having ideas and developing innovations, according to the corporate policy. Example was MFEC Incubator 2019, a project which allowed the employees to present their ideas and incubate them for innovation solutions for business extension.

5.2 The Risk Management and Corporate Governance Committee revised the corporate governance policy and other policies including risk management, quality, safety, occupational health and work environment, IT governance, anti-corruption and code of business conduct. The Code of Business Conduct Committee was set up and proposed to the Board. These revised policies have been disseminated through MFEC's website www.mfec.co.th to allow the directors, executives and employees to use these policies as the guidelines to behave with ethics and responsibility to the environment and society, no violation to the stakeholders' rights and achievement to the corporate purposes and goals.

Guideline 6) To manage having proper risk management and internal control system : The Board manages to ensure that the Company has risk management and internal control systems in order to achieve the objectives effectively, and abide by the related laws and standards, and sets a certain policy and clear practice on anti-corruption and communicate it throughout all organizational levels and outsiders for actual implementation.

6.1 The Board joins hand with the Executive Committee to

review and evaluate impacts and probability of the corporate risks that may arise, taking internal and external factors into consideration once (1) a year. The Risk Management and Corporate Governance Committee was established to determine a framework of risk management process within the organization and review the risk management policy, while reviewing and approving the acceptable levels of risks, governing developments, practices and framework of risk management consistently. Quarterly reporting to the Board is required. The corporate risks are described below;

- Strategic Risk
- Operation Risk
- Financial Risk
- Human Resource Risk
- Compliance Risk

The details are described in the topic "Risks." The Risk Management and Corporate Governance Committee established the Risk Management and Corporate Governance Working Team. Ms. Chulee Werawittayanukoon acts as a secretary who coordinates and reports to the committee each quarter

6.2 The Board has established the Audit Committee, which has qualifications following the Securities and Exchange Commission and the Stock Exchange of Thailand's regulatory requirements, and performs its duty with independence as stated in the Audit Committee Charter, while delegating the tasks to the Audit Committee to plan, audit, evaluate the internal control, and report the results to the Board consistently.

6.3 The Board governs the subsidiaries or other significantly invested enterprises (a stake with voting right at 20% or more) to establish the risk management and internal control.

6.4 The Board governs to have a data security system, practices for data confidentiality and manage sensitive information which may affect the stock price. The policy is set for the directors, executives and employees of MFEC to keep confidentiality, and included in the Code of Business Conduct.

• Directors & Executives

The directors and executives are prohibited to exploit inside information to reap benefits and to trade the company's securities in a period of thirty (30) days or one (1) month before an announcement of financial statements of each quarter.

• Employees at all levels

The employees are prohibited to disclose confidential information to outsiders as set in the Code of Business Conduct for the employees.

6.5 The Board determines measures to manage a conflict of interest that may arise.

- To require the directors reporting their stakes, at least

before their involved agenda in a Board meeting, and recording them in minutes of the meeting, their participation shall not be permitted in such agenda.

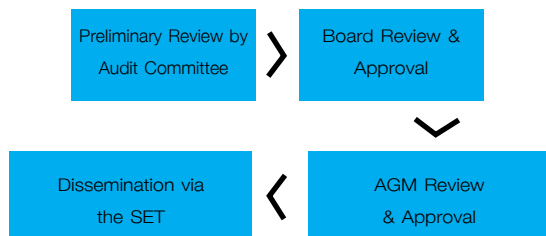
- To determine the direction and practices for a transaction that may cause a conflict of interest according to the procedures, and disclose such information

- o Normal business transactions shall be forwarded to the Audit Committee for consideration, approval and acknowledgement.

- o Connected transactions which may cause a conflict of interest in a medium scale



- o Connected transactions which may cause a conflict of interest in a large scale



6.6 The Board determines a mechanism for complaints with protection measures for informers, channels for complaint information through www.mfec.co.th or independent directors / audit directors, processing for examination, reporting to the Board, and monitoring the solution progress.

Guideline 7) To maintain financial accountability and information disclosure : The Board of Directors manages to have a system for preparation of financial statements and disclosure of important information with accuracy, adequacy and punctuality, according to related guidelines, regulatory requirements, standards and practices. The Board also monitors adequacy of financial liquidity and ability to repay. In the event that a business faces financial troubles or tends to face financial troubles, the Board has a plan to solve them or set other mechanisms which can solve the financial troubles regarding to rights of the stakeholders, and should prepare Sustainability Development Report and promote IT as a tool for dissemination of information.

7.1 The Board governs to have persons involving in preparation and disclosure of information to gain appropriate knowledge, skills and experience for their responsibilities and be sufficient in number. The major information shall be disclosed in the following manners;

- Financial statements and notes/Management Discussion and Analysis (MD&A)

- Annual Report, 56-1 Form & Sustainability Development Report

The information is disseminated for investors in both Thai and English versions through the Stock Exchange of Thailand and MFEC's website www.mfec.co.th.

7.2 The Board governs to have the administration monitoring, assessing the financial status and reporting it to the Board regularly. Prompt solutions shall be made if any signs for liquidity and ability-to-repay problems arise. The problem signs include consecutive losses, decline in net profit margin, low cash flow, incomplete financial information, lack of a proper accounting system, lack of evaluation on cash flow and budget, no business plan, more increased amount of liabilities than increased amount of assets, problems in liquidation of inventory products and debt collection.

7.3 The Board delegates the tasks of communications with outsiders to executive chairman / president.

Guideline 8) To promote participation and communications with the shareholders : The Board governs to ensure the shareholders take part in the Company's decision-making of major issues, have a shareholders' meeting be complete smoothly with transparency, efficiency and convenience for the shareholders to exercise their rights, and have the disclosure of meeting resolutions and preparation of minutes of meetings with accurateness and completeness.

Rights of the Shareholders

The Company opened the opportunity for the shareholders to participate in governing the business operations and giving opinions. In 2019, the Company proceeded with the shareholders' rights in the following issues;

- 1) The AGM was scheduled. The company set the AGM once a year within four (4) months after the date of ending an accounting year on 31 December. The AGM was held on April 25th, 2019 at Conference Room, 39th Floor, Sun Tower B, No. 123, Viihavad-Rangsit Road, Chomphol subdistrict, Chatuchak district Bangkok 10900. None of extraordinary meetings was held.

- 2) Opportunity was given to the shareholders to propose an agenda (s) in advance by informing the shareholders via the Stock Exchange of Thailand's channel and notifying the result of the meeting agenda for the shareholders' acknowledgment.

- 3) The shareholders were invited for a shareholders' meeting (in Thai and English languages) beforehand. The Board of Directors' Meeting No. 1/2019 held on February 27th, 2019 resolved to organize the AGM on April 25th, 2019. Invitation shall be made through the company's website and the Stock Exchange of Thailand's channel for the shareholders to acknowledge the AGM schedule.

- 4) The meeting agenda (in Thai and English languages),

important document for consideration and decision-making, Board of Directors' opinions, the minutes of the AGM No. 1/2018, annual report with meeting document, proxy document and practices were disseminated on the company's website from March 15th, 2019, no less than thirty (30) days prior to the AGM

5) The invitation letter was delivered by the registrar of Thailand Securities Depository Co., Ltd. on March 27th, 2019, twenty-one (21) days in advance, with three (3) consecutive days of newspaper announcement before the AGM (April 4th, 5th, and 9th, 2019) to call for the AGM in advance.

6) Proceeding of the AGM

- Prior to the AGM, Chairman of the AGM introduced the Board, auditor, chief financial officer and independent financial advisers, and informed the AGM the voting and vote counting procedures with use of voting cards.

In 2019, more than 80% of the directors, auditor, chief financial officer and financial advisers attended the AGM.

- During the AGM, Chairman explained the process of resolution in each agenda following the Articles of Association, opened the floor to the shareholders to question, express opinions and make comments in a proper period, and answered the questions before voting.

In 2019, with respect to the agenda on election of the directors, Chairman allowed the shareholders to elect the directors on an individual basis. During the AGM, any director who was at stake in or related to any agenda would inform the AGM and abstain from voting in such agenda. Chairman proceeded with the agenda in order and none of additional agenda was considered

- After the AGM, Company Secretary recorded the minutes, disseminated the meeting resolutions and the number of votes in each agenda on April 25th, 2019 (Thai and English versions), while recording the AGM minutes, video and sound for dissemination in the company's website after the AGM. The minutes of the AGM was submitted to the Stock Exchange of Thailand within fourteen (14) days as required.

7) Equal Treatment to the Shareholders

- Proposal of the AGM agenda/candidates: The shareholders were provided the opportunity to propose candidates for the position of the directors, agenda and questions in advance during December 16th, 2019 – February 21st, 2019. The shareholders were informed through the Stock Exchange of Thailand's news system and the announcement of certain principles and clear procedures were made in the company's website www.mfec.co.th in the part "Investor Information."

- The shareholders were equally given the rights to vote according to the number of shares held.

- The Company enclosed Proxy Form B which the shareholders can direct their votes in each agenda in the invitation letter so that the shareholders who are unable to attend the AGM by themselves can authorize any of the Company's independent directors or other persons as proxies for such shareholders to cast votes on behalf of the shareholders. The shareholders may download Proxy Form B on the Company's website

- The directors, executives or employees are prohibited from the use of inside information for their own benefits, trade of the company's shares and give the inside information to other persons for trade of the company's shares. The directors and executives must have reports of the start volume of their securities holding, details and changes following Section 59 of the Securities and Exchange Act.

- The directors of the company and its subsidiaries are required to report their stakes and their related persons' stakes following Section 89/14 of the Securities and Exchange Act, B.E. 2551. Reporting shall be made to Company Secretary within seven (7) days if any change of such information occurs.

8) Regard to the stakeholders' roles: The Company pays attention to the social responsibility and is well aware of the major roles of all groups of stakeholders. Anti-corruption practices and policies have been set for receiving/giving gifts/assets or any other benefits while transactions are made with persons in the private and public sectors. The Company also informed its suppliers its Code of Business Conduct for acknowledgment and practice, while launching measures for information protection mechanism for informers and revising the policies and practices for all groups of stakeholders. The manual on corporate governance was also revised, while being publicized for all employees to practice. The revised version was disseminated in the website for the shareholders and stakeholders to acknowledge the organization's ethics.

In 2019, there were the following, additional good practices ;

- (1) The policy was set to prevent corruption for receiving/giving gifts or benefits as motivation for dishonest practices. The Code of Business Conduct was widely disclosed together with the practices for the company's suppliers.
- (2) International human rights and no violation of intellectual properties.
- (3) Improvement of the website and more channels for complaints and suggestions, complaint procedures and protection measures. The channel will be directed to independent directors through Secretary at http://www.mfec.co.th/ir_index.php.

Compliance with good corporate governance principles in other matters

In 2019, the Risk and Corporate Governance Committee has considered applying the principles of good corporate governance

for listed companies in 2017 or the Corporate Governance Code (CG) issued by the Securities and Exchange Commission to be used as appropriate for the business, which there are still matters that the company is still unable to perform, but there are plans for replacement measures waiting to be presented through the Risk Management and Corporate Governance Committee meeting as follows:

• **The chairman of the board should be an independent director.**

The Chairman of the Board is a shareholder of the Company, which has a role in managing the organization, taking into account the benefits of the organization, shareholders and all stakeholders.

• **The Board of Directors should specify the tenure of independent directors for not more than 9 years.**

Nomination and Remuneration Committee Considering the qualifications, knowledge and specific expertise of each director, taking into account the diversity of the Board Skill Matrix as information for consideration, presenting to the Board of Directors and the Annual General Meeting of Shareholders

In the year 2019, there were three (3) independent directors, consisting of Mr. Anan Leetrakul, Mr. Suchat Thammakitakul and Prof. Dr. Uthai Tanlamai, whose term has expired and has been nominated by the Nomination and Remuneration Committee and approved by the Board of Directors meeting and disclosed to shareholders prior to the election of directors, The Board of Directors considered and agreed that all 3 independent directors are qualified persons with independence by being able to give independent opinions in accordance with relevant rules Including being an experienced director Bring knowledge and expertise to give opinions and suggestions to the organization in business operations

• **Data communication through the arrangement of analyst meetings**

With the Executive Committee recognizing the importance of communicating various information with shareholders and investors Therefore plans to meet analysts on a quarterly basis.

Governance on Use of Inside Information

Aside from governing through legal requirements, the company has the policy and adheres to ethics, honesty and integrity in its business operations toward the customers, suppliers, investors and shareholders. The Code of Business Conduct has been established for the directors, executives and employees at all levels for practices in order to prevent improper disclosure of any important information or access to sources of information without permission. If anyone breaches the regulation, he or she is regarded as taking serious wrongdoing and may receive disciplinary punishments.

The Company has the regulations to supervise and prevent the use of undisclosed inside information for self-benefits or others' benefits in the following manners;

• Directors, executives, employees & workers shall keep the corporate secrets and/or inside information confidential.

• Directors, executives, employees & workers shall not disclose the corporate secrets and/or inside information or exploit it for their own benefits or others' benefits in either direct or indirect ways and with or without compensation.

• Directors, executives, employees & workers shall not trade, transfer or receive a transfer of the company's securities by exploiting corporate secrets and/or inside information, and / or make any legal transactions by exploiting the corporate secrets and / or inside information that may cause damages to the company in either direct or indirect ways. This requirement is extended to spouses and underage children of the directors, executives, employees and workers. Any of those who infringes this regulation is considered taking serious wrongdoing.

• Directors, executives, accountants, and their spouses and underage children are prohibited from exploiting inside information to trade, transfer or receive a transfer of the company's securities in a period prior to a public disclosure of the company and its related companies' financial statements (from 15 April to the date of reporting the first-quarter financial statements/from 15 July to the date of reporting the second-quarter financial statements / from 15 October to the date of reporting the third-quarter financial statements / and from 1 February to the date of reporting the annual financial statements).

In addition, the company's directors and executives are required to prepare the shareholding list and report the Securities and Exchange Commission the changes of any securities held by the directors and executives, and their spouses and underage children according to Section 59 of the Securities and Exchange Act, B.E. 2535 within the required period stated in the regulation on reporting of the shareholding. The executives are required to submit the copies of the report to the company in the same day they report the details to the Securities and Exchange Commission.

Remuneration to Auditor

Audit Fee

In 2019, total audit fee including BOI was 1,430,000 baht, increasing 7% from the year 2018. The auditor did not provide any other services and had no relationship and / or no stake with the company / its subsidiaries/executives / major shareholders or related persons.

MFEC had 10 subsidiaries: (1) Advance Intelligence Modernity

Co., Ltd.; (2) Praln FinTech Co., Ltd.; (3) M.I.S. Outsourcing Co., Ltd.; (4) Business Application Co., Ltd.; (5) Motif Technology PCL.; (6) *Hongson Co., Ltd.; (7) Playtorium Solutions Co., Ltd.; (8) Data Café Co., Ltd.; (9) Fanster Media Co., Ltd.; (10) *MSyne Innovations Co., Ltd.. Total audit fee including BOI combined was 1,818,000 baht. The auditor did not provide any other services and had no relationship and / or no stake with the company / its subsidiaries / executives / major shareholders or related persons.

Auditor for MFEC / its subsidiaries

1. Ms. Wannisa Ngambuathong,	Auditor No. 6838
2. Mr. Peradate Pongsathiansak,	Auditor No. 4752
3. Mr. Thanawut Piboonsawat,	Auditor No. 6699
4. Ms. Sulalit Ardsawang,	Auditor No. 7517
5. Ms. Thanyaphon Tangthanopajai,	Auditor No. 9169
6. Mr. Suwat Maneekanoksakul,	Auditor No. 8134
7. Ms. Soraya Tintasuwan,	Auditor No. 8658

Audit Fee

Audit fee including BOI for MFEC



2019	1,430,000 THB
2018	1,390,000 THB

Audit fee including BOI for 9 subsidiaries



2019	1,818,000 THB
2018	2,240,000 THB

Other fees



2019	-
2018	-

Remark :

1. In December 2017, MFEC Public Company Limited invested in two (2) new subsidiaries; Playtorium Solutions Co., Ltd. and Data Café Co., Ltd.
2. * Hongson Co., Ltd., formerly known as Hongson Software Co. Ltd.
3. * MSyne Innovations Co., Ltd., formerly known as Soft Plus Technology Co., Ltd.

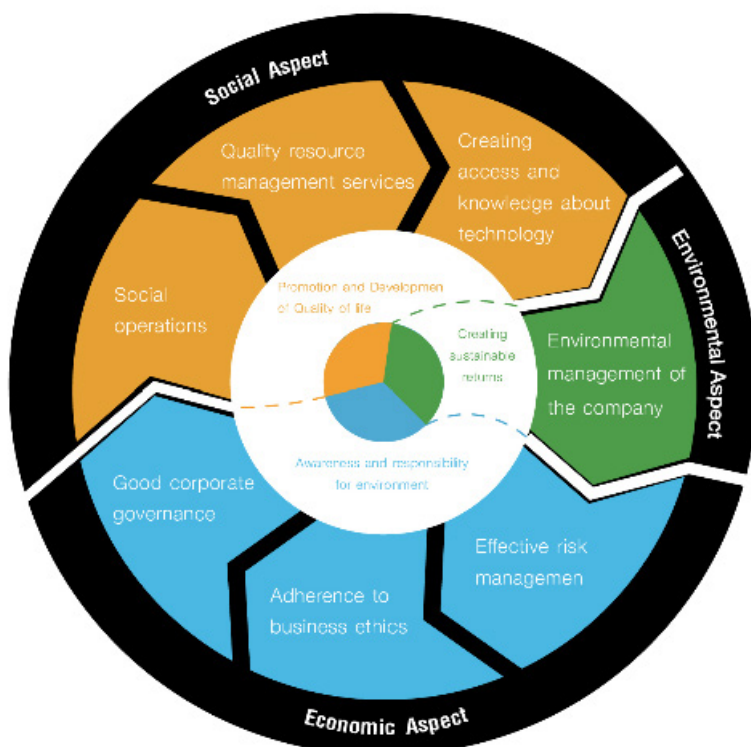
Other practices concerning the corporate governance

-None-

The details of good corporate governance in other issues following the latest version of Manual for Corporate Governance are disclosed in the company's website www.mfec.co.th in the part "Investor Relation" in "Corporate Governance."



Corporate Social Responsibility (CSR)



MFEC Group is well aware of rapid change of new technology, life style and needs of people in the country, so we strive to strengthen the country's foundation by enhancing educational knowledge. To respond these changes, the company has set up guidelines in order to create sustainability in various fields aiming to see equality and social justice. Additionally, economic development has been kept in mind as a plan to increase income distribution for better quality of life and corporate responsibility adhering to good governance, business ethics, and corporate governance. Therefore, MFEC is more than ready to drive the organization with its strong vision and mission towards sustainable growth.

The moves were in line with MFEC Group's direction/goals for business operations emphasizing on growing sustainability under business ethics and good risk management. This strategy has become

the core with the purpose of driving the organization, while enhancing service capability and encouraging the social responsibility and sustainable development in work processes. As a result, the sustainable environmental, social and corporate governance value added methodology is applied for benefits of related parties, including shareholders, employees, customers, allies, communities and society.



The company considers the importance of 6 key goals under the Sustainable Development Goals (SDGs) of the United Nations, which is consistent with the company's materiality assessment. At the same time, MFEC also follows another 11 goals intending to create sustainable value for the stakeholders.

MFEC Group's boards of directors, executives and employees are strongly committed to move ahead in creating value for the organization, the society and environment systematically following the guidelines on "Social Responsibility" ("Eight (8) Guidelines"). These guidelines are directly related to MFEC and its group in term of business operations, activities, employees, suppliers and foundation, which are described in the following details:

1. Fair Business Operations

MFEC Group faithfully executes its business operations with equality, fairness, honesty and integrity, while respecting intellectual property rights, political right and obligations to the stakeholders.

Adhere to business operations with integrity, equality and fair competition

- Operate businesses for customers with integrity, fairness, respect and follow conditions as agreed and determined strictly. For example, show respect to project implementation, once a product or its model and services agreed for purchase/sale end production, the company will find a better model of the product with comparable or higher quality as agreed.
- Disclose information involving products and services in full details with accuracy and no distortion. Right, sufficient and useful information must be provided for customers. There exists a replacement process if a defect is found in a delivered product.
- The company sets its policy and Code of Conduct for the employees and executives on practices and contacts with the suppliers said as requesting, receiving or paying none of any benefits without integrity when contacting with suppliers. In addition, a letter is sent to all suppliers, informing them MFEC's Code of Business Conduct (in country and abroad).
- Compete with competitors fairly under a framework of competition without improper and dishonest search of their information, destruction of their reputation through defamation or any untrue deeds for MFEC's benefits.
- Operate businesses with neutrality, take no side of a political party or a political group, and support none of any activities of a political party in particular.

Respect to property rights

- Promote practices following intellectual property rights, licenses, patents and moral rights and define them as Code of Business Conduct.
- Encourage and support the executives and employees to utilize the company's resources and assets efficiently and properly with valid licenses. Support none of infringement against intellectual property rights. Therefore, the IT Governance Policy is set and announced for all in the organization.

Promote the social responsibility

- Give an opportunity for the employees to independently exercise their democratic rights in a general election in the democracy without any impact to the organization.
- Give the employees, suppliers, customers and allies an opportunity to participate in the company's social activities or donate money or items as desired. For example, the company's major shareholder TIS Inc. provided its financial assistance for Pan Panya Foundation to conduct education activities for Thai children in remote areas.



2. Anti-Corruption

MFEC's Board of Directors pays attention to promote the employees across the organization to perform their duties with honesty and integrity, regardless of exploitation of their authority for their own benefits or others, while acting against all kinds of corruption including bribery. Therefore, the Executive Committee is entrusted to submit a membership in anti-corruption (Private Sector Collective Action Coalition against Corruption or CAC) and is awaiting consideration to become a member and update the business ethics manual, good corporate governance policy of the organization according to the new CG guidelines which divided the practice into 8 criteria, including risk management policy, service quality control policy, security policy Occupational health and working environment, IT Governance policy, Anti-corruption policy and sustainability policy. The announcement has made for executives and employees within the organization to acknowledge and abide by and publicize to investors in general on the company's website www.mfec.co.th.

Anti-Corruption Policy determines the following practices for the executives and employees at all level;

- The Executive Committee is authorized to oversee and supervise business operations, based on the Anti-Corruption Policy.
- In regard to business/procurement relationship with the private or public sectors, all work units shall abide by Code of Conduct on Receiving/Giving Gifts, Assets or Other Benefits for all transactions with the private/public sectors as described in the following practices :
 - 1) Proceed correctly and straightforwardly when contacting with officials or units of the private/public sectors.
 - 2) Before receiving or giving gifts, thorough examination shall be made to assure it follows legal practices and the company's Articles of Association. Prices of items or gifts received/given shall be proper for each occasion and not be pricy.
 - 3) Never receive or give cash, cheque, bond, gold, jewel or other cash equivalents.
 - 4) Never receive or give gifts which may influence an unfair decision-making for a duty. If necessary, receiving too-high value gifts/souvenirs from a party related in a business, this matter shall be reported to a supervisor in order.
 - 5) In an event of asset donation for a purpose, this action can be done in a proper amount with approval and transparency.
 - 6) Evidences for cash payment for gifts/souvenirs shall be kept for later inspection.

Internal Audit Office is delegated the authority to examine any corruption that may arise and if any irregularities are found, the office shall report such irregularities to the Audit Committee instantly.

3. Respect for Human Rights

All human beings are equal in rights, human dignity, freedom, gaining the right to individual equality and the right to freedom of opinion and expression without interference set forth in Thailand's Constitution. As the company is well aware of the human value, its executives and employees are required to respect the human rights, the foundation for the society and business operations.

- The company promotes and respects the human rights protection with no violation to the human rights, and abides by the laws such as employment of workforce and disabled persons, and none of under-aged workforce or illegal alien workers.
- The company respects and abide by the universal declaration of employment and has fair treatment to its stakeholders, ensuring an existence worthy of human dignity. Everyone, without discrimination and violation to fundamental rights, has the right to work regardless of sex, age, nationality, religion, physical conditions and political opinion.
- The company sets measure to protect the employees informing about violation to the human rights or unequal treatment to the employees. The informants will be protected without penalty.





4. Fair Treatment to Workforce

As the organization's human resources remain the key to drive MFEC Group to a success, the management team pays attention to fair treatment for the employees and respects the fundamental rights with the principles of equality. The employees are expected to work happily and peacefully, which shapes the decent MFEC society, boosts work capabilities and develops the organization with sustainability. The management team and Human Resource Department set the following measures and practices.

- The company pays attention to treatment and care

of all levels of the employees in the organization. Each of unit heads are required to take supervision for fairness, avoid unfairness, work insecurity or psychological pressure, have fair treatment to the employees, respect their dignity and equality, define their career path and promotion with welfare, remuneration and their regular development for more knowledge and skills.

- The company provides welfare, health care, annual physical examination, life and health insurance, and flexible welfare for health of the employees and their families at all levels as determined by the company.
- Channels and measures are determined to protect the employees who make complaints/give clues/recommendations, while they are protected from being unfairly penalized or getting bullied at work.

5. Responsibility to Consumers

MFEC mission states "We are committed to develop the organization to become the leader among integrated information technology service providers in the country, while gaining competitive advantages continuously with sustainability through dedication in production of quality products and excellent services with internationally-accredited standards and fair prices to all levels of our customers. We will become the leader to encourage the country's human resources development, create high value-added local jobs, and distribute income, and upgrade quality of lives for people in the country."

MFEC adheres to professional services with expertise and international standard for customers' satisfaction – a major aim. The following practices for services are determined;

- Sale units are determined to present quality and standardized products and services which have proper and safe technology and meet customers' need. Information related to products and services are accurately disclosed in full without distortion.
- Work processes with internationally-accepted standards exist from selection, quality inspection to fast product delivery system.
- Return procedure of products with defects to customers exists with the analysis process to suggest proper products if an irregularity is found during the integration and connection of equipment and systems.

6. Conservation of the Environment

MFEC Group regards efficiency use of resources to reduce energy consumption for conservation of the environment and business operations. The following practices for the conservation of the environment are determined;

- Human Resource Department executes promotion activities for the employees to take part in activities which aim at efficient resource utilization, power saving, reduction of grass house and global warming effects. Examples extend from use of used paper for a copy, ERP development and improvement for international communications instead of use of paper, improvement of e-mail system with Cloud for data collection, use of virtualization technology and servers of computers to share and reduce of a computer's burden for energy savings, and shift to notebooks instead of desktop computers.



- Never do or support any execution which could damage natural resources, the environment and work environment.

7. Participation into Community or Social Development

Aside from the policy for energy saving and awareness of the environment, MFEC Group adheres to its mission focusing on creation of local jobs and distribute income to upgrade quality of lives for people in the country. For example, visually impaired peoples have been hired on the project of necks and shoulders massage treatment to financially assist the visually impaired people to have an occupation as a source of income for themselves and their families directly.

And Pan Panya Foundation was established to conduct activities in the project “Capital Knowledge” for the society, aiming to deliver digital learning media for underprivileged primary- and secondary-level children in remote areas. In 2019, the company donated 380,860 baht to support the foundation. Conducting social enterprise activities by “Pan Panya Foundation”, a non-profit organization providing knowledge to underprivileged children from primary to secondary levels. In the year of 2019, the company donated additional funds to support the foundation activities for 380,860 baht and encouraged the employees to participate in for knowledge sharing, therefore, they are proud to be part of charitable activities in supporting the education of Thai children in remote areas and helping with sustainability development.



8. Innovations and Dissemination of Innovations from the Operations

The Executive Committee foresees the importance of organizational development with sustainability through development of human resources and innovations, improvement of work efficiency, and reduction of work redundancy. Every year, the Human Resource Department arranges training under the Share & Shine Project for the purpose of knowledge transfer and experience sharing within the organization. Each of the unit heads is assigned by the management to consider their innovations, process/guidelines for work process improvement, process reduction, and improvement of work efficiency.

In 2019, the Executive Committee reviewed, improved and developed the following innovative tasks to reduce work redundancy and improve work efficiency:

1) Human Resource Department develops Application “MPY” with Digital Delivery team for the purpose of communications between the executives and employees, and among the employees, and self-reservation of conference rooms in order to lessen work redundancy and save paper and workforce. All employees do not miss important contents aimed to be communicated to them.

2) Quality Assurance Department aims to inspect project implementation to follow a project’s work procedures and plan, develop the program called MFEC Portfolio Management (MPM) to help check a database in an initial phase/errors for reduction of the inspection processes and procedures in each project and to improve the MFEC Portfolio Management (MPM) program to be able to provide data services according to the needs of various departments that change each year. This information will be used to calculate and make reports more accurate and faster.

3) IT Support Department performs internal various system development to increase efficiency including

- Change a new server to increase work efficiency.
- Change the ERP (Enterprise Resource Planning) software system.
- Develop a property management system (Fix asset online) to help manage and reduce paper usage.
- Using IoT (Internet of Things) technology to control and maintain the temperature of the server room condition,

and increase the infrastructure system supports office space expansion of SJ Infinite one office.

MFEC Group conducts activities to create value in the organization, society and surrounding environment in a systematic way following an international CSR framework in the following, three (3) dimensions;

1) CSR in Process: Activities are conducted for the society and environment, which affect the organization's stakeholders and environment. Examples are take care of the employees' welfare, take no damage to the environment and take responsibility for the customers. This is a part of the business process being embraced into all procedures starting from research and development, design, delivery, integration and development to services.

2) CSR After Process: Activities are conducted for the society and environment and affect the society and environment with no direct involvement in the organization's operations. Meanwhile, these activities relate to promotion of business operations and become a part of public relations activities and corporate image creation.

3) CSR as Process: Pan Panya Foundation has been established as a non-profit organization to assist the society and environment and already celebrated its third (3) anniversary on 22 September 2019 after the establishment.

The company prepared Sustainability Development Report in a part of the corporate social responsibility and disclosed its detailed activities and practices following the Sustainability Development Policy in the 2019 Sustainability Development Report as an isolated issue from Annual Report. The Sustainability Development Report is publicly disclosed in the company's website - www.mfec.co.th.



Internal Control and Risk Management

Internal Control and Risk Management

The Meeting of the Board of Directors, which has the Audit Committee, made comments on adequacy and appropriateness of the internal control system, based on “The Assessment Form for Adequacy of the Internal Control System”. The Audit Committee inspected the internal control report and its recommendation focusing on operational audit for consistent efficiency and effectiveness. Monitoring and improvement were made in accordance with the audit report, while being forwarded to the Board of Directors on a regular basis. The results showed that the mandatory procedures were implemented and complied with the legal requirements and corporate governance policy. As per a discussion with the auditor, MFEC had standardized preparation of its financial statements according to the accounting standard with adequate internal control system.

In addition, the Board of Directors emphasized the adequate risk management system with regular monitoring. The Risk Management and Corporate Governance Committee was established to review and approve risk management policy and its framework in all aspects for appropriate solutions. In this regard, the Committee assigned the Risk Management and Corporate Governance Team to follow up, oversee and analyze risk management at each unit’s operational level on a daily basis. The results were reported to the Risk Management and Corporate Governance Committee and, then, were summarized and forwarded to the Board of Directors on a quarterly basis

1. Internal Control of Organization

MFEC establishes a certain, measurable business goal. Its annual budget is set, while key performance indicators are determined to create value and returns to the shareholders. Awareness, morality and good ethics are built up inside the organization and the Code of Conducts is communicated to all employees for acknowledgement and practices. All aims to fulfill customers’ expectations in products and services with social responsibility for MFEC Group’s sustainable growth. The Company has the policy to develop and maintain quality management executives, and to assess work success and provide proper incentives.

The Board of Directors performs its duty to supervise and oversee the Company to set a certain, measurable business goal, and review targets of performance with prudence. The Company’s management structure comprises of five (5) committees: The Board of Directors; The Executive Board; The Audit Committee; The Risk Management and Corporate Governance

Committee; and The Nomination and Remuneration Committee. Each committee is responsible for the shareholders with good morality and social responsibility. The Company restructures itself to support the management’s tasks and boost the internal control’s efficiency. Important tasks are separated for an audit balance. An internal audit department is set to review all units’ operational systems and report to the Audit Committee.

In respect to Anti-Corruption, the Company joined Thailand’s Private Sector Collective Anti-Corruption (CAC) as a member on 5 August 2019.

2. Risk Assessment

The Board of Directors establishes the risk management and corporate governance policy as a key policy. It appoints the Risk Management and Corporate Governance Committee which consists of the Risk Management and Corporate Governance to supervise and monitor the risks of affiliated companies and subsidiaries. The Committee and senior executives, together with the Risk Management and Corporate Governance Team, participate in setting the policy, risk management framework, and a responsible person for risk in each department. All in the organization have a duty to assess both external risks; economic conditions, government policies, currency fluctuation, and internal risks that affect the Company’s goals and business operations by assessing risks in various parts, including Strategic Risks, Human Resources Risks, Operational Risks, Financial Risks, and Compliance Risks. This is to ensure reasonably that the organization will achieve its objectives by specifying the risk management plan to be efficient and be in an acceptable level.

The operations of the organization will achieve its goals since risk management is a reasonable prediction, has principles and ways to reduce or prevent damage in each procedure in advance, or unexpected events. The chances of experiencing a problem are small, or if a problem occurs, it will be less damage. Therefore, bringing the risk management process to be supplemented with work will help the operational workloads according to the target and will prevent the chances of risks and problems that may hinder the operational workloads.

The Company also promotes knowledge management for employees at all levels, allowing employees to understand and be more aware of the importance of risk management. In this regard, the organization’s risk assessment results have been reported to the Risk Management and Corporate Governance Committee and the Executive Committee, respectively.

3. Management Operational Control

The Board of Directors establishes four (4) committees: The Executive Board; The Audit Committee; The Risk Management and Corporate Governance Committee; and The Nomination and Remuneration Committee. The followings are their scopes of work and duties delegated to supervise the management team;

- To set the scope of duties, the authority and the approved cash limit of the management of all departments at all levels in the written document, and to determine the positions of the authorized person and the cash limit in the written document with proper review.
- To set the policy, manuals, processes, procedures, and rules and regulations for all work units in the written document
- To set criteria for performance evaluation

The Audit Committee reviewed and approved the annual audit plan to cover all operational processes with risks. Thus, all stakeholders were assured that all work units set sufficient operational control activities in terms of finance, operations, and practices following rules and regulations. The Audit Committee considered key issues and problems found and, then, provided the management recommendations for improvement. Monitoring was set for a follow-up. In a case that the Company had a transaction with a juristic person and another related or connected person that might bring any conflicts of interest, such transaction had to gain approval according to the company's regulations.

4. Information Systems and Data Communications

Detailed key information was sufficiently required to be forwarded to the Board of Directors for decision-making in its meeting agenda. An analytical report was prepared with related, additional document, and rules and regulations. The information was delivered seven (7) days in advance. The Company Secretary coordinated and became the center to keep key documents including invitation letters to the Board of Directors and its minutes of meetings, invitation letters for shareholder meetings and their minutes of meetings. MFEC's shareholders were able to examine appropriateness of the directors' performance.

Software programme was set as a tool for each unit's document administration system with safety system for key databases. And the data authorization levels were set for the databases including documents to accounting records in all data and categories for transparency and complementary documents for operations. The Audit Committee jointly reviewed financial statements with the external auditor, the Internal Audit Department and relevant parties on a quarterly basis. This was to ensure that the company employed the accounting policy following the

general-accepted accounting standard with completeness and appropriateness of information disclosure.

5. Monitoring System

The Company regularly monitors its performance to be as planned. In 2019, the company organized six (6) meetings of the Board of Directors, eight (8) meetings of the Executive Board with monthly management meetings. The meetings aimed to oversee and monitor the company and its subsidiaries' performance to be in compliance with their strategies and plans. Thus, problems that might arise could be solved and their operational plans could be adjusted to cope with changed situations once targets of their performances were missed.

Besides, the Office of Internal Audit formulates the Company and its subsidiaries' audit plans, according to the risk-based approach, that have opportunities and impacts on their missions, visions, goals, and strategies as set by the management in the development plan for attainment of objectives and main goals with efficiency and effectiveness. In 2019, the performance reports were forwarded to the Audit Committee in written document instantly after completing a task. The performance report was summarized on a quarterly basis.

Opinions of the Audit Committee

The results of the monitoring and evaluation of the adequacy of the internal control systems of the Company and its subsidiaries, the auditors have found no significant defects that affect the credibility of company's financial reports. Anyhow, the board of directors, the audit committees and the financial auditors of the company have agreed on the internal control system as stated in the attachment in the company's annual statement.

Internal Audit Manager

In regard to the internal control and succession plan of key positions, the Board of Directors appointed Ms. Thitirat Thanathitikanun as Manager of Internal Audit to supervise and oversee the MFEC Group's internal control. She shall perform audit tasks, build up confidence and give advice with independence and fairness for higher value, operational improvement and success as required by the objectives. Best practices and well-organized directions are employed to assess effectiveness of the risk management process, supervision and oversight as planned in the annual audit plan approved by the Audit Committee (Detail of Internal Audit Manager in Attachment No.3.)

In the year of 2019, the Internal Audit Department performed its duty to audit the internal control system in relation with all units' operational process and give advice on planning the system, risk management, corporate governance, and training on knowledge

for keys of the internal control system and risk management process and examine according to the Anti-Corruption Practices Guidelines to submit to the Audit Committee before submitting documents to join as members against corruption. Recommendations were consistently provided to help the Board of Directors and other committees to monitor the company's performance efficiently. The main operations and key financial activities of the company and its subsidiaries were, thus, ensured with efficiency as determined and achieved according to the policy and objectives set by the management. In addition, the company abided by the laws and other requirements related so that it could reach the excellence with the business ethics and internal control standard. This maintained the internal control's independence and quality, allowing the Internal Audit Department to liberally audit and balance. The audit results and recommendations were regularly reported to the Audit Committee in time.

In the Audit Committee's Annual Meeting No. 4/2019 on 11 November 2019, the Internal Audit Department considered the Internal Audit Committee's performance and viewed that its duty brought high benefits to improvement and effectiveness for the organizational management for the year 2019. The performance of the Internal Audit Department will gain approval by the Audit Committee at its first meeting in the following year through annual discussion with the management. The criteria are described below:

- Comparison between the audit results and the annual audit plan
- Internal Audit Department's independence for presentation / recommendations for auditing
- Internal Audit Department's human resources development



Financial Summary for the Year 2019

(In Baht)

	Company and Subsidiaries		
	2019	2018	2017
Total Revenues (Baht)	3,729,312,607	3,391,547,434	3,016,536,667
Revenues from Sales and Services (Baht)	3,688,085,090	3,339,485,078	2,961,902,962
Gross Profit (Baht)	794,458,377	614,471,028	626,338,329
Net Profit (Baht)	225,416,022	(166,149,177)	153,994,881
Total Assets (Baht)	3,670,059,671	3,330,276,155	3,369,999,097
Total Liabilities (Baht)	1,812,902,823	1,598,429,536	1,382,703,063
Total shareholder's equity of the parent company (Baht)	1,832,307,376	1,708,087,170	1,975,335,381
Non-controlling interests (Baht)	24,849,472	23,759,450	11,960,653
Profitability :			
Gross profit margin (%)	21.50	18.40	21.15
Net Profit (%)	6.10	4.90	5.11
Return on investment :			
Return on total assets (%)	6.44	4.96	4.60
Return on equity (%)	12.73	9.02	7.79
Liquidity & Stability :			
Current ratio (Times)	1.90	1.90	1.96
Debt to equity ratio (Times)	0.98	0.92	0.70
Per Share Data :			
Number of shares (Registered)	441,453,555	441,454,555	441,454,555
Number of shares (Fully paid)	441,453,555	441,453,555	441,453,555
Book value (Baht/Share)	4.15	3.87	4.47
Net profit (EPS) (Baht/Share)	0.51	0.38	0.35
Dividends (Baht/Share) *	0.35	0.20	0.25

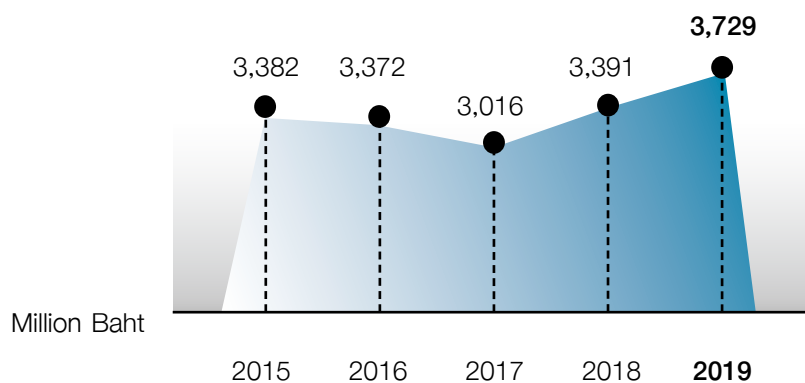
* Remark : The Board of Directors' Meeting No. 1/2020 held on 27 February 2020 passed a resolution to pay dividend for the year 2019 operation results to shareholders at a rate of Baht 0.35 per share. The proposal is to be presented at the Annual General Meeting of Shareholders No. 1/2020 on 27 April 2020 for further approval.

Financial Highlight MFEC & Subsidiaries

Total Revenues

Value (Million Baht)

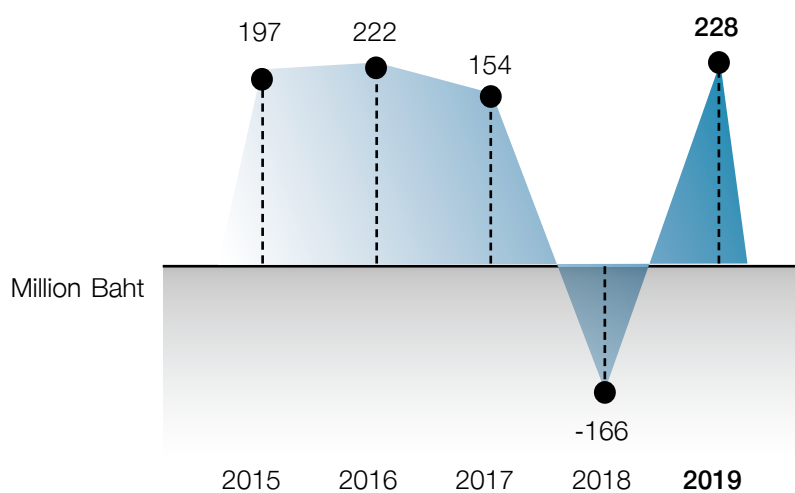
3,729



Net Profit & Loss

Value (Million Baht)

228



Board of Directors' Responsibilities with Regards to Financial Reporting

The Executive Committee has overseen the preparation of the annual financial statements ending 31 December 2019, in accordance with generally accepted accounting standards. The committee sets appropriate policies and observes regularly, as well as, uses discretion carefully and reasonably in the preparation of sufficient important disclosure in the notes to the financial statements.

The Board of Directors realized the responsibility of supervising the financial reports to be effective by appointing and assigning the Audit Committee, which consists of qualified and independent to be responsible for the quality of financial reports with correctness. Complete and appropriate policies are used and implemented consistently, as well as, reviewing for the Company to have sufficient and appropriate internal control system, jointly assessing the Company's risks that may arise from fraud or unusual operations which are significant and sufficient.

With guidelines and supervision for the preparation of financial reports, the Board of Directors saw that the financial statements of MFEC Public Company Limited as of 31 December 2019 shows financial status and correctly operating results reliably, in accordance with generally accepted accounting standards, complying with the relevant laws and regulations.



(Sirisak Thirawattanangkul)

Chairman, Board of Directors



(Mr. Siriwat Vongjarukorn)

Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of
MFEC Public Company Limited

Opinion

I have audited the consolidated financial statements of MFEC Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of MFEC Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of MFEC Public Company Limited and its subsidiaries as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of MFEC 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.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in my audit of the consolidated financial statements and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial

statements and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

1) Goodwill

- Risk

The Company has goodwill of Baht 258 million or 7% of total assets as at December 31, 2019 which is the goodwill arising from investment in the subsidiary group Motif Technology Public Company Limited, Business Applications Company Limited, Msyne Innovations Company Limited and Hongson Company Limited. The Company has to test goodwill for impairment annually in accordance with the Thai Financial Reporting Standards. The test of impairment is significant to the audit as the amount has materiality to the financial statements. In addition, the procedure of impairment testing by the management is complex and requires using considerable judgment as well as relying on assumptions, especially the estimates of future cash flows to be received and paid that are expected to generate from the continuing operation of the subsidiaries, and the use of appropriate discount rate in order to discount future cash flow which can change according to the economic conditions and market conditions in the future. The Company has disclosed goodwill in the notes to the financial statements No. 4.7 which describes the accounting policies and No. 15 which describes the amount of the allowance for impairment and key assumptions that may affect the impairment in the future.

- Risk response by the auditor

In my audit approach, I have considered the reasonableness of the assumptions and methods used by the management in calculating the estimates of future cash flows to be received and paid that are expected to generate by auditing the supporting evidence which presents the best estimate of the management, especially on the revenue forecast and gross profit and profit from operation of the subsidiary group, the use of appropriate discount rate to discount future cash flow, as well as testing the calculation of the recovery amount. In addition, I have paid attention on the adequacy of the information disclosure relating to the assumptions which are most sensitive that may affect the testing result of impairment and has significant effect on the measurement of recovery amount of goodwill.

significant effect on the measurement of recovery amount of goodwill.

2) Revenue recognition related to service agreement

• Risk

The Group and the Company's revenue from service under the computer system project development agreement for the year ended December 31, 2019 amounted to Baht 2,207 million and Baht 1,999 million, respectively, or 59.84% and 60.36% of the Group and the Company's total revenues, respectively. Project cost estimate, estimated loss that may arise, and estimated stage of work completion and result of transaction related to service rendered under the computer system project development affect the Group and the Company's revenues. The Group and the Company recognized in the period which requires recognizing service revenue as revenue by the stage of completion. As at December 31, 2019, the Group defines the stage of work completion by reference to the survey done by project control engineer. Revenue from service under the project development agreement has a significant amount compared to the Group and the Company's total revenues and affect the outstanding balance and accounting transactions involving project development such as unbilled revenue, cost of work in process, advance receive, unbilled cost, service cost and estimated loss that may arise in the report preparation process, financial budget used in estimating the result of related transaction with service is a matter that requires significant judgment of the management and the revenue estimate has to be reviewed throughout the period of service and make adjustment to the estimate when necessary. I identified that revenue recognition related to service agreement is a significant risk that requires special attention. The Group has disclosed the accounting policy on revenue recognition from rendering service under the project development agreement in Note 4.1 including disclosing the revenue amount from service under the project development in Note 30.

• Risk response by the auditor

My audit approach on such matter includes understanding and testing the internal control system on revenue recognition record and process in report preparation and financial budget used in providing the stage of work completion by the project controller, including testing cost estimate throughout the project, analyzing the cause in adjusting project cost estimate, project cost examination with evidence and related documents. Also, I analyzed by comparing the stage of work completion of work assessed by project controller and stage of work completion that

arises from the actual cost and assessing the loss that may arise from the agreement. In addition, I paid attention to the adequacy of information disclosure of the business group related to the accounting policy and amount on revenue recognition from providing service under the computer system project development.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report. My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company'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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's

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

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

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

I also provide those charged with governance with a statement that 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 my independence, and where applicable, related safeguards.

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Miss Wannisa Ngambuathong.



(Miss Wannisa Ngambuathong)

Certified Public Accountant

Registration No. 6838

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 27, 2020

THE STATEMENTS OF FINANCIAL POSITION

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2019

(In Baht)

		Consolidated Financial Statements		Separate Financial Statements	
ASSETS	Note	2019	2018	2019	2018
CURRENT ASSETS					
Cash and cash equivalents	6	185,196,944	326,004,154	89,651,877	237,113,611
Short-term investments	7	24,332,630	69,519,587	-	
Trade and other accounts receivable	8	1,570,950,192	1,229,619,526	1,439,625,113	1,133,937,316
Current portion of receivable under financial lease agreements	9	-	2,329,403	-	2,329,403
Amounts due from related parties	5	7,631,909	25,794,220	8,572,695	26,079,928
Unbilled receivables	5	469,171,971	566,520,400	457,200,337	541,330,372
Short-term loans to related company	5	500,000	-	1,000,000	-
Costs of work in process	10	829,837,059	601,648,277	767,957,703	510,448,837
Other current assets					
Prepaid expense		13,414,561	7,350,268	9,114,825	6,450,106
Undue input vat		3,010,701	9,988,028	2,655,134	7,498,188
Other		10,768,036	12,726,937	3,570,329	2,696,416
Total current assets		3,114,814,003	2,851,500,800	2,779,348,013	2,467,884,177
NON-CURRENT ASSETS					
Pledged deposits at financial institutions	11	1,259,164	3,300,000	-	-
Long-term loans to related company	5	5,300,000	-	5,300,000	1,500,000
Other long-term investment	12	10,396,712	-	10,396,712	-
Investment in associated company	13	122,393,515	75,122,865	87,945,355	37,329,500
Investment in subsidiaries	14	-	-	439,669,006	476,147,271
Receivable under financial lease agreements	9	-	5,548,574	-	5,548,574
Property, plant and equipment	16	84,914,587	74,682,948	63,743,252	65,752,040
Goodwill	15	257,973,155	257,973,155	-	-
Intangible assets	17	22,520,048	18,424,641	17,971,948	14,913,967
Deferred tax assets	18	37,990,324	32,572,954	34,954,844	30,284,799
Other non-current assets		12,498,163	11,150,218	9,553,946	7,754,865
Total non-current assets		555,245,668	478,775,355	669,535,063	639,231,016
TOTAL ASSETS		3,670,059,671	3,330,276,155	3,448,883,076	3,107,115,193

THE STATEMENTS OF FINANCIAL POSITION (CONT.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2019

(In Baht)

CURRENT LIABILITIES	Note	Consolidated Financial Statements		Separate Financial Statements	
		2019	2018	2019	2018
Bank overdrafts and short-term loans from financial institutions	19	13,668,601	-	-	-
Trade and other accounts payable	20	540,216,317	635,514,248	488,784,767	545,107,469
Amounts due to related parties	5	5,371,502	3,608,355	23,175,677	31,004,522
Accrued expenses		187,216,902	156,153,043	162,982,122	125,977,365
Current portion of liabilities under financial lease agreement	21	32,185,099	-	32,185,099	-
Accrued income tax		1,346,041	754,387	-	-
Deferred income	5	528,414,094	429,070,273	475,162,631	382,795,775
Unbilled payable		212,085,814	198,829,231	215,974,482	197,348,043
Other current liabilities		117,684,934	75,177,906	88,705,002	57,909,373
Total current liabilities		1,638,189,304	1,499,107,443	1,486,969,780	1,340,142,547
NON-CURRENT LIABILITIES					
Liabilities under financial lease agreement	21	45,189,195	-	45,189,195	-
Employee benefit obligations	22	129,524,324	99,322,093	110,153,669	84,950,122
Total non-current liabilities		174,713,519	99,322,093	155,342,864	84,950,122
TOTAL LIABILITIES		1,812,902,823	1,598,429,536	1,642,312,644	1,425,092,669

THE STATEMENTS OF FINANCIAL POSITION (CONT.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AS AT DECEMBER 31, 2019

(In Baht)

SHAREHOLDERS' EQUITY	Note	Consolidated Financial Statements		Separate Financial Statements	
		2019	2018	2019	2018
SHAREHOLDERS' EQUITY					
Share capital					
Authorised share capital					
441,453,555 ordinary shares of Baht 1 each		441,453,555	441,453,555	441,453,555	441,453,555
<hr/>					
Authorised share capital					
Issued and fully paid share capital					
441,453,555 ordinary shares of Baht 1 each		441,453,555	441,453,555	441,453,555	441,453,555
Premium on ordinary shares		986,741,840	986,741,840	986,741,840	986,741,840
Difference from change in ownership interests- in subsidiaries		9,154,704	8,878,704	-	-
Retained earnings					
Appropriated - legal reserve	24	44,150,055	44,150,055	44,150,055	44,150,055
Unappropriated		350,555,366	226,431,369	334,224,982	209,677,074
Other components of equity					
Unrealized gain from available-for-sale - investments		251,856	431,646	-	-
<hr/>					
Total shareholder's equity of the parent company		1,832,307,376	1,708,087,169	1,806,570,432	1,682,022,524
Non-controlling interests	14.3	24,849,472	23,759,450	-	-
<hr/>					
TOTAL SHAREHOLDERS' EQUITY		1,857,156,848	1,731,846,619	1,806,570,432	1,682,022,524
<hr/>					
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,670,059,671	3,330,276,155	3,448,883,076	3,107,115,193

THE STATEMENTS OF COMPREHENSIVE INCOME

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Baht)

	หมายเหตุ	Consolidated Financial Statements		Separate Financial Statements	
		2019	2018	2019	2018
REVENUES	5				
Sales and services income		3,688,085,090	3,339,485,078	3,311,879,697	2,844,799,080
Dividend income	13.2, 14, 25	-	-	10,788,959	71,194,322
Other income		41,227,517	52,062,356	37,825,327	45,001,666
Total revenues		3,729,312,607	3,391,547,434	3,360,493,983	2,960,995,068
EXPENSES	5, 28				
Cost of sales and services		2,893,626,712	2,725,014,050	2,656,762,190	2,361,938,029
Selling expenses		111,740,766	97,298,759	97,746,168	81,923,408
Administrative expenses	26	372,723,463	367,443,339	292,930,247	286,558,571
Loss from impairment of assets	13, 14, 15	-	202,380,680	-	210,367,541
Loss from sales of investment in subsidiary	14.2	-	60,901,707	-	45,558,099
Management benefit expenses		68,397,125	75,249,484	44,144,498	45,557,419
Finance costs		3,986,925	2,223,986	3,280,764	1,798,698
Total expenses		3,450,474,991	3,530,512,005	3,094,863,867	3,033,701,765
Share of profit (loss) of associates	13.4	2,396,789	(7,740,645)	-	-
Profit (loss) before income tax expense		281,234,405	(146,705,216)	265,630,116	(72,706,697)
Income tax expense	27	53,101,036	18,380,871	42,031,050	10,289,971
Profit (loss) for the year		228,133,369	(165,086,087)	223,599,066	(82,996,668)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains (loss) on defined employee benefit plan,					
net of tax	22	(13,220,639)	1,528,543	(10,760,447)	(4,173,419)
		(13,220,639)	1,528,543	(10,760,447)	(4,173,419)
Items that may be reclassified subsequently to profit or loss					
Gain (loss) on remeasuring available for sale investment,					
net of tax		(179,790)	(328,641)	-	(10,524)
		(179,790)	(328,641)	-	(10,524)
Other comprehensive income (expense) for the year, net of tax		(13,400,429)	1,199,902	(10,760,447)	(4,183,943)
Total comprehensive income (expense) for the year		214,732,940	(163,886,185)	212,838,619	(87,180,611)

THE STATEMENTS OF COMPREHENSIVE INCOME (CONT.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2019	2018	2019	2018
Profit (loss) attributable to					
Owner of the parent company ¹		225,416,022	(166,149,177)	223,599,066	(82,996,668)
Non-controlling interests		2,717,347	1,063,090	-	-
		228,133,369	(165,086,087)	223,599,066	(82,996,668)
Total comprehensive income (expense) attributable to					
Owner of the parent company		212,234,918	(165,763,527)	212,838,619	(87,180,611)
Non-controlling interests		2,498,022	1,877,342	-	-
		214,732,940	(163,886,185)	212,838,619	(87,180,611)
Earnings per (loss) share					
Basic earnings (loss) per share of the parent company (Baht)	29	0.51	(0.38)	0.51	(0.19)

THE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Baht)

Shareholders' equity of the parent company										
Shareholders' equity of the parent company										
	Note	Issued and paid-up share capital	Premium on ordinary shares	Difference from change in ownership interests in subsidiaries	Retained earnings		Other components of equity	Total Non-controlling interests	Total	
					- Legal reserve	Unappropriated				Unrealized gain (loss) from available for sale investments
Balance as at January 1, 2018		441,453,555	986,741,840	-	44,150,055	502,229,644	760,287	1,975,335,381	11,960,653	1,987,296,034
Increasing in shares of subsidiaries of non-controlling interests with no change in control	14	-	-	6,206,792	-	-	-	6,206,792	12,847,439	19,054,231
Increasing in non-controlling interests from disposal of investment in subsidiaries with no change in control	14	-	-	(474,196)	-	-	-	(474,196)	974,196	500,000
Transfer surplus on share-based payment of subsidiaries to retained earnings	26	-	-	3,146,108	-	-	-	3,146,108	-	3,146,108
Dividend	25	-	-	-	-	(110,363,389)	-	(110,363,389)	(3,900,180)	(114,263,569)
Comprehensive income (expense)										
Profit (loss) for the year		-	-	-	-	(166,149,177)	-	(166,149,177)	1,063,090	(165,086,087)
Other comprehensive income (expense) for the year		-	-	-	-	714,291	(328,641)	385,650	814,252	1,199,902
Balance as at December 31, 2018		441,453,555	986,741,840	8,878,704	44,150,055	226,431,369	431,646	1,708,087,169	23,759,450	1,731,846,619
Transfer surplus on share-based payment of subsidiaries to retained earnings	26	-	-	276,000	-	-	-	276,000	92,000	368,000
Dividend	25	-	-	-	-	(88,290,711)	-	(88,290,711)	(1,500,000)	(89,790,711)
Comprehensive income (expense)										
Profit (loss) for the year		-	-	-	-	225,416,022	-	225,416,022	2,717,347	228,133,369
Other comprehensive income (expense) for the year		-	-	-	-	(13,001,314)	(179,790)	(13,181,104)	(219,325)	(13,400,429)
Balance as at December 31, 2019		441,453,555	986,741,840	9,154,704	44,150,055	350,555,366	251,856	1,832,307,376	24,849,472	1,857,156,848

THE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

(In Baht)

Separate Financial Statements						
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of equity	Total
			Appropriated - legal reserve	Unappropriated	Unrealized gain from available for sale investments	

THE STATEMENTS OF CASH FLOWS

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit (loss) for the year	228,133,369	(165,086,087)	223,599,066	(82,996,668)
Adjustments to reconcile profit (loss) for the year to net cash				
Provided by (used in) operating activities				
Depreciation and amortization	45,384,414	46,617,766	39,975,479	41,106,844
(Gain) loss on sales and written off from equipment and intangible assets	935,295	(488,302)	1,052,883	(197,894)
Allowance for declining value intangible assets	-	1,429,705	-	-
Unrealized (gain) loss on exchange rate	27,715,262	2,770,324	27,713,574	2,770,324
(Gain) loss on sales of short-term investment	(955,683)	(1,697,124)	(350,453)	(494,598)
Bad debt and allowance for doubtful accounts (reversal)	14,574,853	(100,000)	14,574,853	(100,000)
Allowance for obsoleted inventories (reversal)	(14,400)	-	-	-
Loss from sales of investment in subsidiary	-	60,901,707	-	45,558,099
Provision for delayed penalty	3,200,935	-	-	-
Project loss estimate (reversal)	(12,432,934)	3,572,580	(16,428,177)	-
Allowance from impairment of investment and goodwill in subsidiaries and associated (reversal)				
Loss from written off for not refunded withholding tax	(39,809,494)	202,380,680	(44,000,000)	210,367,541
(Gain) from written off from liabilities	235,747	389	-	-
Dividend income	(187,572)	(3,191,764)	-	-
Interest income	-	-	(10,788,959)	(71,194,322)
Expense arising from share-based payment	(1,486,802)	(1,886,790)	(1,262,100)	(1,539,752)
Employee benefit obligation expenses	276,000	3,146,108	-	-
Interest expense	14,062,798	39,491,448	11,752,988	30,469,767
Share of (profit) loss of associates	984,164	574,723	715,273	415,728
Income tax expense	(2,396,789)	7,740,645	-	-
Income from operating activities before changes in operating assets and liabilities	53,101,036	18,380,871	42,031,050	10,289,971
Income from operating activities before changes in operating assets and liabilities	331,320,199	214,556,879	288,585,477	184,455,040
(Increase) decrease in operating assets				
Trade and other accounts receivable	(277,476,713)	(397,632,052)	(284,508,062)	(401,008,071)
Receivable under financial lease agreements	7,877,977	2,715,514	7,877,977	2,463,398
Amounts due from related parties	3,462,458	(1,385,909)	2,808,471	(1,378,395)
Unbilled receivables	97,348,429	65,251,335	84,130,035	62,089,354

THE STATEMENTS OF CASH FLOWS (CONT.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Costs of work in process	(228,097,234)	72,486,410	(257,436,244)	45,265,118
Other current assets	(43,145,207)	34,407,195	1,304,422	(836,662)
Other non-current assets	(1,348,745)	(1,546,976)	(1,799,081)	(1,270,461)
Increase (decrease) in operating liabilities				
Trade and other accounts payable	(96,991,416)	(2,339,280)	(58,014,908)	699,840
Amounts due to related parties	1,763,147	3,236,955	(7,828,845)	24,939,471
Accrued expenses	31,252,231	25,811,482	37,004,757	7,798,562
Deferred income	99,343,821	124,284,801	92,366,856	136,119,081
Unbilled payable	29,684,760	36,379,735	35,054,616	37,091,807
Other current liabilities	10,288,366	18,802,304	5,681,145	5,647,238
Cash paid for employee benefit obligations	-	(428,000)	-	-
Cash received (paid) from operating	(34,717,927)	194,600,393	(54,773,384)	102,075,320
Withholding tax received	18,469,865	18,353,854	14,362,214	13,352,818
Cash paid for corporate income tax	(92,479,254)	(74,360,523)	(80,444,816)	(60,791,051)
Net cash from provided by (used in) operating activities	(108,727,316)	138,593,724	(120,855,986)	54,637,087
Cash flows from investing activities				
Increase (decrease) in pledged deposits at financial institutions	2,040,836	-	-	-
Cash paid for purchase of short-term investments	(400,000,000)	(644,529,842)	(370,000,000)	(528,000,000)
Cash received from sale of short-term investments	445,993,582	724,054,586	370,350,453	569,343,783
Cash paid for purchase of other long-term investment	(10,000,000)	-	(10,000,000)	-
Cash paid for purchase of investment in subsidiary	-	-	(3,521,735)	(14,423,996)
Cash received from decrease of capital in subsidiary	-	-	40,000,000	34,130,000
Cash paid for purchase of investment in associated company	(6,615,855)	(10,849,500)	(6,615,855)	(10,849,500)
Cash received from sales of investment in subsidiary	-	55,449,228	-	77,099,486
(net from cash sale)	-	-	500,000	4,000,000
Cash received from short-term loans to subsidiaries	-	-	1,500,000	1,195,000
Cash received from long-term loans to subsidiaries	(500,000)	-	(1,500,000)	(4,000,000)
Cash paid from short-term loans to subsidiaries	(5,300,000)	-	(5,300,000)	-
Cash paid for long-term loans to subsidiaries	110,000	70,000	110,000	70,000
Cash received from loans to related parties	768,535	21,726,160	412,713	20,446,505
Cash received from sales of equipment and intangible assets				

THE STATEMENTS OF CASH FLOWS (CONT.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Cash paid for purchase of property, plant and equipment	(49,998,980)	(46,006,030)	(33,578,679)	(39,565,827)
Cash paid for purchase of intangible assets	(11,493,458)	(9,131,925)	(8,984,211)	(6,380,927)
Cash received from dividend	1,551,488	2,392,736	10,788,959	71,194,322
Cash received from interest income	1,095,938	1,886,691	864,297	1,585,511
Net cash from provided by (used in) investing activities	(32,347,914)	95,062,104	(14,974,058)	175,844,357
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	13,668,601	82,104	-	-
Cash received from non-controlling interests increased in a subsidiary	-	8,680,000	-	-
Cash received from paid-up common shares of subsidiaries from non-controlling interest	-	11,000,000	-	10,500,000
Cash received from liabilities under financial lease agreement	124,527,501	-	124,527,501	-
Cash paid for liabilities under financial lease agreement	(47,153,207)	(673,959)	(47,153,207)	-
Dividend paid	(89,790,711)	(114,263,569)	(88,290,711)	(110,363,389)
Interest paid	(984,164)	(574,723)	(715,273)	(415,728)
Net cash provided by (used in) financing activities	268,020	(95,750,147)	(11,631,690)	(100,279,117)
Net increase (decrease) in cash and cash equivalents - net	(140,807,210)	137,905,681	(147,461,734)	130,202,327
Cash and cash equivalents - beginning of year	326,004,154	188,098,473	237,113,611	106,911,284
Cash and cash equivalents - ending of year	185,196,944	326,004,154	89,651,877	237,113,611
Supplementary disclosures of cash flows information:				
1) Cash and cash equivalents consisted of :				
Cash on hand	229,100	224,900	40,000	40,000
Cash at banks	185,567,844	325,779,254	89,611,877	237,073,611
	185,796,944	326,004,154	89,651,877	237,113,611

2) The year of 2018, the Company transferred costs of work in process-net amount of Baht 3.34 million to be property, plant, equipment and intangible asset.

3) The year of 2019, the Company transferred property, plant and equipment amount Baht 0.07 million to be cost of work in process-net and a subsidiary transferes equipment to be cost amount of Baht 0.005 million.

NOTES TO FINANCIAL STATEMENTS

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

DECEMBER 31, 2019

1. GENERAL INFORMATION

(a) Legal status and address

MFEC Public Company Limited is a public company incorporated and domiciled in Thailand.

The address of its registered office is as follows :

699 Modernform Tower, Srinakarind Road, Patthanakan, Suan Luang, Bangkok

(b) Nature of the Company's business

Its principal activities are sales of computer, computer system, system implementation, maintenance service program development and provision of related services.

2. PRINCIPLES OF PREPARATION AND PRESENTATIONS OF FINANCIAL STATEMENTS

2.1 The accompanying consolidated financial statements include the accounts of MFEC Public Company Limited and the following subsidiaries which are owned directly and indirectly by the Company.

Company's name	As at December 31, 2019		As at December 31, 2018		Principal activities
	Percentage of shareholding (%)	Paid-up capital (Million Baht)	Percentage of Shareholding (%)	Paid-up capital (Million Baht)	
<u>Subsidiaries held by the Company</u>					
Advance Intelligence Modernity Company Limited	98.20	10.00	98.20	10.00	Development and sale of computer software particularly entertainment media
Prain Fintech Company Limited	71.62	30.00	71.62	30.00	Sale of computer and provision of related services and receiving payments via electronic systems.
M.I.S. Outsourcing Company Limited	75.00	5.00	75.00	5.00	Personnel recruitment and IT system maintenanc
Business Applications Company Limited	99.99	10.00	99.99	10.00	Selling and developing computer programs, including the relevant services.
Motif Technology Public Company Limited	99.99	40.00	99.99	80.00	Being a consultant for designing the network systems and developing computer programs.
Hongson Company Limited (Formerly named Hongson Software Company Limited)	99.99	5.00	99.99	5.00	Providing the consulting services, designing the working systems and developing computer programs.

Company's name	As at December 31, 2019		As at December 31, 2018		Principal activities
	Percentage of shareholding (%)	Paid-up capital (Million Baht)	Percentage of Shareholding (%)	Paid-up capital (Million Baht)	
Msyne Innovations Company Limited (Formerly named Soft Plus Technology Company Limited)	99.99	18.00	99.99	5.00	Providing the consulting services, designing the working systems and consulting service to analyze data.
Playtorium Soutions Company Limited	70.00	5.00	70.00	5.00	Consulting, system design and development of information system and personnel recruiting to work in the projects.
Data Café Company Limited	59.90	8.00	59.90	8.00	Providing the consulting services to analyze all types of business information.
Joint venture business Power M (Msyne Innovations Company Limited hold 81.47%)	100.00	19.00	-	-	Consulting services, developing computer systems and maintenance.

Significant change in the subsidiaries in during year 2019 and 2018

Data Café Company Limited

1) On March 29, 2019 the Board of Directors' Meeting No. 3/2019 had the resolution to approve the company reducing the registered capital of Data Café Company Limited (subsidiary) from the former registered capital Baht 20 million. The resolution to reduce the capital Baht 12 million resulted in the new registered capital of Baht 8 million on June 12, 2019. By reducing the registered capital to the proportion of previous holding, the proportion of shareholding of the company does not change at 59.90 percent of the total registered capital of Data Café Company Limited.

Hongson Software Company Limited

2) On September 18, 2019, Hongson Software Company Limited has changed the company name to Hongson Company Limited and registered with Department of Business Development Ministry of Commerce.

Motif Technology Public Company Limited

3) According to the resolution of the Extraordinary Shareholders' Meeting No.1/2019 of Motif Technology Public Company Limited (subsidiary) held on September 19, 2019, it was approved to reduce the registered capital from Baht 80 million to Baht 40 million for the benefit in the management of new and appropriate business operation by returning capital to the shareholders Baht 40 million. The registered capital is ordinary shares 40 million shares at Baht 1 per share

Joint venture business Power M

4) On April 23, 2019, the Company and Msyne Innovations Company Limited (subsidiary) jointly establish Power M joint venture business to operate the project to a customer with a project term approximately 5 years and acknowledge the selection result on September 19, 2019. According to the resolution of the joint venture business No.1/2019 held on September 27, 2019, it was approved to determine investment and share of income of each company as follows: the Company's proportion is 18.52 percent and Msyne Innovations Company Limited has a proportion of 81.47 percent. After the process, the joint venture business Power M will hold the status of a subsidiary of the Company.

Prain Fintech Company Limited

5) According to the Extraordinary General Meeting of Shareholders' No. 1/2018 of Prain Fintech Company Limited dated March 5, 2018, it had a resolution to decrease its registered capital from Baht 64,130,000 to Baht 30,000,000. The remaining share capital is 3,000,000 ordinary shares at Baht 10 per share.

6) According to the Extraordinary Meeting of the shareholders No.2/2018 of Prain Fintech Company Limited held on July 13, 2018, it had the resolution to increase the registered capital from Baht 30,000,000 to Baht 42,850,000 to support the issuance of ordinary shares to directors/executives. The remaining registered capital is the ordinary share of 4,285,000 shares at the value of Baht 10 per share.

7) According to the Board of Directors' Meeting No.4/2018 of Prain Fintech Company Limited held on September 18, 2018, it had the resolution to allocate the ordinary shares of 700,000 shares to the directors and executives. From such capital increase share allocation, the investment proportion in Prain Fintech Company Limited of the Company has changed from the previous holding of 99.99% to 81.08%.

8) According to the Board of Directors' Meeting MFEC Public Company Limited No.5/2018 held on September 25, 2018, it had the resolution to sell shares of Prain Fintech Company Limited to J Ventures Company Limited totaling 350,000 shares at Baht 30 per share within October 2018. After the sell of some shares, the Company continues to hold ordinary shares of Prain Fintech Company Limited holding of 71.62%, which remains a subsidiary of the Company.

M.I.S. Outsourcing Company Limited

9) The Board of Directors' Meeting No. 3/2018 dated July 3, 2018 had a resolution to approve the investment in M.I.S. Outsourcing Company Limited from Prain Fintech Company Limited as a subsidiary of the Company for the benefit of the direct management of the Company for 374,994 shares or 75% at the book value as at June 30, 2018 at the total amount of Baht 14.42 million

Soft Square 1999 Company Limited

10) According to the Board of Directors' Meeting MFEC Public Company Limited No.5/2018 held on September 25, 2018, it had the resolution to restructure the business by merging with Soft Square group of 4 companies which consist of Soft Plus Technology Company Limited, K Soft Consulting Company Limited, Soft Professional Company Limited and Sammok Software Company Limited merged under the name of Soft Plus Technology Company Limited. It will be registered for company dissolution for 3 companies December 18, 2018. After the merger, the name has changed to Msyne Innovations Company Limited with effect from the date of January 2, 2562 onwards. The subsidiary has registered to the Department of Business Development, Ministry of Commerce on January 2, 2019.

11) According to the Board of Directors' Meeting of MFEC Public Company Limited No. 12/2018 dated December 26, 2018, it had a resolution to sell the ordinary shares of Soft Square 1999 Company Limited at 99.99% of the registered capital to the third parties who have no relationship and/or connected with directors, executives, major shareholders or controlling person of the Company. The Company allows independent valuer assessed the value by using the Discounted Cash Flow approach with the total value between Baht 66.30 - 99.34 million. On December 26, 2018, the Company has negotiated and signed in the ordinary shares trading agreement of Soft Square 1999 Company Limited by selling the ordinary shares of Soft Square 1999 Company Limited for 299,998 shares at Baht 257 per share at the total value of Baht 77.10 million and paid in cash within December 28, 2018.

Advance Intelligence Modernity Company Limited

12) According to the Board of Directors' Meeting of MFEC Public Company Limited No. 12/22018 dated December 26, 2018, it had a resolution to purchase the ordinary shares of Advance Intelligence Modernity Company Limited from free float of shareholders at 38.2% of the registered capital for 382,000 shares at the amount of Baht 1. As a result, the increase of the shareholding proportion of ordinary shares from 60% to 98.20% of the registered capital in order for the benefit of managing the subsidiaries and driving the organization to grow in the future.

2.2 The percentage of total assets and total revenues of the subsidiaries included in the consolidated financial statements are as follows:

	Percentage of total assets included in consolidated the statements of financial position as at		Percentage of total revenues included in consolidated the statements of comprehensive income for the year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Subsidiaries				
Advance Intelligence Modernity Company Limited	-	0.09	0.01	0.15
Prain Fintech Company Limited	1.40	1.91	0.28	0.16
Business Applications Company Limited	2.94	3.03	3.57	4.61
Motif Technology Public Company Limited	2.23	3.88	1.43	3.91
Hongson Company Limited (Formerly named Hongson Software Company Limited)	0.32	0.34	0.02	0.01
Soft Professional Company Limited	-	-	-	0.03
Msyne Innovations Company Limited (Formerly named Soft Plus Technology Company Limited)	1.06	1.18	0.08	-
K Soft Consulting Company Limited	-	-	-	0.02
Soft Square 1999 Company Limited	-	-	-	2.11
Playtorium Solutions Company Limited	0.52	0.53	0.48	0.19
Data Café Company Limited	0.16	0.10	0.27	0.03
M.I.S. Outsourcing Company Limited	1.40	1.54	3.49	3.56
Joint venture business Power M	0.77	-	0.66	-
Subsidiaries held by Soft Square 1999 Company Limited				
Khonkaen Softtech Company Limited	-	-	-	0.06

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

2.4 The consolidated financial statements are prepared by using uniform accounting policies. So that the transaction and the others event which are the same or the similar circumstances have been used the identical policies to record those transaction.

2.5 Outstanding balances between the Company and the subsidiaries, significant intercompany transactions, investment balance in the Company's books and share capital of the subsidiaries are eliminated from the consolidated financial statements.

2.6 Investments in subsidiaries (at cost) and fair value of the subsidiaries at the date of acquisition have been offset and the difference there of has been shown as asset under the heading of "Goodwill" and to consider impairment loss.

2.7 Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control.

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

3. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENT

3.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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

3.2 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations, which are 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 and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group financial statement

3.3 Financial reporting standards that will become effective in the future

During the year, the Federation of Accounting Professions issued a number of the revised and new financial reporting standards, interpretations and the accounting guidance, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below

Financial reporting standards related to financial instruments

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

Financial Reporting Standards :

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard :

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations :

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

TFRS 16 Leases

These TFRSs superseded TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue and expense recognition

a) Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

The service-type warranties provided customers with a service in addition to the assurance that the product complies with agree-upon specifications, the Group recognized as revenue over the period in which the service is provided.

b) Revenue from rendering of sale with services

Sale with service revenue is recognized over time when services have been rendered considering the stage of completion. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a service rendering contract cannot be estimated reliably, service revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

The recognized revenue which is not yet due per the contracts has been presented as "Unbilled receivables" in the statement of financial position, which is classified as trade receivables when the Group has right to receive without condition such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or service to a customer for which the Group has received consideration or an amount of consideration is due from the customer is presented as "Deferred income" in the statement of financial position. Deferred income will be recognized as revenue when the Group completely perform the obligation stated in the contract.

c) Revenue from other services

The revenue from providing equipment maintenance service is recognized by the period of service in the service agreement using the straight line method.

Revenue of service contract other is recognized when the service. Interest income

Interest income

is recognized as income on the accrual basis based on the effective rate method.

Dividends

Dividends are recognized as income when having the rights to receive the dividends.

Other income and other expenses

Other income and other expenses are recognized on an accrual basis.

d) Cost of sale and service

Cost of sale and service is recognized when the service has been rendered in accordance with the percentage of work completed based on the total estimated costs. The difference between the estimated costs and the actual costs are recognized as "cost of works in process" and "unbilled payable" in the statement of financial position.

A loss provision for the project is provided in full when it is certain that the project will incur loss.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and highly liquid short-term investment with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable and allowance for doubtful

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. This allowance is generally based on individual collection experience and analysis of debtor aging.

4.4 Costs of works in process

Costs of works in process is valued at the lower of cost or net realizable value, the cost by specific method. Cost consists of cost of goods, materials, cost of labor, cost of subcontract work and other related expenses.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the goods, such as import duties, transportation charges and other direct costs incurred in acquiring the goods less all trade discounts, allowances or rebates.

The net realizable value of costs of works in process is estimated from the selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs to complete the delivery.

Finished goods

Finished goods are valued at the lower of cost (specifically and average method) or net realizable value. Allowance for obsolete inventories is made for slow-moving and obsolete stocks.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete the sale.

4.5 Investment in associates

Associates are all entities over which the Company has significant influence but not control generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates are initially recognized at cost and using the equity method in the consolidated financial statements.

Investments in associates are stated at cost net from allowance on decline in value (if any).

4.6 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investments in subsidiaries are stated at cost net from allowance on impairment (if any) in the separate financial statements. The Company recognizes gain or loss on sale in the statement of income in the period which sale of investment occurred. In the case of impairment on investment, the Company will recognize loss from impairment of investment as expense in the statement of comprehensive income. The Company recognizes dividends receive when the subsidiaries announce paid dividends.

4.7 Goodwill

Goodwill represents the excess of the cost of investment over the fair value of investment, which the Company shares in the net identifiable assets of the subsidiary or associate at the date of acquisition. Goodwill on acquisition of a subsidiary is presented as a separate line in the consolidated financial statement. Goodwill on acquisition of an associate is included in investments in associates and is tested for impairment as part of the overall balance.

The goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses. The impairment of goodwill is determined by calculating the realizable value based on the value-in-use calculation or fair value less costs

to sell. Such calculation requires the use of estimates made by management. The allowance for impairment loss on goodwill is not reversed.

As for the cost of acquiring an investment that is lower than the fair value of the share of net assets of the subsidiary, the difference is negative goodwill and will be recognized immediately in the statement of comprehensive income.

4.8 Investments in debt securities and marketable equity securities

1. Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in the statements of comprehensive income.

2. Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholder's equity, and will be recorded as gains or losses in the statement of comprehensive income when the securities are sold.

3. Investments in debt securities held to maturity are recorded at amortized cost by the effective rate method with the amortized amount presented as an adjustment to the interest income.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

4.9 General investments

Investments in non-marketable equity securities are general investments, which are stated at cost net from allowance on impairment (if any).

The Group records the loss on impairment (if any) of these investments in the statement of comprehensive income.

On disposal of an investment, the difference between the net proceeds and the book value of the investment is recognized as income or expense in the statement of comprehensive income. If partial investments are sold, the book value of the investment is determined by the weighted average method.

4.10 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance on impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company.

Depreciation of plant and equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives :

Building	50 years
Leasehold improvements	5 years
Office furniture	5 years
Tools and office equipment	3 - 5 years
Equipment and software project	5 years
Motor vehicles	5 years

The Group has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

4.11 Intangible assets

Intangible assets that are acquired by the Group with finite useful lives are stated at cost less accumulated amortization and allowance on impairment (if any).

The cost of an internally generated intangible asset comprises all directly attributable cost necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Intangible assets are amortized in the statement of comprehensive income on a straight-line basis over their estimated useful lives from the date that they are available for

Computer software	5 years
Deferred System software of the project	5 years
Cost of research and development	3-5 years
Software games download	3-6 years

The useful lives are reviewed by the Group every year.

The amortization is included in the determination of income.

Research expenditure is recognized as expense when incurred. Intangible assets involved in new product and service design and development are recognized as assets when it is probable about the success of the project as well as feasible in terms of commerce and technology. Other development expenditure is recognized as expense when incurred.

4.12 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

4.13 Related party transactions

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. Associates and 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.

4.14 Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Leases payments under an operating lease are recognized as an expense on a systematic basis over the lease term.

4.15 Financial leases

The Group records assets under finance leases as assets and liabilities at the amounts equal to the fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments, whichever is lower. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease agreements. The interest charge is recorded to the different periods over the entire lease term based on the remaining balance of payable under financial lease agreement in each period.

4.16 Foreign currencies

Transactions in foreign currencies are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currency outstanding at the statement of financial position date are translated into Baht at the rates ruling on the statement of financial date.

Exchange gains and losses are included in determining earnings.

4.17 Impairment of assets

As at the statement of financial position date, the Group assesses whether there is an indication of asset impairment. If any such indication exists, the Group will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell. In determining fair value costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transactions between knowledgeable, willing parties, after deducting the costs of disposal.

4.18 Employee benefits

Short-term employment benefits

The Group recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.

Post-employment benefits (Defined benefit plans)

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

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in other comprehensive income.

4.19 Share-based payment transactions

The subsidiaries recognises the share-based payment transactions at the date on which the options are granted, based on the fair value of the share options. They are recorded as expenses over the expected life of the share options, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

Estimating fair value for share-based payment transactions requires determination relating to appropriate assumptions.

4.20 Income tax expenseIncome tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company and nine subsidiaries records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (year 2019, year 2018 : 20%) of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax. And less certain transactions which are exemption or allowable from income tax and a subsidiary is exempted from corporate income tax on net profit of investment.

The one subsidiary records income tax expense, if any, based on the amount currently payable under the Revenue Code. Income tax is calculated at the tax rates from net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax. And less certain transactions which are exemption or allowable from income tax and the subsidiaries is exempted from corporate income tax on net profit of investment. Income tax is calculated at the rates as follows.

	<u>Tax rate</u>
Net profit before income tax	
Less than 300,000 Baht	exempted
300,000 - 3,000,000 Baht	15%
More than 3,000,000 Baht	20%

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Group expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

4.21 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the balance sheet. Gains and losses from the translation are included in determining the statement of comprehensive income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the term of the agreement.

4.22 Provision

A liability provision is recognized when there is a present obligation which arises as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.23 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting the amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

4.24 Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares which are issued during the year and held by outside party.

Diluted earnings per share is computed by dividing profit for the year by the aggregate amount of weighted average number of ordinary shares which are issued during the year and the weighted average number of ordinary shares which the Company may have to issue for conversion of warrants to ordinary shares.

4.25 Significant accounting judgements and estimates

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

Estimation of percentage of completion

Revenues from sale with service is recognised over time when services have been rendered taking into account the stage of completion, the management has exercised judgement based on their best knowledge of the current events and arrangements and their experience of the business in order to estimate the percentage of completion according to output method to reflect the Group's performance obligation to complete, based on information from the project managers.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

In recording the initial recognition and measurement of intangible assets as at the acquired date and subsequent impairment testing, This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

In recording the initial recognition and measurement of goodwill as at the acquired date and subsequent impairment testing, the management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows and fair value less costs to sell.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Litigation

The Group has contingent liabilities as a result of litigation. The management has displayed judgement to assess the results of the litigation and believed that no loss will result. Therefore, no contingent liabilities are recorded as at the end of the reporting period.

Estimate of loss provision and penalty from work delivery delay

The Group estimates liabilities that arise from the damage claim from work hand over under the computer system project development agreement. The management used judgment in estimating the penalty under the agreement and considered the delay work period, assessed the result of penalty from delay in work hand over and believed damage shall arise. The damage occurred is recorded as liabilities estimate at the financial statement date. However, the actual result may differ from the estimate.

The Group estimates the loss that may arise from each project taking into consideration of the progress of work with actual cost incurred and expected cost until work completion under the agreement.

5. RELATED PARTY TRANSACTIONS

During the year, the Company had significant business transactions with its subsidiaries (which have already been eliminated in the preparation of interim consolidated financial statements) and related companies (related by ways of common shareholders and/or common directors). These transactions follow the trade terms and rules agreed between the Company and those companies in the normal course of business.

Detail of relation between the Company and its related parties and companies are summarized as follow :

Company's name	Country of incorporation	Type of relation
Advance Intelligence Modernity Company Limited	Thailand	Subsidiary
Prain Fintech Company Limited	Thailand	Subsidiary
M.I.S. Outsourcing Company Limited	Thailand	Subsidiary
Motif Technology Public Company Limited	Thailand	Subsidiary
Business Applications Company Limited	Thailand	Subsidiary
Msyne Innovations Company Limited	Thailand	Subsidiary
(Formerly named Soft Plus Technology Company Limited)		
Hongson Company Limited	Thailand	Subsidiary
(Formerly named Hongson Software Company Limited)		
Playtorium Soultions Company Limited	Thailand	Subsidiary
Data Café Company Litited	Thailand	Subsidiary
Joint venture business Power M	Thailand	Subsidiary
TIS Inc. Japan Shareholders and co-directors		
Panjaluck Pasuk Company Limited	Thailand	Shareholders and co-directors
Angstrom Solutions Company Limited	Thailand	An associate company
Promptnow Company Limited	Thailand	An associate company
Fanster Media Company Limited	Thailand	An associate company
Digital Savvy Company Limited	Thailand	An associate company
Undefined Company Limited	Thailand	An associate company

Significant transaction with related companies for the year ended December 31, 2019 and 2018, as follows :

(Million Baht)

	Consolidated Financial Statements		Separate Financial Statements		Pricing policy
	2019	2018	2019	2018	

Transactions with subsidiaries :

Sales of goods and services	-	-	4.78	2.20	Close to market price
Sale of office equipment	-	-	0.11	-	Agreed upon price
Purchases of goods and services	-	-	96.05	48.95	Close to market price
Purchase of office equipment	-	-	0.03	-	Agreed upon price
Guarantee fee income	-	-	0.01	0.03	1 percent per annum
Interest income	-	-	0.02	0.06	2019 : MMR per annum (2.17 - 3.05% per annum) 2018 : MMR per annum (1.90 - 3.02% per annum) and 4% per annum
Dividend	-	-	9.24	68.80	As announced

Transactions with associates

Sales of goods and services	1.83	12.44	1.83	11.39	Close to market price
Sales of office equipment	-	20.00	-	20.00	Close to market price
Purchases of goods and services	6.08	4.46	6.08	4.42	Close to market price
Purchases of assets	-	0.35	-	0.35	Close to market price
Interest income	0.09	0.10	0.09	0.10	2019 : MMR per annum (2.22% - 3.05% per annum) 2018 : 4% per annum
Dividend	-	-	1.55	2.39	As announced

Transactions with related

companies :

Sales of goods and services	11.63	11.17	11.63	11.17	Close to market price
Purchase of goods and services	-	0.01	-	0.01	Close to market price
Interest income	-	0.07	-	0.07	5% per annum

The significant outstanding balances with related parties as at December 31, 2019 and 2018 as follows :

(Million Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Amounts due from related parties				
Subsidiaries :				
Advance Intelligence Modernity Company Limited	-	-	-	22,451
Prain Fintech Company Limited	-	-	64,200	32,100
Playtorium Soultions Company Limited	-	-	222,510	201,005
Data Café Company Limited	-	-	552,187	24,824
Msyne Innovations Company Limited	-	-	72,451	5,328
(Formerly named Soft Plus Technology Company Limited)				
Joint venture business Power M	-	-	29,438	-
Associates Company :				
Angstrom Solutions Company Limited	80,507	5,300,147	80,507	5,300,147
Fanster Media Company Limited	1,180,329	1,200,784	1,180,329	1,200,784
Promptnow Company Limited	-	5,350	-	5,350
Digital Savvy Company Limited	6,371,073	13,015,316	6,371,073	13,015,316
Related Companies :				
Panjaluck Pasuk Company Limited	20,000,000	11,572,770	20,000,000	11,572,770
Total	27,631,909	31,094,367	28,572,695	31,380,075
Less : Reserve for loss of investment	(20,000,000)	(5,300,147)	(20,000,000)	(5,300,147)
Net	7,631,909	25,794,220	8,572,695	26,079,928
Unbilled receivables				
Subsidiaries :				
Motif Technology Public Company Limited	-	-	745,000	-
Joint venture business Power M	-	-	198,758	-
Associates Company :				
Fanster Media Company Limited	-	20,601	-	20,601
Digital Savvy Company Limited	351,034	702,000	351,034	702,000
	351,034	722,601	1,294,792	722,601
Cost of work in process				
Subsidiaries :				
Business Application Company Limited	-	-	204,750	-
Msyne Innovations Company Limited	-	-	32,513	-
Data Café Company Limited	-	-	201,000	-
	-	-	438,263	-

(Million Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Short-term loans to related parties				
Subsidiaries :				
Data Café Company Limited				
Associates Company :	-	-	500,000	-
Fanster Media Company Limited	500,000	-	500,000	-
	500,000	-	500,000	-
Loans to related parties				
Loans to related persons	4,983,337	5,093,337	4,983,337	5,093,337
Less : Allowance for doubtful debts	(4,983,337)	(5,093,337)	(4,983,337)	(5,093,337)
Net	-	-	-	-
Long-term loans to related parties				
Subsidiaries :				
Advance Intelligence Modernity Company Limited	-	-	-	1,500,000
Associates Company :				
Angstrom Solutions Company Limited	5,300,000	-	5,300,000	-
	5,300,000	-	5,300,000	1,500,000
Amounts due to related parties				
Subsidiaries :				
Business Applications Company Limited	-	-	-	605,363
Msyne Innovations Company Limited (Formerly named Soft Plus Technology Company Limited)	-	-	7,616,545	20,244,400
Playtorium Soultions Company Limited	-	-	8,361,739	6,385,904
Data Café Company Limited	-	-	1,002,376	160,500
M.I.S. Outsourcing Company Limited	-	-	823,515	-
Associates Company :				
Prompthow Company Limited	18,800	-	18,800	-
Digital Savvy Company Limited	5,352,702	3,301,835	5,352,702	3,301,835
Fanster Media Company Limited	-	5,800	-	5,800
Related Companies :				
Panjaluck Pasuk Company Limited	-	300,720	-	300,720
	5,371,502	3,608,355	23,175,677	31,004,522
Deferred income				
Associates Company :				
Fanster Media Company Limited	8,270	-	8,270	-
Related Companies :				
Panjaluck Pasuk Company Limited	39,705	311,234	39,705	311,234
	47,975	311,234	47,975	311,234

Movements of short-term and long-term loans to related parties for the year ended December 31, 2019 are as follows :

(In Baht)

	As at December 31, 2018	Additional during year	Repaymen during year	As at December 31, 2019	Type of loans	Due date	Interest rate
Short-term loans to related parties							
Data Café Company Limited							
บริษัท ดาต้า คาเฟ่ จำกัด	-	1,000,000	(500,000)	500,000	Contract	Dec 31, 2020	MMR per annum
บริษัท แฟนสเตอร์ มีเดีย จำกัด	-	500,000	-	500,000	Contract	Dec 31, 2020	MMR per annum
	-	1,500,000	(500,000)	1,000,000			

**Long-term loans to
related parties**

Advance Intelligence Modernity

Company Limited	1,500,000	-	(1,500,000)	-	Promissory note	Jan 27, 2022	MMR per annum
Angstrom Solutions Company Limited	-	5,300,000	-	5,300,000	Contract	Jun 1, 2020	MMR per annum
	1,500,000	5,300,000	(1,500,000)	5,300,000			

Movements of loans to related parties for the year ended December 31, 2019 are as follows :

(Baht)

	As at December 31, 2018	Additional during year	Repaymen during year	Bad debts	Allowance for doubtful debts	As at December 31, 2019	Type of loans	Due date	Interest rate
Contract No.1	2,646,673	-	-	-	(2,646,673)	-	Former shareholders		At call
Contract No.2	2,446,664	-	(110,000)	-	(2,336,664)	-	Former shareholders		At call
	5,093,337	-	(110,000)	-	(4,983,337)	-			

Loans to related parties have no interest.

Management benefit expenses

Management benefit expenses represents the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act.

Management benefit expenses for the year ended December 31, 2019 and 2018, are as follows:

(Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Management				
Management benefit expenses				
Short-term employee benefits	66,495,029	65,372,939	42,810,246	38,857,957
Post-employment benefits	1,902,096	9,876,545	1,334,252	,699,462
Total	68,397,125	75,249,484	44,144,498	45,557,419

6. CASH AND CASH EQUIVALENTS

(Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Cash on hand	229,100	224,900	40,000	40,000
Cash at bank - current accounts	37,206,772	29,927,503	584,447	1,921,687
Cash at bank - savings accounts	147,088,088	295,185,389	89,027,430	235,151,924
Cash at bank - fixed deposit 3 months	672,984	666,362	-	-
Total	185,196,944	326,004,154	89,651,877	237,113,611

Savings accounts carry interest at the floating rates which are set by the bank

7. SHORT-TERM INVESTMENTS

(Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Fixed deposit	-	79,056	-	-
Unit trusts	24,034,386	68,993,229	-	-
Add : Unrealized gain from valuation of investment	298,244	447,302	-	-
Total unit trusts	24,332,630	69,440,531	-	-
Total short-term investments	24,332,630	69,519,587	-	-

8. TRADE AND OTHER ACCOUNTS RECEIVABLE

The aging of outstanding trade accounts receivable balance as at December 31, 2019 and 2018 based on due date, are as follows:

(Baht)

	Consolidated Financial Statement		Separate Financial Statements	
	2019	2018	2019	2018
Not yet due	729,702,289	1,022,556,403	654,698,012	976,889,157
Over due				
Less than 3 months	395,341,898	14,995,710	385,969,763	5,546,730
3 - 6 months	72,054,369	5,431,760	65,601,466	5,404,110
6 - 12 months	28,118,247	4,959,214	26,011,102	4,929,908
More than 12 months (Note 34.4)	260,179,838	97,971,227	230,340,498	67,253,537
Back to back basis	6,218,992	8,291,990	6,218,992	8,291,990
Total	1,491,615,633	1,154,206,304	1,368,839,833	1,068,315,432
Less: Allowance for doubtful debts	(15,693,649)	(16,586,999)	(15,680,809)	(15,695,809)
Trade accounts receivable - net	1,475,921,984	1,137,619,305	1,353,159,024	1,052,619,623
Other accounts receivable				
Receivable revenue department	86,062,158	66,138,348	77,538,866	55,633,076
Accrued rebate	1,880,739	9,338,749	1,880,739	9,338,749
Other (Note 34.3)	7,085,311	16,523,124	7,046,484	16,345,868
Total other accounts receivable	95,028,208	92,000,221	86,466,089	81,317,693
Trade and other accounts receivable - net	1,570,950,192	1,229,619,526	1,439,625,113	1,133,937,316

The Company gives its general customers a credit term ranging 30-90 days and its subsidiaries give its general customers a credit term of 30 days.

The movements of the allowance for doubtful debts are as follow :

(Baht)

	Consolidated Financial Statement		Separate Financial Statements	
	2019	2018	2019	2018
Allowance for doubtful debts - beginning	(16,586,999)	(16,682,252)	(15,695,809)	(15,725,809)
Add Additional allowances	-	-	-	-
Less Reversing of allowances	15,000	95,253	15,000	30,000
Bad debts	878,350	-	-	-
Allowance for doubtful debts - ending	(15,693,649)	(16,586,999)	(15,680,809)	(15,695,809)

In year 2019 and 2018, it was due to repayment from customers in full amount.

9. RECEIVABLE UNDER FINANCIAL LEASE AGREEMENTS

As at December 31, 2019 and 2018, the Group has financial leasing agreements. The payment details are follows; (in Baht)

	Consolidated Financial Statements / Separate Financial Statement					
	2019			2018		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	-	-	-	2,329,403	238,597	2,568,000
After one year but within five year	-	-	-	5,548,574	229,426	5,778,000
Total	-	-	-	7,877,977	468,023	8,346,000

As at December 31, 2018, the Company has 1 outstanding financial leasing agreements are as follows:

					In Baht (excluded VAT)
Outstanding financial lease agreement	Type of financial lease agreement	Term of payment	Amount per period	Total financial lease amount	
The Company 1	Equipment and Computers	(60 installment)	214,000	12,840,000	

During the year 2019, the customer has cancelled above financial leases. The Company has recorded a reversal of receivables under financial leases and deferred interest income in fully amount together with recognition the loss from termination of the agreement in the comprehensive income statement amounted to Baht 6.39 million shown of administrative expense account.

10. COST OF WORK IN PROCESS

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Finished goods	12,006,980	14,060,853	11,572,365	10,772,365
Work in process	823,011,316	593,159,209	761,566,575	505,233,857
Goods in transit	1,875,211	1,499,063	1,875,211	1,499,063
Total	836,893,507	608,719,125	775,014,151	517,505,285
Less: Allowance for declining value of inventories	(7,056,448)	(7,070,848)	(7,056,448)	(7,056,448)
Cost of work in process - net	829,837,059	601,648,277	767,957,703	510,448,837

11. PLEDGED DEPOSITS AT FINANCIAL INSTITUTIONS

As at December 31, 2019 and 2018, fixed deposits of one subsidiary in the amount of Baht 1.26 million and Baht 3.30 million, respectively. Which are pledged as collateral for bank guarantee, overdrafts and shortterm loan from the financial institution.

12. OTHER LONG-TERM INVESTMENT

According to the resolution of the Board of Directors Meeting No. 11/2018 held on December 11, 2018, it had the resolution to approve investment in Deeple Company Limited at the value of Baht 10 million in the form of conversion loan. The Company invested on January 4, 2019. This conversion loan is due for repayment within a period of 3 years (due on January 3, 2022) with the interest rate 4 percent per annum. The Company

recognizes interest income on the accrual basis in the financial statements. The Company can select to receive total loan payment with interest or conversion to ordinary shares as at the due date under the agreement of ordinary share conversion. The Company recognizes such transaction as other long-term investment and presents it by the cost method plus interest

13. INVESTMENT IN ASSOCIATED

13.1 Investment in associated consisted of investment in share capital, as follows

Name of company	Type of business	Paid-up capital (Thousand Baht)	Share-holding (%)		Consolidated Financial Statements		Separate Financial Statements	
					Equity method		Cost method - net allowance for impairment	
			2019	2018	2019	2018	2562	2561
Angstrom Solutions Company Limited	Information & Communication Technology	110,000	40	40	41,231,499	39,809,494	44,000,000	44,000,000
Promptnow Company Limited	Creates entertainment media for electronics devices	18,400	20	20	63,415,500	61,215,500	3,680,000	3,680,000
Fanster Media Company Limited	Provides news dissemination of the activities of well known persons through application	67,000	34	34	4,670,777	5,789,450	22,800,000	22,800,000
Digital Savvy Company Limited	Provides sale of tickets and advertising services	40,000	42	36	12,085,176	8,117,915	16,465,355	10,849,500
Undefined Company Limited	Provides desing consultants develop application or application software with cloud computing technolog	2,500	40	-	990,563	-	1,000,000	-
Total					122,393,515	114,932,359	87,945,355	81,329,500
Less: Allowance for impairment of investment					- (39,809,494)		- (44,000,000)	
Net					122,393,515	75,122,865	87,945,355	37,329,500

For the year ended December 31, 2019, the Company has fully reversed the allowance for impairment of investment in Angstrom Solutions Company Limited as the Company has assessed the business value calculated from cash flow estimation for the past 5 years. Before the current growth rate and the terminal value, it has found that the such company is able to operate its business and has a profit that can return capital to the Company.

For the year ended December 31, 2018, the Company has provisioned the allowance for impairment of investment in Angstrom Solutions Company Limited in full amount for the reason that the such company did not have any plan for operation. Moreover, the Company's management expects that the such company will be unable to make a profit pay back to the Company.

13.2 Dividend for the years ended December 31, 2019 and 2018, are as follows :

(In Baht)

Name of company	Seperate Financial Statements	
	2019	2018
Promptnow Company Limited	1,551,488	2,392,736
Total	1,551,488	2,392,736

13.3 Changes in the investment in associated company

Fanster Media Company Limited

The Executive Board's Meeting No. 4/2018 dated May 25, 2018 had a resolution to approve the increase of investment in the increase of registered capital of Fanster Media Company Limited. The Company had increased its investment for 2,160,000 shares at the total amount of Baht 10,800,000. After such transaction, the Company will hold 4,560,000 ordinary shares or 34% of all ordinary shares of Fanster Media Company Limited.

Digital Savvy Company Limited

On February 5, 2019, the Board of Directors Meeting No.1/2019 had a resolution to approve for proceed shares repurchase from employees who hold shares in Digital Savvy Company Limited of 9,050 shares at book value of Baht 79.10 per share, amounting to Baht 0.72 million, resulting in the shareholding proportion of the Company's ordinary shares from 36 percent increased to 39.18 percent of the registered capital resulting in the change in proportion of Baht 0.21 million to be recognized into share of loss from investment in associate in the statement of comprehensive income in the period. The proportion of the total investment of the Company together with the Company's employees is 49 percent of the registered capital in February 28, 2019.

On March 29, 2019 the Board of Directors' Meeting No. 3/2019 had the resolution to approve the Company acquiring the ordinary share increase of Digital Savvy Company Limited (associated company) with the former registered capital Baht 30 million. The resolution to register capital increase of Baht 10 million totaled the new registered capital of Baht 40 million by acquiring the ordinary share capital increase of Baht 49,000 shares or value of Baht 4.9 million on April 4, 2019. After the proportion of shareholding in the Company from previously 39.18 percent increases to 41.64 percent of the total registered capital of Digital Savvy Company Limited resulting in the change in proportion of Baht 0.33 million to be recognized into share of loss from investment in associate in the statement of comprehensive income in the period.

Undefined Company Limited

On February 5, 2019, the Board of Directors Meeting No. 1/2019 had a resolution to approve for proceed investment in new business with outsiders who have expertise in doing business, consulting and providing cloud development service by registering

as a company on March 1, 2019 under the name of “Undefined Company Limited” registered capital of Bath 10 million, which called for the first share payment of 25 percent. The Company has the shareholding proportion 40 percent of the total ordinary share of Undefined Company Limited.

13.4 Share of profit of associates for the years ended December 31, 2019 and 2018, are as follows :

(In Baht)

	Consolidated Financial Statement	
	2019	2018
Angstrom Solutions Company Limited	1,422,005	180,045
Promptnow Company Limited	3,751,487	3,259,844
Fanster Media Company Limited	(1,118,673)	(8,515,099)
Digital Savvy Company Limited	(1,648,593)	(2,665,435)
Undefined Company Limited	(9,437)	-
Total	2,396,789	(7,740,645)

13.5 Summarized financial information in respect of Associated company of the material associate :

(In Baht)

Angstrom Solutions Company Limited	2019	2018
Current assets	54,870	1,483,309
Non-current assets	139,736,289	121,668,211
Current liabilities	28,182,189	22,139,926
Non-current liabilities	8,539,252	1,496,888
Net assets	103,069,718	99,514,706
Revenue	14,314,052	10,363,359
Profit (loss) for the year	3,555,012	483,234
Other comprehensive income for the year	-	-
Total comprehensive income for the year	3,555,012	483,234

In Baht

Promptnow Company Limited	2019	2018
Current assets	142,309,198	110,442,931
Non-current assets	25,873,683	23,872,360
Current liabilities	29,024,125	10,863,073
Non-current liabilities	7,003,253	2,868,940
Net assets	132,155,503	120,583,278
Revenue	104,948,541	72,649,227
Profit(loss) for the year	20,211,111	16,611,732
Other comprehensive income for the year	(1,453,674)	(312,512)
Total comprehensive income for the year	18,757,437	16,299,220
Dividends received from the associate during the year	1,551,488	2,392,736

(In Baht)

Digital Savvy Company Limited	2019	2018
Current assets	24,268,862	20,466,462
Non-current assets	13,466,376	17,700,860
Current liabilities	6,907,354	14,422,160
Non-current liabilities	41,225	16,427
Net assets	30,786,659	23,728,735
Revenue	9,915,928	6,408,486
Profit (loss) for the year	(2,935,423)	(6,087,516)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(2,935,423)	(6,087,516)

13.6 Reconciliation of the above summarized financial information to the carrying amount of the interest in the consolidated financial statements:

(In Baht)

Angstrom Solutions Company Limited	2019	2018
Net assets of the associate company	103,069,718	99,514,706
Proportion of the interest in associate company	40	40
Proportion of equity in net assets	41,227,887	39,805,882
Goodwill	-	-
Other	3,612	3,612
Carrying amount of the associate company	41,231,499	39,809,494

(In Baht)

Promptnow Company Limited	2019	2018
Net assets of the associate company	132,155,503	120,583,278
Proportion of the interest in associate company	20	20
Proportion of equity in net assets	26,431,101	24,116,656
Goodwill	37,514,182	37,514,182
Other	(529,783)	(415,338)
Carrying amount of the associate company	63,415,500	61,215,500

(In Baht)

Digital Savvy Company Limited	2019	2018
Net assets of the associate company	30,786,659	23,728,735
Proportion of the interest in associate company	42	36
Proportion of equity in net assets	12,819,565	8,542,345
Goodwill	-	-
Other	(734,389)	(424,430)
Carrying amount of the associate company	12,085,176	8,117,915

13.7 Aggregate information of associates that are not individually material

(In Baht)

Digital Savvy Company Limited	2019	2018
The share of profit (loss) from continuing operations	(1,128,110)	(8,515,099)
The share of other comprehensive income	(1,128,110)	(8,515,099)
The share of total comprehensive income	(1,128,110)	(8,515,099)
Aggregate carrying amount of the interests in these associates	5,611,340	5,789,450

14. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consisted of investment in share capital, as follows:

(In Baht)

Name of subsidiaries	Value of investment under the equity method		Separate Financial Statements			
			Cost method (Net allowance for impairment)		Dividend income	
	2019	2018	2019	2018	2019	2018
Advance Intelligence Modernity Company Limited	-	-	6,000,001	6,000,001	-	-
Prain Fintech Company Limited	29,028,271	37,646,920	58,084,000	58,084,000	-	26,289,950
Business Applications Company Limited	208,308,795	200,606,123	200,828,330	200,828,330	5,000,000	10,000,000
Motif Technology Public Company Limited	30,237,000	96,272,092	251,926,606	291,926,606	-	6,999,991
Hongson Company Limited	70,231,895	68,931,925	80,441,387	80,441,387	737,470	737,470
(Formerly named Hongson Software Company Limited)						
Soft Professional Company Limited	-	-	-	-	-	4,749,810
Msyne Innovations Company Limited	59,224,425	51,341,068	68,738,820	68,737,785	-	4,899,804
(Formerly named Soft Plus Technology Company Limited)						
K Soft Consulting Company Limited	-	-	-	-	-	4,099,836
Sammok Software Company Limited	-	-	-	-	-	3,599,760
Soft Square 1999 Company Limited	-	-	-	-	-	5,324,965
Playtorium Solutions Company Limited	16,971,018	12,505,192	3,500,000	3,500,000	3,500,000	2,100,000
Data Café Company Limited	2,303,767	1,266,439	4,792,000	4,792,000	-	-
M.I.S. Outsourcing Company Limited	23,975,983	18,552,722	14,423,995	14,423,995	-	-
Joint venture business Power M	6,369,908	-	3,520,700	-	-	-
Total	446,651,062	487,122,481	692,255,839	728,734,104	9,237,470	68,801,586
Less : Allowance for impairment of investment			(252,586,833)	(252,586,833)		
Net			439,669,006	476,147,271		

14.1 Changes in allowance for impairment of investments for the year ended December 31, 2019 and 2018
summarized as follows:

(In Baht)

	Separate Financial Statements	
	2019	2018
The beginning of the year	252,586,833	99,976,606
Loss on impairment for the year		
- Soft Square Group	-	33,579,789
- Motif Technology Public Company Limited	-	134,026,352
Sale of investment for the year		
- Soft Square Group	-	(14,995,914)
Balance to the end of the year	252,586,833	252,586,833

This regard to, the expected recoverable amount of investments in subsidiaries determined from the higher value between the value in use and the fair value less cost to sells (Note 15).

14.2 Changes in investment in subsidiaries

M.I.S. Outsourcing Company Limited

The Board of Directors' Meeting No. 3/2018 dated July 3, 2018 had a resolution to approve the investment in M.I.S. Outsourcing Company Limited from Prain Fintech Company Limited as a subsidiary of the Company for the benefit of the direct management of the Company for 374,994 shares or 75% at the book value as at June 30, 2018 at the total amount of Baht 14.42 million. The Company had paid on July 20, 2018. It is resulting in the shareholding proportion from holding indirectly through Prain Fintech Company Limited in the proportion of 80% to be a direct holding 75% of the total ordinary shares of M.I.S. Outsourcing Company Limited.

As for the change in the ownership interests in the subsidiary that does not cause to lose control of the subsidiary, the difference between the increasing amount by which the non-controlling interests was adjusted and consideration received was recognized directly in shareholders' equity. Such differences can be calculated as follow:

(In Baht)

	Consolidated Financial Statements
Consideration received from sales of subsidiary shares	500,000
(Less) Carrying amount of any non-controlling interest	(974,196)
Difference from changes in ownership interests in the subsidiary	(474,196)

Group of Soft Square 1999 Company Limited

During year 2018, the Company recognizes the loss on impairment of investment in group of Soft Square 1999 Company

Limited totaling Baht 41.94 million in the separate financial statements as a result of recoverable amount of investment was less than the carrying amount of investment. The recoverable amount from group of Soft Square 1999 Company Limited was determined based on business value using the discounted cash flow method under the discount rate assumption on the basis of the weighted average cost of capita ("WACC") at the rate of 8.27% and 8.71%

According to the Board of Directors' Meeting MFEC Public Company Limited No.5/2018 held on September 25, 2018, it had the resolution to restructure the business by merging with Soft Square group of 4 companies which consist of Soft Plus Technology Company Limited, K Soft Consulting Company Limited, Soft Professional Company Limited and Sammok Software Company Limited merged under the name of Soft Plus Technology Company Limited. It will be registered for company dissolution for 3 companies within 2018 for the benefit in the management and service adjustment for product of future growth business. After the merger, the name has changed to Msyne Innovations Company Limited with effect from the date of January 2, 2562 onwards. The subsidiary has registered to the Department of Business Development, Ministry of Commerce on January 2, 2019.

According to the Board of Directors' Meeting of MFEC Public Company Limited No. 12/2018 dated December 26, 2018, it had a resolution to sell the ordinary shares of Soft Square 1999 Company Limited at 99.99% of the registered capital to the third parties who have no relationship and/or connected with directors, executives, major shareholders or controlling person of the Company. The Company has assessed the value by using the Discounted Cash Flow approach with the total value between Baht 66.30 - 99.34 million. On December 26,

2018, the Company has negotiated and signed in the ordinary shares trading agreement of Soft Square 1999 Company Limited by selling the ordinary shares of Soft Square 1999 Company Limited for 299,998 shares at Baht 257 per share at the total value of Baht 77.10 million and paid in cash within December 28, 2018.

(In Baht)

	Consolidated Financial Statement	Separate Financial Statements
Fair value received from sales of subsidiary shares	77,099,486	77,099,486
(Less) Net assets (including goodwill) in consolidated financial statements/investment in separate financial statements	(138,001,193)	(129,321,585)
(Loss) From sales investment in subsidiary	(60,901,707)	(52,222,099)

Prain Fintech Company Limited

According to the Extraordinary General Meeting of Shareholders' No. 1/2018 of Prain Fintech Company Limited dated March 5, 2018, it had a resolution to decrease its registered capital from Baht 64,130,000 to Baht 30,000,000 for the benefit of the suitable new business management. The remaining share capital is 3,000,000 ordinary shares at Baht 10 per share. The subsidiary has registered with the Department of Business Development, Ministry of Commerce on April 11, 2018.

According to the Extraordinary Meeting of the shareholders No.2/2018 of Prain Fintech Company Limited held on July 13, 2018, it had the resolution to increase the registered capital from Baht 30,000,000 to Baht 42,850,000 to support the issuance of ordinary shares to directors/executives in order to reward and encourage the push for organizational growth in line with the target. The remaining registered capital is the ordinary share of 4,285,000 shares at the value of Baht 10 per share. The subsidiary has registered with the Department of Business Development, Ministry of Commerce on July 25, 2018.

According to the Board of Directors' Meeting No.4/2018 of Prain Fintech Company Limited held on September 18, 2018, it had the resolution to allocate the ordinary shares of 700,000 shares to the directors and executives. The remaining number of shares that director and executive have not exercised the share purchase rights for 585,000 shares were approved to be cut off and the extraordinary meeting of the shareholders is to be held for registering capital reduction. The subsidiary has registered with the Department of Business Development, Ministry of Commerce on October 1, 2018. From such capital increase share allocation, the investment proportion in Prain Fintech Company Limited of the Company has changed from the previous holding of 99.99% to 81.08%.

According to the Board of Directors' Meeting MFEC Public Company Limited No.5/2018 held on September 25, 2018, it

had the resolution to sell shares of Prain Fintech Company Limited to J Ventures Company Limited totaling 350,000 shares at Baht 30 per share within October 2018. After the sell of some shares, the Company continues to hold ordinary shares of Prain Fintech Company Limited holding of 71.62%, which remains a subsidiary of the Company. After such transaction, the Company has gain from sale of investment amounting Baht 6.66 million.

On September 26, 2018, the Company and director/executive of Prain Fintech Company Limited have entered into the shares buying/selling agreement of Prain Fintech Company Limited to J Ventures Company Limited totaling 700,000 shares or 18.92% of the registered capital of Prain Fintech Company Limited at Baht 30 per share. The schedule for payment and ownership transfer in the shares is on October 2 and 24, 2018.

As for the change in the ownership interest in the subsidiary that does not cause to lose control of the subsidiary, the difference between the ownership interests before and after increasing in shares and sale shares of subsidiary was recognized directly in shareholders' equity. Such difference can be calculated as follows :

(In Baht)

	Changes in ownership interests 1
The ownership interests before increasing in shares of subsidiary	37,252,790
The ownership interests after increasing in shares of subsidiary	37,242,306
Difference from changes in ownership interests in subsidiary	(10,484)

	(In Baht)
	Changes in ownership interests 2
Consideration received from sales of subsidiary shares	10,500,000
(Less) Carrying amount of any non-controlling interest	(4,282,724)
Difference from changes in ownership interests in subsidiary	6,217,276

Advance Intelligence Modernity Company Limited

According to the Board of Directors' Meeting of MFEC Public Company Limited No. 12/2018 dated December 26, 2018, it had a resolution to purchase the ordinary shares of Advance Intelligence Modernity Company Limited from free float of shareholders at 38.2% of the registered capital for 382,000 shares at the amount of Baht 1. As a result, the increase of the shareholding proportion of ordinary shares from 60% to 98.20% of the registered capital in order for the benefit of managing the subsidiaries and driving the organization to grow in the future.

14.3 The subsidiaries that have material non-controlling interests

The Company has consolidated five subsidiaries is 1) Advance Intelligence Modernity Company Limited 2) M.I.S. Outsourcing Company Limited 3) Playtorium Solutions Company Limited 4) Data Café Company Limited and 5) Prain Fintech Company Limited that have material non-controlling interest:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2019	2018	2019	2018	2019	2018
M.I.S. Outsourcing Company Limited	25.00	25.00	1,807,754	1,503,588	7,989,148	6,089,394
Advance Intelligence Modernity Company Limited	1.80	1.80	-	28,424	28,424	28,424
Playtorium Solutions Company Limited	30.00	30.00	3,413,925	3,040,179	7,273,293	5,359,368
Data Café Company Limited	40.10	40.10	691,552	(1,272,048)	1,549,178	857,626
Prain Fintech Company Limited	28.38	28.38	(3,415,209)	(1,422,801)	8,009,429	11,424,638
Total			2,498,022	1,877,342	24,849,472	23,759,450

The summarized financial information represents significant amounts before intragroup eliminations as follows:

M.I.S. Outsourcing Company Limited	2019	2018
Current assets	50,203,458	49,516,240
Non-current assets	2,379,727	1,628,472
Current liabilities	16,966,569	23,807,534
Non-current liabilities	3,700,217	3,019,792
Non-controlling interests	7,989,148	6,089,394
Revenue	135,718,579	120,261,700
Dividends paid to non-controlling interests	-	3,000,180
Net cash inflow (outflow) from operating activities	7,936,614	13,178,343
Net cash inflow (outflow) from investing activities	(920,340)	(247,953)
Net cash inflow (outflow) from financing activities	-	(15,000,000)
Net cash inflow (outflow)	7,016,274	(2,069,610)

(In Baht)

Prain Fintech Company Limited	2562	2561
Current assets	36,237,899	46,646,243
Non-current assets	14,973,221	16,833,492
Current liabilities	20,782,621	21,455,892
Non-current liabilities	1,542,960	1,104,447
Non-controlling interests	8,009,429	11,424,638
Revenue	10,545,260	30,110,828
Dividends paid to non-controlling interests	-	-
Net cash inflow (outflow) from operating activities	(5,205,249)	14,646,311
Net cash inflow (outflow) from investing activities	(2,606,209)	52,533,305
Net cash inflow (outflow) from financing activities	(2,665)	(52,000,709)
Net cash inflow (outflow)	(7,814,123)	15,178,907

15. GOODWILL

15.1 Movements of goodwill for the years ended December 31, 2019 and 2018 are as follow :

	Consolidated Financial Statements	
	2019	2018
Goodwill	574,489,233	574,489,233
Increase	-	-
<u>Less : Allowance for impairment of investment</u>	<u>(234,378,327)</u>	<u>(234,378,327)</u>
Disposal of investment	(82,137,751)	(82,137,751)
Net goodwill	257,973,155	257,973,155

15.2 Impairment of goodwill

For the year ended December 31, 2019 and 2018, the Company has tested for impairment of goodwill that arises from the acquisition of the subsidiary business and allocation of Cash Generating Unit ("CGU"), consisted of Motif Technology Public Company Limited, Business Applications Company Limited and group of Soft Square 1999 Company Limited by comparing the carrying amount of the unit includes the goodwill, with the recoverable amount. The recovery amount was based on its value in use, determined by future cash flows to be generated from the continuing use of the unit projected over a period of 5 years before a terminal growth rate or based on its fair value less cost to sell.

Group of Soft Square 1999 Company Limited

The carrying amount of the cash generating unit may be considered to have higher value than the recoverable amount based on value in use, which may indicate an impairment of asset. As at June 30, 2018, the Company recognized the loss from impairment in the statement of comprehensive income for the year ended December 31, 2018, in the amount of Baht 37.33 million.

The key assumptions used in estimating the value in use are as follows:

Key assumption	Value	Approach used to determine the value
- Discount rate	8.27%	External source of information
- Terminal Value Growth Rate	3.00%	Constant inflation rate
- Average budgeted EBITDA growth	5.27%	Experience and industry

Hongson Company Limited (Formerly named Hongson Software Company Limited)

The carrying amount of the cash generating unit may be considered to have higher value than the recoverable amount based on value in use, which may indicate an impairment of asset. As at December 31, 2018, the Company recognized the loss from impairment in the statement of comprehensive income for the year ended December 31, 2018, in the amount of Baht 2.64 million.

For the year ended December 31, 2019, after consideration, management believed that the impairment of good will of Hongson Company Limited has not increase.

The key assumptions used in estimating the value in use are as follows:

Key assumption	Value (%)		Approach used to determine the value
	2019	2018	
- Discount rate	8.12	8.71	External Source of information
- Terminal Value Growth Rate	3.00	2.00	Constant inflation rate
- Average budgeted EBITDA growth	5.12	6.71	Experience and industry

Motif Technology Public Company Limited

The carrying amount of the cash generating unit may be considered to have higher value than the recoverable amount based on fair value less cost to sells, which may indicate an impairment of asset. As at December 31, 2018, the Company has recognized the loss from impairment in the statement of comprehensive income for the year ended December 31, 2018, in the amount of Baht 120.73 million. For the year ended December 31, 2019, after consideration, management believed that the impairment of goodwill of Motif Technology Public Company Limited has not increase.

The key assumptions used in estimating the value in use are as follows:

Key assumption	Value		Approach used to determine the value
	2019	2018	
- Discount rate	9.84	8.71	External Source of information
- Terminal Value Growth Rate	3.00	2.00	Constant inflation rate
- Average budgeted EBITDA growth	6.84	6.71	Experience and industry

(In Million Baht)

	2019	2018
Value in use	20.00	41.61
Fair value less cost to sells	55.76	96.90

Business Applications Company Limited

For the year ended December 31, 2019 and 2018, the management has considered and believed that the goodwill of Business Applications Company Limited is not impaired.

The key assumptions used in estimating the value in use are as follows:

Key assumption	Value		Approach used to determine the value
	2019	2018	
- Discount rate	8.12	9.87	External source of information
- Terminal Value Growth Rate	3.00	4.00	Constant inflation rate
- Average budgeted EBITDA growth	5.12	5.87	Experience and industry

Msysne Innovation Company Limited (Formerly named Soft Plus Technology Company Limited)

For the year ended December 31 2019 and 2018, the management has considered and believed that the goodwill of Msysne Innovation Company Limited has not increase.

The key assumptions used in estimating the value in use are as follows:

Key assumption	Value		Approach used to determine the value
	2019	2018	
- Discount rate	8.12	8.71	External source of information
- Terminal Value Growth Rate	3.00	3.00	Constant inflation rate
- Average budgeted EBITDA growth	5.12	5.71	Experience and industry

Disposal of goodwill

For the year ended December 31, 2018, the Company has disposed goodwill of Soft Square 1999 Company Limited due to the sale of investment in Soft Square 1999 Company Limited. The goodwill has the book value of Baht 82.14 million.

16. PROPERTY, PLANT AND EQUIPMENT

(In Baht)

	Consolidated Financial Statements						
	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles	Construction in progress	Total
At cost							
January 1, 2019	33,476,221	150,459,889	239,854,874	26,185,450	9,169,024	1,039,352	460,184,810
Acquisitions	6,429,537	9,604,891	17,312,839	-	4,689,710	11,962,003	49,998,980
Disposals	(6,285,058)	(6,389,393)	(6,903,666)	(648,728)	(2,028,885)	-	(22,255,730)
Transfer in (out)	778,696	4,897	169,034	-	-	(1,039,352)	(86,725)
December 31, 2019	34,399,396	153,680,284	250,433,081	25,536,722	11,829,849	11,962,003	487,841,335
Accumulated depreciation							
January 1, 2019	19,291,252	106,132,327	215,569,207	19,552,392	8,206,999	-	368,752,177
Depreciation for the years	3,845,566	15,655,912	17,489,560	11,672	988,502	-	37,991,212
Depreciation for disposals	(6,285,049)	(6,279,605)	(5,434,080)	(636,060)	(1,921,956)	-	(20,556,750)
Transfer in (out)	(270)	(9,306)	-	-	-	-	(9,576)
December 31, 2019	16,851,499	115,499,328	227,624,687	18,928,004	7,273,545	-	386,177,063
Allowance for declining value							
January 1, 2019	-	10,150,104	-	6,599,581	-	-	16,749,685
Allowance for declining value for the year	-	-	-	-	-	-	-
Allowance for declining value (reversal)	-	-	-	-	-	-	-
December 31, 2019	-	10,150,104	-	6,599,581	-	-	16,749,685
Net book value							
December 31, 2019	17,547,897	28,030,852	22,808,394	9,137	4,556,304	11,962,003	84,914,587
December 31, 2018	14,184,909	34,177,458	24,285,667	33,477	962,025	1,039,352	74,682,948

(In Baht)

Consolidated Financial Statements									
	Land	Building	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles	Construction in progress	Total
At cost									
January 1, 2018	17,831,600	36,273,036	29,816,681	191,468,128	243,166,423	33,892,788	12,852,197	1,513,900	566,814,753
Acquisitions	-	-	8,021,221	21,463,744	14,937,826	-	543,887	1,039,352	46,006,030
Disposals	-	-	(4,336,683)	(44,288,584)	(18,425,636)	(7,707,338)	(1,205,794)	-	(75,964,035)
Decrease from sales of investment in subsidiary	(17,831,600)	(36,273,036)	(1,538,898)	(18,183,399)	(2,811,890)	-	(3,021,266)	-	(79,660,089)
Transfer in (out)	-	-	1,513,900	-	2,988,151	-	-	(1,513,900)	2,988,151
December 31, 2018	-	-	33,476,221	150,459,889	239,854,874	26,185,450	9,169,024	1,039,352	460,184,810
Accumulated depreciation									
January 1, 2018	-	16,097,593	22,518,844	151,224,675	213,355,007	26,556,971	10,121,297	-	439,874,387
Depreciation for the years	-	608,559	2,540,947	16,277,182	20,840,002	444,905	1,069,544	-	41,781,139
Depreciation for disposals	-	-	(4,336,587)	(44,070,299)	(16,255,736)	(7,449,484)	(1,007,710)	-	(73,119,816)
Decrease from sales of investment in subsidiary	-	(16,706,152)	(1,431,952)	(17,299,231)	(2,370,066)	-	(1,976,132)	-	(39,783,533)
Transfer in (out)	-	-	-	-	-	-	-	-	-
December 31, 2018	-	-	19,291,252	106,132,327	215,569,207	19,552,392	8,206,999	-	368,752,177
Allowance for declining value									
January 1, 2018	-	-	-	10,150,104	-	6,599,581	-	-	16,749,685
Allowance for declining value for the year	-	-	-	-	-	-	-	-	-
Allowance for declining value (reversal)	-	-	-	-	-	-	-	-	-
December 31, 2018	-	-	-	10,150,104	-	6,599,581	-	-	16,749,685
Net book value									
December 31, 2018	-	-	14,184,969	34,177,458	24,285,667	33,477	962,025	1,039,352	74,682,948
December 31, 2017	17,831,600	20,175,443	7,297,837	30,093,349	29,811,416	736,236	2,730,900	1,513,900	110,190,681

As at December 31, 2019 and 2018, certain equipment of the Group has been fully depreciated but still in use. The costs of those assets amounted to Baht 341.00 million and Baht 341.02 million, respectively.

As at December 31, 2018 the Group has motor vehicles and office equipment under the financial lease agreements amounted to net book value of and 1.04 million.

(In Baht)

	Separate Financial Statements						
	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles	Asset in progress	Total
At cost							
January 1, 2019	22,628,059	138,533,692	218,755,764	26,058,986	6,777,581	207,156	412,961,238
Acquisitions	124,600	7,611,949	13,880,127	-	-	11,962,003	33,578,679
Disposals	-	(5,576,354)	(2,306,066)	(526,853)	(1,876,359)	-	(10,285,632)
Transfer in (out)	-	-	134,534	-	-	(207,156)	(72,622)
<hr/>							
December 31, 2019	22,752,659	140,569,287	230,464,359	25,532,133	4,901,222	11,962,003	436,181,663
<hr/>							
Accumulated depreciation							
January 1, 2019	12,411,307	95,625,163	197,152,184	19,450,452	5,820,407	-	330,459,513
Depreciation for the year	2,846,230	15,060,176	15,711,945	-	435,726	-	34,054,077
Depreciation for disposals	-	(5,490,860)	(1,037,725)	(526,848)	(1,769,431)	-	(8,824,864)
Transfer in (out)	-	-	-	-	-	-	-
<hr/>							
December 31, 2019	15,257,537	105,194,479	211,826,404	18,923,604	4,486,702	-	355,688,726
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Allowance for declining value							
January 1, 2019	-	10,150,104	-	6,599,581	-	-	16,749,685
Allowance for declining value for the year	-	-	-	-	-	-	-
Allowance for declining value (reversal)	-	-	-	-	-	-	-
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December 31, 2019	-	10,150,104	-	6,599,581	-	-	16,749,685
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Net book value							
December 31, 2019	7,495,122	25,224,704	18,637,955	8,948	414,520	11,962,003	63,743,252
December 31, 2018	10,216,752	32,758,425	21,603,580	8,953	957,174	207,156	65,752,040

(In Baht)

	Separate Financial Statements						Total
	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles	Asset in progress	
At cost							
January 1, 2018	20,782,706	157,446,425	207,274,649	32,964,165	6,308,459	-	424,776,404
Acquisitions	5,468,691	20,277,010	13,069,082	-	543,888	207,156	39,565,827
Disposals	(3,623,338)	(39,189,743)	(4,576,118)	(6,905,179)	(74,766)	-	(54,369,144)
Transfer in (out)	-	-	2,988,151	-	-	-	2,988,151
<hr/>							
December 31, 2018	22,628,059	138,533,692	218,755,764	26,058,986	6,777,581	207,156	412,961,238
<hr/>							
Accumulated depreciation							
January 1, 2018	13,940,737	118,839,899	181,370,796	26,022,852	5,447,379	-	345,621,663
Depreciation for the year	2,093,814	15,800,072	18,716,435	332,724	408,976	-	37,352,021
Depreciation for disposals	(3,623,244)	(39,014,808)	(2,935,047)	(6,905,124)	(35,948)	-	(52,514,171)
Transfer in (out)	-	-	-	-	-	-	-
<hr/>							
December 31, 2018	12,411,307	95,625,163	197,152,184	19,450,452	5,820,407	-	330,459,513
<hr/>							
Allowance for declining value							
January 1, 2018	-	10,150,104	-	6,599,581	-	-	16,749,685
Allowance for declining value for the year	-	-	-	-	-	-	-
Allowance for declining value (reversal)	-	-	-	-	-	-	-
<hr/>							
December 31, 2018	-	10,150,104	-	6,599,581	-	-	16,749,685
<hr/>							
Net book value							
December 31, 2018	10,216,752	32,758,425	21,603,580	8,953	957,174	207,156	65,752,040
December 31, 2017	6,841,969	28,456,422	25,903,853	341,732	861,080	-	62,405,056

As at December 31, 2019 and 2018, certain equipment of the Company has been fully depreciated but still in use. The costs of those assets amounted to Baht 321.33 million and Baht 284.94 million, respectively.

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Depreciation charged to the statements of comprehensive income				
Cost of sales and services	21,463,768	25,339,530	20,660,957	23,978,453
Administrative expenses	16,527,444	16,441,609	13,393,120	13,373,568
Total	37,991,212	41,781,139	34,054,077	37,352,021

17. INTANGIBLE ASSETS

(In Baht)

	Consolidated Financial Statements					
	Computer software	Deferred of project system software	Games for down-load development of products	Work in progress - cost of research and development of product	Work in progress - development of products	Total
At cost						
January 1, 2019	47,879,324	32,023,484	9,856,662	10,151,543	3,875,826	103,786,839
Acquisitions/Internal cost	5,001,378	1,164,420	-	3,455,780	1,871,880	11,493,458
Amortization	(2,775,011)	-	(9,856,662)	-	-	(12,631,673)
Transfer in (out)	3,884,891	9,517,355	-	(9,517,355)	(3,875,826)	9,065
December 31, 2019	53,990,582	42,705,259	-	4,089,968	1,871,880	102,657,689
Accumulated Amortization						
January 1, 2019	36,740,637	20,244,668	8,356,662	1,970,628	-	67,312,595
Amortization for the year	4,788,653	2,112,560	-	491,989	-	7,393,202
Amortization for disposals	(2,770,160)	-	(8,356,662)	-	-	(11,126,822)
Transfer in (out)	9,063	(860,233)	-	860,233	-	9,063
December 31, 2019	38,768,193	21,496,995	-	3,322,850	-	63,588,038
Allowance for declining value						
January 1, 2019	3,357,183	11,762,715	1,500,000	1,429,705	-	18,049,603
Allowance for declining value for the year	-	-	-	-	-	-
Allowance for declining value (reversal)	-	1,429,705	(1,500,000)	(1,429,705)	-	(1,500,000)
December 31, 2019	3,357,183	13,192,420	-	-	-	16,549,603
Net book value						
December 31, 2019	11,865,206	8,015,844	-	767,118	1,871,880	22,520,048
December 31, 2018	7,781,504	16,101	-	6,751,210	3,875,826	18,424,641

(In Baht)

	Consolidated Financial Statements					
	Computer software	Deferred of project system software	Games for download development of products	Work in progress - cost of research and development of product	Work in progress - development of products	Total
At cost						
January 1, 2018	60,799,270	32,235,934	9,856,662	10,272,883	1,640,826	114,805,575
Acquisitions/Internal cost	3,695,861	-	-	3,201,064	2,235,000	9,131,925
Amortization	(20,146,136)	(212,450)	-	-	-	(20,358,586)
Decrease from sales of investment in subsidiary	(141,319)	-	-	-	-	(141,319)
Transfer in (out)	3,671,648	-	-	(3,322,404)	-	349,244
December 31, 2018	47,879,324	32,023,484	9,856,662	10,151,543	3,875,826	103,786,839
Accumulated Amortization						
January 1, 2018	34,630,188	20,450,537	8,356,662	1,144,837	-	64,582,224
Amortization for the year	4,004,257	6,579	-	825,791	-	4,836,627
Amortization for disposals	(1,752,499)	(212,448)	-	-	-	(1,964,947)
Decrease from sales of investment in subsidiary	(141,309)	-	-	-	-	(141,309)
Transfer in (out)	-	-	-	-	-	-
December 31, 2018	36,740,637	20,244,668	8,356,662	1,970,628	-	67,312,595
Allowance for declining value						
January 1, 2018	3,357,183	11,762,715	1,500,000	-	-	16,619,898
Allowance for declining value for the year	-	-	-	1,429,705	-	1,429,705
Allowance for declining value (reversal)	-	-	-	-	-	-
December 31, 2018	3,357,183	11,762,715	1,500,000	1,429,705	-	18,049,603
Net book value						
December 31, 2018	7,781,504	16,101	-	6,751,210	3,875,826	18,424,641
December 31, 2017	22,811,899	22,682	-	9,128,046	1,640,826	33,603,453

(In Baht)

	Separate Financial Statements				
	Computer software	Deferred of project system software	Work in progress - cost of research and development of product	Work in progress - development of products	Total
At cost					
January 1, 2019	40,760,876	29,113,386	3,667,518	3,875,826	77,417,606
Acquisitions/Internal cost	4,808,101	-	2,304,230	1,871,880	8,984,211
Amortization	(5,790)	-	-	-	(5,790)
Transfer in (out)	3,875,826	3,667,518	(3,667,518)	(3,875,826)	-
December 31, 2019	49,439,013	32,780,904	2,304,230	1,871,880	86,396,027
Accumulated Amortization					
January 1, 2019	30,054,923	18,977,873	-	-	49,032,796
Amortization for the year	4,533,224	1,388,178	-	-	5,921,402
Amortization for disposals	(962)	-	-	-	(962)
December 31, 2019	34,587,185	20,366,051	-	-	54,953,236
Allowance for declining value					
January 1, 2019	3,357,183	10,113,660	-	-	13,470,843
Allowance for declining value for the year	-	-	-	-	-
Allowance for declining value (reversal)	-	-	-	-	-
December 31, 2019	3,357,183	10,113,660	-	-	13,470,843
Net book value					
December 31, 2019	11,494,645	2,301,193	2,304,230	1,871,880	17,971,948
December 31, 2018	7,348,770	21,853	3,667,518	3,875,826	14,913,967

(In Baht)

	Separate Financial Statements				
	Computer software	Deferred of project system software	Work in progress - cost of research and development of product	Work in progress - development of products	Total
At cost					
January 1, 2018	53,545,292	29,325,836	6,534,066	1,640,826	91,046,020
Acquisitions/Internal cost	3,690,071	-	455,856	2,235,000	6,380,927
Amortization	(20,146,136)	(212,450)	-	-	(20,358,586)
Transfer in (out)	3,671,649	-	(3,322,404)	-	349,245
December 31, 2018	40,760,876	29,113,386	3,667,518	3,875,826	77,417,606
Accumulated Amortization					
January 1, 2018	28,059,179	19,183,742	-	-	47,242,921
Amortization for the year	3,748,244	6,579	-	-	3,754,823
Amortization for disposals	(1,752,500)	(212,448)	-	-	(1,964,948)
December 31, 2018	30,054,923	18,977,873	-	-	49,032,796
Allowance for declining value					
January 1, 2018	3,357,183	10,113,660	-	-	13,470,843
Allowance for declining value for the year	-	-	-	-	-
Allowance for declining value (reversal)	-	-	-	-	-
December 31, 2018	3,357,183	10,113,660	-	-	13,470,843
Net book value					
December 31, 2018	7,348,770	21,853	3,667,518	3,875,826	14,913,967
December 31, 2017	22,128,930	28,434	6,534,066	1,640,826	30,332,256

As at December 31, 2019 and 2018, certain computer software and project system software of the Company has been fully amortized but still in use. The cost of those assets amounted to Baht 26.89 million and Baht 22.45 million, respectively.

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Amortization charged to the statements of comprehensive income				
Cost of sales and services	932,734	3,606,579	-	6,579
Administrative expenses	6,460,468	1,230,048	5,921,402	3,748,244
Total	7,393,202	4,836,627	5,921,402	3,754,823

18. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

18.1 Deferred tax assets and deferred tax liabilities as follows:

(In Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Deferred tax assets	37,990,324	32,572,954	34,954,844	30,284,799
Deferred tax liabilities	-	-	-	-
	37,990,324	32,572,954	34,954,844	30,284,799

18.2 Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2019 and 2018 are summarized as follows:

(In Baht)

	Consolidated Financial Statements			
	Balance as at Dec. 31, 18	Revenue (expenses) during the year		Balance as at Dec. 31, 19
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Trade account receivables	4,215,521	2,936,971	-	7,152,492
Cost at work in process	1,411,290	-	-	1,411,290
Loans to related parties	1,018,667	(22,000)	-	996,667
Property, plant and equipment	3,994	-	-	3,994
Intangible assets	11	-	-	11
Provisions for employee benefits	19,277,605	2,899,972	2,918,794	25,096,371
Provision for loss of project	5,859,370	(3,285,635)	-	2,573,735
Provision for delayed penalty	802,252	-	-	802,252
Total	32,588,710	2,529,308	2,918,794	38,036,812
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale investments	15,756	-	30,732	46,488
Total	15,756	-	30,732	46,488
Net	32,572,954	2,529,308	2,888,062	37,990,324

In Baht

Consolidated Financial Statements					
	Balance as at Dec. 31, 17	Consolidated Financial Statements In profit or loss	In other compre- hensive income	Decrease from sales of investment in subsidiary	Balance as at Dec. 31, 18
Deferred tax assets:					
Trade account receivables	3,158,212	1,057,309	-	-	4,215,521
Cost at work in process	1,418,702	(7,412)	-	-	1,411,290
Loans to related parties	1,032,667	(14,000)	-	-	1,018,667
Property, plant and equipment	3,994	-	-	-	3,994
Intangible assets	260,216	(260,205)	-	-	11
Provisions for employee benefits	12,470,797	7,097,886	506,984	(798,062)	19,277,605
Provision for loss of project	1,741,619	4,117,751	-	-	5,859,370
Provision for delayed penalty	2,563,562	(1,761,310)	-	-	802,252
Total	22,649,769	10,230,019	506,984	(798,062)	32,588,710
Deferred tax liabilities:					
Unrealized gain on remeasuring available for sale investments	123,870	-	102,467	5,647	15,756
Financial lease agreement	4,048	(9,547)	-	13,595	-
Fair value adjustment of assets in business combinations	1,649,007	47,552	-	1,601,455	-
Total	1,776,925	38,005	102,467	1,620,697	15,756
Net	20,872,844	10,268,024	609,451	822,635	32,572,954

In Baht

Separate Financial Statements				
	Balance as at Dec. 31, 18	Revenue (expenses) during the year		Balance as at Dec. 31, 19
		In profit or loss	In other comprehen- sive income	
Deferred tax assets:				
Trade account receivables	4,199,191	2,936,971	-	7,136,162
Cost of work in process	1,411,290	-	-	1,411,290
Loans to related parties	1,018,667	(22,000)	-	996,667
Property, plant and equipment	3,994	-	-	3,994
Intangible assets	11	-	-	11
Provisions for employee benefits	16,990,024	2,350,598	2,690,112	22,030,734
Provision for delayed penalty	802,252	-	-	802,252
Provision for loss of project	5,859,370	(3,285,636)	-	2,573,734
Total	30,284,799	1,979,933	2,690,112	34,954,844

In Baht

	Separate Financial Statements			
	Balance as at Dec. 31, 17	Revenue (expenses) during the year In profit or loss	In other comprehensive income	Balance as at Dec. 31, 18
Deferred tax assets:				
Trade account receivables	3,145,162	1,054,029	-	4,199,191
Cost of work in process	1,411,290	-	-	1,411,290
Loans to related parties	1,032,667	(14,000)	-	1,018,667
Property, plant and equipment	3,994	-	-	3,994
Intangible assets	260,216	(260,205)	-	11
Provisions for employee benefits	9,852,716	6,093,953	1,043,355	16,990,024
Provision for delayed penalty	2,563,562	(1,761,310)	-	802,252
Provision for loss of project	1,741,619	4,117,751	-	5,859,370
Total	20,011,226	9,230,218	1,043,355	30,284,799
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale investments	2,631	-	2,631	-
Total	2,631	-	2,631	-
Net	20,008,595	9,230,218	1,045,986	30,284,799

19. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Bank Overdrafts	3,668,601	-	-	-
Short-term loans	10,000,000	-	-	-
	13,668,601	-	-	-

As at December 31, 2019 and 2018, the Group had credit lines from short-term loans from financial institutions as follows :

	Financial institutions (Place)		Credit line (Million Baht)		Used credit line (Million Baht)		Interest rate (percent per annum)
	As at December 31,2019	As at December 31,2018	As at December 31,2019	As at December 31,2018	As at December 31,2019	As at December 31,2018	
Bank Overdrafts							
The Company	7	7	83	83	-	-	MOR per annum
The Subsidiaries	2	2	54	51	3.67	-	MOR per annum (2019 : Rate 7.125 - 8.80 per annum) (2018 : Rate 7.25 - 8.25 per annum)
Short-term loans and trust receipts							
The Company	8	8	1,690	1,740	-	-	MOR per annum (2019 : Rate 2.22 - 3.25 per annum) (2018 : 1.95 - 3.75 per annum)
The subsidiaries	2	2	102	90	10.00	-	MMR, MLR per annum (2019 and 2018 : Rate 3.00 - 6.50 per annum)
Credit card							
The Company	1	1	1	1	-	-	-
The Subsidiaries	1	1	5	2	-	-	-
Letter of guarantee							
The Company	8	8	1,560	1,560	291.70	204.66	-
The Subsidiaries	2	2	256	231	36.23	30.40	-

As at December 31, 2019 and 2018, the Group has no obligations on such line item above.

The Group has to comply with the covenants and adhere to the terms under the financial institutions overdraft and short-term loan agreements.

20. TRADE AND OTHER ACCOUNTS PAYABLE

(Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Trade accounts payable - not related parties				
and other accounts payable	502,442,372	609,884,640	453,597,366	520,066,120
Revenue department payable	37,773,945	25,629,608	35,187,401	25,041,349
Total trade and other accounts payable	540,216,317	635,514,248	488,784,767	545,107,469

21. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

(Baht)

	Consolidated Financial Statements / Separate Financial Statements	
	2019	2018
Liabilities under financial lease agreement	77,374,294	-
Less Current portion	(32,185,099)	-
Net	45,189,195	-

Movement in the Liabilities under financial lease agreement during the year are summarized below :

(Baht)

	Consolidated Financial Statements / Separate Financial Statements	
	2019	2018
Balance as at January 1,	-	-
Add Addition borrowings	124,527,501	-
Less Repayment	(47,153,207)	-
Balance as at December 31,	77,374,294	-

Liabilities under financial lease agreement from business partners without interest and has 4 - 6 repayment periods, approximately 12 - 55 months.

22. EMPLOYEE BENEFIT OBLIGATIONS

Movement of employee benefit obligations for the years ended December 31, 2019 and 2018 shown as follow :

(Baht)

The statements of financial position	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Employee benefit obligations, beginning of the year	99,322,093	68,751,898	84,950,122	49,263,581
Current Service costs and interest	14,062,798	19,106,851	11,752,988	12,604,720
Past service costs				
- Change a considered a post				
- employment plan amendment	-	20,384,597	-	17,865,047
Employee benefit obligations paid	-	(428,000)	-	-
Employee benefit obligations reversal	-	(3,191,764)	-	-
Loss (gain)				
estimation over actuarial principles	16,139,433	(1,021,558)	13,450,559	5,216,774
Decrease from sales of investment in subsidiary	-	(4,279,931)	-	-
Employee benefit obligations, ending of the period	129,524,324	99,322,093	110,153,669	84,950,122

The Group recognized actuarial gain or loss in the statements of other comprehensive income.

Revenues and expenses recognized in the statement of comprehensive income for the years ended December 31, 2019 and 2018 are as follows:

(Baht)

The statement of comprehensive income	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Recognized in profit or loss				
Current service costs and past service costs				
Cost of sales and services	6,391,767	19,962,941	5,597,848	14,964,568
Selling expenses	315,356	212,454	-	-
Administrative expense	2,451,835	7,766,369	2,255,396	7,496,973
Management benefit expenses	1,902,096	9,876,545	1,334,252	6,699,462
Interest on obligation	3,001,744	1,673,139	2,565,492	1,308,764
Total	14,062,798	39,491,448	11,752,988	30,469,767
Recognized in other comprehensive income				
Loss (gain)				
estimation over actuarial priciples	16,139,433	(1,021,558)	13,450,559	5,216,774
Total	16,139,433	(1,021,558)	13,450,559	5,216,774
Total	30,202,231	38,469,890	25,203,547	35,686,541

Gain and loss from the estimate based on actuarial principles recognized in the statement of comprehensive income for the year ended December 31, 2019 and 2018 arise from

Recognize in the statement of comprehensive income

(Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Improvement from experience	-	(23,165,672)	-	(16,328,474)
Population assumption	-	28,565,927	-	26,852,331
Financial assumption	16,139,433	(6,421,813)	13,450,559	(5,307,083)
Total	16,139,433	(1,021,558)	13,450,559	5,216,774

The main assumptions in the assessment financial assumptions

Percentage

For the year ended		
December 31, 2019 and 2018	Consolidated Financial Statements	Separate Financial Statements
Discount rate	2.80 - 3.37	3.02
Salary increase rate	5.00 - 6.00	6.00
Employee turnover rate	1.91 - 34.38	2.87 - 25.79
Mortality rate	105 of Table of death B.E.2017	105 of Table of death B.E.2017

Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2019 and 2018 are summarized below.

(In Million Baht)

	2019			
	Consolidated Financial Statements		Separate Financial Statements	
	Increase	Decrease	Increase	Decrease
Discount rate (percentage of change 1)	(11.38)	13.11	(9.07)	10.43
Future salary increase rate (percentage of change 1)	13.11	(11.57)	10.39	(9.18)
Staff turnover rate (percentage of change 20)	(13.80)	17.18	(12.02)	15.09

(In Million Baht)

	2018			
	Consolidated Financial Statements		Separate Financial Statements	
	Increase	Decrease	Increase	Decrease
Discount rate (percentage of change 1)	(10.23)	11.87	(8.59)	9.93
Future salary increase rate (percentage of change 1)	10.81	(9.54)	8.98	(7.95)
Staff turnover rate (percentage of change 20)	(10.97)	14.72	(10.29)	12.80

During the year 2019, long-term interest rate has significantly reduced that affected the discount rate assumed by the actuarial would be 2.80% - 3.37% to 1.69% - 2.04%. The Group has considered to record the increase of employee benefit obligations in the amount of Baht 16.14 million (the Company : Baht 13.45 million) and to recognize the past service costs in other comprehensive income at the same amount. For the sensitivity analysis data above, it may have some changes as stated. However, the Group is in the process of reassessing the employee benefits by the actuarial.

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of new a New Labour Protection Act, which was announced in the Royal Gazette on April 5, 2019. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. This change is considered a post - employment benefits plan amendment and the Group has additional liabilities for long-term employee benefits. The Group has records the effect of the change by recognizing past service costs as expenses in the income statement for the year 2018.

23. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the consolidated statements of financial position as at December 31, 2019 and 2018, the Company and its subsidiaries's debt-to-equity ratio was 0.99 : 1 and 0.92 : 1, respectively.

According to the separate statements of financial position as at December 31, 2019 and 2018, the Company's debt-to-equity ratio was 0.91 : 1 and 0.85 : 1, respectively.

24. STATUTORY RESERVE

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

Under the terms of the Civil and Commercial Code, ten subsidiaries are required to set aside as statutory reserve at least 5 percent of its net income at each dividend declaration as the statutory reserve until the statutory reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

25. APPROPRIATION OF RETAINED EARNINGS - DIVIDEND

The Company

On April 25, 2019, the Annual General Meeting No. 1/2019 of the Company's shareholders passed the resolutions to approved payment of the annual dividend payment for 2018 to the shareholders of the Company. The shareholders eligible for dividend payment was set on May 3, 2019. The book closing date was scheduled on May 4, 2019 at the rate of Baht 0.20 per share amounting to Baht 88.29 million. The dividend payment was scheduled on May 17, 2019.

On April 23, 2018, the Annual General Meeting No. 1/2018 of the Company's shareholders passed the resolutions to approved payment of the annual dividend payment for 2017 to the shareholders of the Company. The shareholders eligible for dividend payment was set on May 4, 2018. The book closing date was scheduled on May 5, 2018 for 441,453,555 shares at the rate of Baht 0.25 per share, at the amount of Baht 110.36 million. The dividend had been paid on May 18, 2018.

Subsidiaries

According to the Annual General Meeting of its subsidiary, it had approved to pay the annual dividend for the year 2018 including the dividends which had been paid as interim dividends by resolution of the Board of Company's Directors. The details are shown as follows:

Company's name	BODs/Shareholders' meeting date	Baht per share	Amount (Million Baht)	Dividend payment date
Hongson Company Limited (Formerly named Hongson Software Company Limited)	April 23, 2019	14.75	0.74	May 13, 2019
Business Applications Company Limited	April 23, 2019	100.00	5.00	May 13, 2019
Playtorium Solutions Company Limited	April 18, 2019	10.00	3.50	May 13, 2019
Total			9.24	

According to the Annual General Meeting of its subsidiary, it had approved to pay the annual dividend for the year 2017 including the dividends which had been paid as interim dividends by resolution of the Board of Company's Directors. The details are shown as follows:

Company's name	BODs/Shareholders' meeting date	Baht per share	Amount (Million Baht)	Dividend payment date
Prain Fintech Company Limited	February 13, 2018	1.37	8.80	February 19, 2018
	July 13, 2018	5.83	17.49	July 23, 2018
Soft Square 1999 Company Limited	February 2, 2018 *	17.75	5.32	April 19, 2018
Hongson Software Company Limited	April 19, 2018 *	14.75	0.74	April 19, 2018
Soft Professional Company Limited	March 27, 2018 *	95.00	4.75	March 28, 2018
Soft Plus Technology Company Limited	March 27, 2018 *	98.00	4.90	March 28, 2018
K Soft Consulting Company Limited	March 27, 2018 *	82.00	4.10	March 28, 2018
Sammok Software Company Limited	March 27, 2018 *	120.00	3.60	March 28, 2018
Motif Technology Public Company Limited	April 17, 2018 *	0.0875	7.00	April 30, 2018
Business Applications Company Limited	April 26, 2018 *	100.00	10.00	May 7, 2018
Playtorium Solutions Company Limited	April 18, 2018 *	6.00	2.10	May 11, 2018
Total			68.80	

* Date of the Annual General Meeting of Shareholders

26. SHARE - BASED PAYMENT

Prain Fintech Company Limited (subsidiary)

On September 18, 2018, the Board of Directors' Meeting No.4/2018 of Prain Fintech Company Limited, it had the resolution to allocate the increase ordinary shares of 700,000 shares to the directors and executives at book value price per share as at September 26, 2018 amounting to Baht 12.40 per share with criteria and conditions as follows :

Criteria for the rights entitled to sell ESOP shares

1. Director, management/employee who have purchased the capital increase shares will be able to sell their own shares with the criteria and conditions as follows :

(1.1) Having completed 1 year of employment from the capital increase share purchase, they are entitled to sell not more than 50 percent of their own total shares.

(1.2) Having completed 2 years of employment from the capital increase share purchase, they are entitled to sell the total remaining shares.

(1.3) In case of resigning from employment 2 years before the term from the share purchase date, the Company is solely entitled to buy back ESOP shares whether fully or partially from the director, management/employee at the book value as at the transaction date.

(1.4) Sale of shares: after 2 years term from the share purchase date, they will be entitled to sell shares for the portion

held totally by offering shares for sale in respective order as follows: 1. Company 2. previous shareholders 3. other person or juristic entity that is not a trade competitor of the Company

2. Besides the adherence to number 1, if any investor agrees to buy the shares of the Company from MFEC Public Company Limited director and management/employee are entitled to offer the capital increase shares for sale to the investor in accordance with the criteria and conditions as follows :

(2.1) In case the investor agrees and consents to buy the shares of the subsidiary from MFEC Public Company Limited at the price not less than 1.5 times of the book value as at the transaction date, directors and executives /employees will be entitled to sell the shares not over 50 percent of the total shares eligible and held and must first be approved for the share sale from the board of directors.

(2.2) After the purchase/sale in accordance with 2.1 is completed, if investor agrees and consents to purchase additional shares of the subsidiary from MFEC Public Company Limited at the price not less than 1.5 times of the book value as at the transaction date, directors and executives/employees are entitled to sell the total remaining shares and must first be approved to sell the shares from the board of directors.

Details of fair value measurement

The fair value of the ordinary shares of Prain Fintech Company Limited was calculated by independent valuer with the fair value at grant date at approximate Baht 18.40 per share which was higher than the exercise price at Baht 6 per share. Therefore, the subsidiary recognized as expense arising from share-based payment in profit or loss for the year 2018 and recognized or surplus on share-based payment in shareholder's equity in the amount of Baht 4.20 million.

M.I.S. Outsourcing Company Limited (subsidiary)

On July 13, 2018, the Extraordinary Shareholders' Meeting No.2/2018 of Prain Fintech Company Limited (former parent company) had a resolution to approve selling the investment in M.I.S. Outsourcing Company Limited to the employees of M.I.S. Outsourcing Company Limited at 5 percent of the registered capital, or 25,000 ordinary shares, at the selling price of Baht 20 per share for the benefit in motivating employees' involvement in the ownership of the business and together pushing for organizational growth in the future. The criteria and conditions are as follows :

1. The employee agrees to be bound by the contract and renders performance to the Company for a period of three years, starting on July 21, 2018 until July 20, 2021 ("Commitment Period").

2. The employee agrees and acknowledges that they are entitled to sell or transfer their shares at the agreed and appropriate price. The employee agrees to offer the shares for sale fully or partially, respectively, as follows: (1) MFEC Public Company Limited, (2) other shareholders as per the list of shareholders as of the date of this record (3) if MFEC Public Company Limited and other shareholders refused the purchase of shares, then employees are entitled to sell the shares to other persons except person or juristic person who is a trade competitor to the Company.

3. In the event of resignation from the status of the Company's employees caused by the fault of the employees and unable to perform work to the Company before the commitment period, the employees need to sell all shares back to MFEC Public Company Limited (the parent company starting on August 1, 2018) at a reasonable price and agreed upon by both parties.

Information on the method of fair value valuation

The fair value of M.I.S. Outsourcing Company Limited's ordinary shares is calculated by the discounted cash flow approach by an independent appraiser, with the value as at the grant date Baht 64 per share, which is higher than the exercise price to buy the shares by Baht 44 per share. Therefore, the Company recognizes expense from the share-based payment according to the average of the commitment period for performance under the employment contract in profit or loss for the year 2019 and 2018 in the amount of Baht 0.37 million and Baht 0.18 million, respectively as well as recognizing the surplus from share-based payment in shareholder's equity in the amount of Baht 0.55 million.

27. Tax expense (income)

27.1 Major components of tax expense (income) For the years ended December 31, 2019 and 2018 consisted of :

(Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Income tax expense (income) shown in profit or loss :				
Current tax expense :				
Income tax expense for the year	55,630,344	28,648,895	44,010,983	19,520,189
Deferred tax expense (income) :				
Changes in temporary differences relating to the original recognition and reversal	(2,524,956)	(10,408,344)	(1,979,933)	(9,230,218)
Revaluation of the deferred tax resulting from changing in tax rates	(4,352)	140,320	-	-
Total	53,101,036	18,380,871	42,031,050	10,289,971
Income tax relating to components of other comprehensive income :				
Deferred tax relating to :				
Remeasuring available for sale investments	28,214	(91,322)	-	(2,631)
Gain (loss) estimation over actuarial principle	(2,908,796)	(503,176)	(2,690,112)	(1,043,355)
Revaluation of the deferred tax resulting from changing in tax rates	(7,480)	(14,953)	-	-
Total	(2,888,062)	(609,451)	(2,690,112)	(1,045,986)

27.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate. For the years ended December 31, 2019 and 2018 which are summarized as follows :

(Baht)

	Consolidated Financial Statement		Separate Financial Statements	
	2019	2018	2019	2018
Accounting profit (loss) for the period	281,234,405	(146,705,216)	265,630,116	(72,706,697)
The applicable tax rate (%)	20	20	20	20
Tax expense (income) at the applicable tax rate	56,246,881	(29,341,043)	53,126,023	(14,541,339)
Reconciliation items :				
Tax effect of expenses that are not deductible in determining tax profit :				
- Expenses not allowed as expenses in determining taxable profit	(5,034,179)	48,857,604	(7,437,477)	40,440,445
Determining taxable profit:				
- Exemption of non-taxable dividend income	-	-	(2,157,792)	(14,238,864)
- Other	(1,651,682)	(1,650,986)	(1,499,704)	(1,370,271)
Revaluation of the deferred tax resulting from changing in tax rates				
	(161,924)	26,426	-	-
Effect of deferred tax from tax rates for the subsidiaries	2,962,817	804,343	-	-
Tax losses not recognized in prior periods but used to reduce current tax expense				
	(224,668)	(315,473)	-	-
Other	963,791	-	-	-
Total reconciliation items	(3,145,845)	47,721,914	(11,094,973)	24,831,310
Total tax expense (income)	53,101,036	18,380,871	42,031,050	10,289,971

27.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate. For the years ended December 31, 2019 and 2018 are summarized as follows :

(Baht)

	Separate Financial Statements			
	2019		2018	
	Tax amount (In Baht)	Tax rate (%)	Tax amount (In Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	281,234,405	(146,705,216)		
Tax expense (income) at the applicable tax rate	56,246,881	20.00	(29,341,043)	20.00
Reconciliation items	(3,145,845)	(1.12)	47,721,914	(32.53)
Tax expense (income) at the average effective tax rate	53,101,036	18.88	18,380,871	(12.53)

(Baht)

	Separate Financial Statements			
	2019		2018	
	Tax amount (In Baht)	Tax rate (%)	Tax amount (In Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	265,630,116	(72,706,697)		
Tax expense (income) at the applicable tax rate	53,126,023	20.00	(14,541,339)	20.00
Reconciliation items	(11,094,973)	(4.18)	24,831,310	(34.15)
Tax expense (income) at the average effective tax rate	42,031,050	15.82	10,289,971	(14.15)

28. EXPENSES BY NATURE

Significant expenses by nature are follow :

(Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	For the years ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Changes in finished goods and work in process				
(increase) decrease	(228,188,782)	61,936,468	(257,508,866)	10,908,480
Purchase of inventories and service	2,558,062,992	2,166,136,588	2,325,878,492	1,829,359,605
Employee costs	1,023,293,583	877,183,553	834,323,497	716,479,346
Depreciation and amortization	48,799,310	46,617,766	39,975,479	41,106,844
Gain (loss) on exchange rate	(19,759,598)	1,555,747	(20,091,369)	1,484,370
Impairment loss on investment in subsidiary and goodwill	-	202,380,680	-	210,367,541
Loss from sales of investment in subsidiary	-	60,901,707	-	45,558,099
Impairment loss on investment in associated and company (revesal)	(44,000,000)	-	(44,000,000)	-

29. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing profit for the year attributable to equity holders of the parent company for the year by the weighted average number of ordinary shares which are issued during the year and held by outside party.

(Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	For the years ended December 31,		For the years ended December 31,	
	2019	2018	2019	2018
Profit (loss) for the years to equity holders (Baht)				
Profit (loss) attributable to equity holders of the parent company	225,416,022	(166,149,177)	223,599,066	(82,996,668)
Weighted average number of ordinary shares (shares)	441,453,555	441,453,555	441,453,555	441,453,555
Basic earnings (loss) per share of the parent company				
Profit (loss) for the years (Baht per share)	0.51	(0.38)	0.51	(0.19)

30. FINANCIAL INFORMATION BY SEGMENT

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

The businesses of the Group involve the systems integration, maintenance service and IT professional service with the main operation in the single geographic area in Thailand. Segment performance is considered by revenue and gross profit, and is also measured based on the Group operating profit or loss, on a basis consistent with used to measure operating profit or loss in the financial statement. The Group information for the years ended December 31, 2019 and 2018 by segments are as follows :

(In Million Baht)

Consolidated Financial Statements							
For the years ended December 31,							
	Systems intergration		Maintenance service		IT Professional service		Total
	2019	2018	2019	2018	2019	2018	
External revenue	1,471	1,357	1,481	1,029	736	953	3,339
Inter-segment revenues	6	38	25	-	90	48	-
Total revenues	1,477	1,395	1,506	1,029	826	1,001	3,339
Segment income	210	192	360	218	224	204	614
Unallocated income and expenses:							
Other income						41	52
Selling expenses						(111)	(97)
Administrative expenses						(441)	(707)
Finances costs						(4)	(2)
Share of profit (loss) of associates						2	(7)
Income tax (income) expense						(53)	(18)
Profit (loss) for the years						228	(165)
Other comprehensive income (expense)						(13)	1
Total comprehensive income (expense) for the years						215	(164)
As at December 31,							
Property, plant and equipment						85	75
Intangible assets						23	18
Other assets						3,562	3,237
Total assets						3,670	3,330

Transfer prices between business segment are as set out in Note 5 to the financial statements.

31. PROMOTIONAL PRIVILEGES

On September 26, 2016, the Company was granted the following tax privileges for its software business under the category of ENTERPRISE SOFTWARE, DIGITAL CONTENT and EMBEDDED SOFTWARE under the Investment Promotion Act B.E. 2520 issued by the Board of Investment as follows:

- Exemption from corporate income tax on net profit for a period of five years commencing as from the date of first earning of operating income.
- Dividends paid from promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.
- Exemption from import duty on machinery as approved

by the Board of Investment.

To be entitled to these rights and privileges, the Company must comply with the conditions specified in the promotional certificate.

One subsidiary receive tax privileges for the software business. The privileges are corporate income tax exemption, import duty on machinery, tax exemption on dividend income from the promoted business, etc.

As a promoted business, the Group has to comply with the terms and conditions as specified in the promotion certificate.

The Group's results of operations classified by the promoted and non-promoted activities for the years ended December 31, 2019 and 2018 are as follows:

(In Baht)

	Consolidated Financial Statements					
	For the year ended December 31,					
	Promoted operations		Non-promoted operations		Total	
	2019	2018	2019	2018	2019	2018
Sales and service income						
(Program development)	37,304,837	47,583,507	3,650,780,253	3,291,901,571	3,688,085,090	3,339,485,078

(In Baht)

	Separate Financial Statements					
	For the year ended December 31,					
	Promoted operations		Non-promoted operations		Total	
	2019	2018	2019	2018	2019	2018
Sales and service income						
(Program development)	-	-	3,311,879,697	2,844,799,080	3,311,879,697	2,844,799,080

32. PROVIDENT FUND

The Company, the subsidiaries and their employees have jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The fund is contributed by the Company, the subsidiaries and their employees at the rate of 3 - 7 percent of their basic salaries. The fund is managed by a licensed Fund Manager and will be paid to employees upon termination of employment in accordance

with the rules of the provident fund.

The Group's contributions for the years ended December 31, 2019 and 2018 amounted to Baht 27.26 million and Baht 24.92 million, respectively.

The Company's contributions for the years ended December 31, 2019 and 2018 amounted to Baht 24.50 million and Baht 22.09 million, respectively.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in the liabilities arising from financing activities for the years ended December 31, 2019 and 2018 are as follows:

(In Baht)

Consolidated Financial Statements				
	Balance as at January 1, 2019	Cash flows increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2019
Bank overdrafts and short-term loans				
from financial institutions	-	13,668,601	-	13,668,601
Liabilities under finance lease agreement	-	77,374,294	-	77,374,294
Total	-	91,042,895	-	91,042,895

(In Baht)

Consolidated Financial Statements					
	Balance as at January 1, 2018	Cash flows increase (decrease)*	Non-cash trans- action Increase	Reverse from selling of subsid- iaries	Balance as at Decem- ber 31, 2018
Bank overdrafts and short-term loans					
from financial institutions	-	82,104	-	(82,104)	-
Liabilities under finance lease agreement	1,421,105	(673,959)	-	(747,146)	-
Total	1,421,105	(591,855)	-	(829,250)	-

(In Baht)

Separate Financial Statements				
	Balance as at January 1, 2019	Cash flows increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2019
Liabilities under finance lease agreement	-	77,374,294	-	77,374,294
Total	-	77,374,294	-	77,374,294

* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

34. COMMITMENTS AND CONTINGENT LIABILITIES**34.1 Bank guarantees**

As at December 31, 2019, there were outstanding bank guarantees issued by the bank on behalf of the Company of Baht 291.70 million (December 31, 2018 : Baht 204.66 million) and on behalf of the subsidiaries of Baht 36.23 million (December 31, 2018 : Baht 30.40 million) in respect of certain performance obligations required in the normal course of business of the Group.

34.2 Commitments on long-term lease agreement

34.2.1 As at December 31, 2019, the Group had commitments in respect of office rental agreements. Future rental payments are as follows:

(In Million Baht)

	Consolidated Financial Statements	Separate Financial Statements
Payable within:		
2020	40.78	32.35
2021	28.83	25.01
2022	12.31	12.31

34.2.2 For commitment on sale or service under the agreement as at December 31, 2019 and 2018, the Group has product/service selling agreement that has not been rendered to the customer at Baht 3,089 million and Baht 2,327 million, respectively. The separate company only has the product/service selling agreement that has not been rendered to the customer as at December 31, 2019 and 2018 at Baht 2,877 million and Baht 2,085 million, respectively.

34.2.3 As at December 31, 2019, the Company had commitment related to the agreement for design and decoration of development office and computer system consultation and consultant fee for business evaluation to be paid in the future at the amount of Baht 3.84 million.

34.3 Contingent liabilities on lawsuit

On June 7, 2010, a governmental client cancelled the buy-sell and installation of system development agreement, dated September 1, 2008, in the amount per agreement of Baht 326.99 million. (The project is undertaken by a group of working team, under a specific agreement. The proportion of works to be performed by the parties are clearly specified. For the investment in this project, the Company invested in a part of computer system installation in amount of Baht 113.79 million of agreement and the process of installations was completed). But the opinion of the management is that the client does not have right to cancel the such agreement. The buy-sell and installation of work system agreement is still obligated. The cancellation of the agreement of the client is an action to prevent the delivery of work to client within the time as specified by agreement, including an order to take

the hardware back. It deems to be a violation of agreement by the client. So that, the Company use the right to cancel the buy-sell and installation of work system agreement as letter on October 14, 2010.

On April 30, 2012, the Company had filed lawsuit against the client to the Intellectual Property and International Trade Center Court, by interpleading into this case and claiming damages in the aggregate amount of Baht 161.27 million.

On May 21, 2012, the Company was filed by the customer in a Civil case against the Intellectual Property and International Trade Center as a first defendant, and the four defendants from the breach of contract and installation system with the capital Baht 326.99 Million and on June 25, 2012 the Company attested to the Court by denying the claim of the plaintiff for being not breaching the contract but it is from the plaintiff's side. So it is not liable for damages as filed.

On March 26, 2015, the Civil case against the Intellectual Property and International Trade Center ordered the Company to return the prepaid wage to the customer amounting to Baht 32.70 million with interest rate 7.5% per annum from the date of receipt until the date of filing amounting to Baht 8.94 million totaling Baht 41.64 million and the damage compensation to the customer amounting to Baht 5 million with interest rate 7.5% per annum from the date of filing onwards until the payment is settled. And On July 23, 2015, the Company appealed.

On March 27, 2018, the Supreme Court has ordered to

change the judgment of Intellectual Property and International Trade Court for the Company to pay Baht 41.64 million with interest at 7.5% per annum in the principal of Baht 32.70 million from the suing date (May 21, 2012) until payment to customer is completed. The Company recorded the damage that occurred from the lawsuit of Baht 56.27 million (interest calculated until April 30, 2018) as presented under “short-term provision”. The Company entered into a memorandum of agreement with a company for working agreement to repay the advance money to the Company in the credit line Baht 32.70 million and agrees to be responsible for the damage, fine, and all expense in accordance with the court judgment. Therefore, the Company recorded the damage collected from the above party with the same amount presented under “trade and other accounts receivable”.

On June 11, 2018, the Company placed a sum with the court to fully settle debt according to the court ruling. The case is final. The amount can be claimed for refund with the Company entered into the group affiliate agreement. As at December 31, 2019, the Company has fully received amount.



34.4 Contingent liabilities from the lawsuit of the subsidiary

Case 1

A subsidiary may have contingent liabilities from the penalty of a service agreement with a government agency. Under the term of the Agreement, in case of the party has delayed work delivery, the other party has the right to charge the penalty fee for such delay at the rate as specified in the agreement. The subsidiary has completed delivery of work in delay which exceeds the period as specified in the agreement.

In all events, the management of the subsidiary has indicated the details and documentary evidences in relation with work delivery for clarification of such delivery case that it is not the fault of the subsidiary to the other party. The management of the subsidiary reserved the damages at the aggregate amount of Baht 4.93 million, in which the management has believed that it is adequate for settlement of the damages.

As at August 30, 2016, the subsidiary filed to the Central Administration Court to claim damage from the above customer with the capital of Baht 93.93 million with interest at 7.5% per annum. The party filed a statement to the court on April 20, 2017.

Later, on July 24, 2017 the government agency above filed a suit against the subsidiary for the another case to the Administrative Court for work delay and claimed the penalty damage in the amount of Baht 38.75 million. The subsidiary has objected against the testimony on August 24, 2017.

Later, on May 18, 2018, the subsidiary submitted additional testimony to the court. Currently, the case is under consideration by the court.

As at December 31, 2019, the subsidiary arranged the summary of the debtor in connection with the service agreement in the amount of Baht 29.83 million and the provision for delayed penalty in the amount of Baht 4.93 million

Case 2

On May 13, 2016, the customer of one state enterprise had cancelled the buy/sell and system development agreement with the contract value of Baht 34.25 million. The subsidiary filed a suit to the Civil Court on August 16, 2016 on the breach of contract and claimed for damage from early contract termination (contract due May 31, 2017) and claimed for payment in accordance with the letter of guarantee which is misuse of rights.

On July 27, 2017, the court have a judgement, the customer not to be responsible for such damages due to contract termination legally and the customer is entitled to confiscate the collateral under the contract at the amount of Baht 3.42

million. Later, August 2, 2017, the court protection was sought for the letter of guarantee. On December 13, 2017, the subsidiary has filed the petition again and the court has already accepted thezn February 21, 2018, the customer has filed a petition to court and the case is under consideration of the Appeal Court. The court has scheduled for the hearing of the appeal court decision on September 12, 2018. The Appeal Court ordered to uphold to the ruling of the Court of First Instance and the subsidiary submitted a request for the court to further issue temporary protection. The subsidiary filed a petition on December 11, 2018.

On November 5, 2019, the Supreme Court has dismissed the petition and does not accept the petition because considering the fact that it cannot change the essence of the judgment of the Appeal Court. The subsidiary has to responsible the damages according to the guarantee with a bank amounted to Baht 3.42 million. The Company has set the estimation of loss from project operation on such amount in the financial statements.

On September 7, 2018, the state enterprise customer filed a case to the Civil Court for work submission delay by the subsidiary and claimed damage penalty of Baht 141.30 million. The subsidiary filed an objection to the statement on January 18, 2019. Later, on August 19, 2019 the Civil Court ordered to postpone the case trial to November 18, 2019 and scheduled plaintiff's witness investigation on May 26-27, 2020 and scheduled defendant's witness investigation on May 28-29, 2020. Presently, the case is under court consideration. As at December 31, 2019, the management of the subsidiary considered providing a penalty loss estimate for Baht 3.20 million under the agreement. However, the subsidiary believes the likelihood of damage claim by customer is still uncertain and has higher value than the penalty under the agreement. Thus, it has not provided an estimate of the damage claimed by the customer of Baht 141.30 million in the financial statement.

35. FINANCIAL INSTRUMENTS

35.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in note 4

35.2 Financial risk management for financial instruments

The Group manage its financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company does not

hold or issue any derivative financial instruments except forward exchange contracts that are used as risk management tools. The Company does not have a policy to engage in any derivative financial transactions for speculative or trading purposes.

35.3 Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable and receivable under finance lease agreement. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statements of financial position.

35.4 Interest rate risk

The exposure of the Group to interest rate risk relates primarily to their cash at banks, bank overdrafts and short-term loans from financial institutions trust receipts and liabilities under finance lease agreements long-term loans. However, since most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at December 31, 2019 and 2018 classified by type of interest rates are summarized as follows:

(In Baht)

	Consolidated Financial Statements			
	As at December 31, 2019			
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	147,088,148	-	38,108,796	185,196,944
Short-term investment	-	-	24,332,630	24,332,630
Trade and other accounts receivable	-	-	1,570,950,192	1,570,950,192
Amount due from related parties	-	-	7,631,909	7,631,909
Unbilled receivable	-	-	469,171,971	469,171,971
Short-term loans to related company	500,000	-	-	500,000
Pledged deposits at financial institutions	1,259,164	-	-	1,259,164
Long-term loans to related company	5,300,000	-	-	5,300,000
Financial liabilities				
Bank overdrafts and short-term loans				
from financial institutions	13,668,601	-	-	13,668,601
Trade and other payable	-	-	540,216,317	540,216,317
Amounts due to related parties	-	-	5,371,502	5,371,502
Accrued expenses	-	-	187,216,902	187,216,902
Liabilities under finance lease agreement	-	-	77,374,294	77,374,294
Unbilled payable	-	-	212,085,814	212,085,814

(In Baht)

	Consolidated Financial Statements			
	As at December 31, 2018			
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	295,185,389	666,362	30,152,403	326,004,154
Short-term investment	-	79,056	69,440,531	69,519,587
Trade and other accounts receivable	-	-	1,229,619,526	1,229,619,526
Receivable under financial lease agreements	-	7,877,977	-	7,877,977
Amount due from related parties	-	-	25,794,220	25,794,220
Unbilled receivable	-	-	566,520,400	566,520,400
Pledged deposits at financial institutions	3,300,000	-	-	3,300,000
Financial liabilities				
Trade and other payable	-	-	635,514,248	635,514,248
Amounts due to related parties	-	-	3,608,355	3,608,355
Accrued expenses	-	-	156,153,043	156,153,043
Unbilled payable	-	-	198,829,231	198,829,231

(In Baht)

	Separate Financial Statements			
	As at December 31, 2019			
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	89,027,430	-	624,447	89,651,877
Trade and other accounts receivable	-	-	1,439,625,113	1,439,625,113
Amounts due from related parties	-	-	8,572,695	8,572,695
Unbilled receivable	-	-	457,200,337	457,200,337
Short-term loans to related company	1,000,000	-	-	1,000,000
Long-term loans to related company	5,300,000	-	-	5,300,000
Long-term investments	-	10,396,712	-	10,396,712
Financial liabilities				
Trade and other payable	-	-	488,784,767	488,784,767
Amounts due to related parties	-	-	23,175,677	23,175,677
Accrued expenses	-	-	162,982,122	162,982,122
Liabilities under finance lease agreement	-	-	77,374,294	77,374,294
Unbilled payable	-	-	215,974,482	215,974,482

(In Baht)

	Separate Financial Statements			
	As at December 31, 2018			
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash and cash equivalents	235,151,924	-	1,961,687	237,113,611
Trade and other accounts receivable	-	-	1,133,937,316	1,133,937,316
Receivable under financial lease agreements	-	7,877,977	-	7,877,977
Amounts due from related parties	-	-	26,079,928	26,079,928
Unbilled receivable	-	-	541,330,372	541,330,372
Financial liabilities				
Trade and other payable	-	-	545,107,469	545,107,469
Amounts due to related parties	-	-	31,004,522	31,004,522
Accrued expenses	-	-	125,977,365	125,977,365
Unbilled payable	-	-	197,348,043	197,348,043

35.5 Foreign currency risk

The exposure of the Group to foreign currency risk relates primarily to its trade accounts payable that are denominated in foreign currencies. The Group utilizes forward exchange contracts, mostly with maturities of no more than one year, in order to hedge the foreign currency risk related to these payables.

As at December 31, 2019 and 2018, the Group has assets and liabilities denominated in foreign currency are as follows:

Consolidated Financial Statements				
		As at December 31, 2019		As at December 31, 2018
The value of foreign currency assets	- USD	USD	27,449 thousand	USD 10,843 thousand
The value of foreign currency liabilities	- USD	USD	5,017 thousand	USD 3,858 thousand
The value of foreign currency liabilities	- SGD	SGD	32 thousand	SGD - thousand

Separate Financial Statements				
		As at December 31, 2019		As at December 31, 2018
The value of foreign currency assets	- USD	USD	27,447 thousand	10,843 10,843 thousand
The value of foreign currency liabilities	- USD	USD	4,830 thousand	3,757 3,757 thousand
The value of foreign currency liabilities	- SGD	SGD	32 thousand	- - thousand

As at December 31, 2019, the Company had forward exchange contracts of USD 25.26 million with the exchange rates of Baht 29.89 to Baht 31.67 per USD 1, to be mature within 6 - 12 months.

35.6 Liquidity risk

The Group manages its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

35.7 Fair value

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the latest market price or by using an appropriate valuation basis, depending on the nature of the instrument.

Since the majority of the financial assets and liabilities of the Group is short-term in nature, their fair values are not expected to differ materially from the amounts presented in the statements of financial position.

The fair values of significant financial assets and financial liabilities do not differ from their carrying values.

36. FAIR VALUE OF FINANCIAL INSTRUMENT

The Group uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).

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

As at December 31, 2019 and 2018, the subsidiaries had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(In Baht)

	Consolidated Financial Statements			
	2019			
	Level 1	Level 2	Level 3	Total

Assets measured at fair value

Current investments

- Unit trust	-	24,332,630	-	24,332,630
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(In Baht)

	Consolidated Financial Statements			
	2018			
	Level 1	Level 2	Level 3	Total

Assets measured at fair value

Current investments

- Unit trust	-	69,440,531	-	69,440,531
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Valuation techniques on fair value and inputs for Level 2 valuations

(a) The fair value of investments in non-listed investment units on the Stock Exchange of Thailand, is calculated by using the net assets value per unit as announced by the fund managers.

During the current period, there were no transfers within the fair value hierarchy.

37. EVENTS AFTER THE REPORTING PERIOD

January 14, 2020, the Extraordinary Shareholders' Meeting of Advance Intelligence Modernity Company Limited (subsidiary) No. 2/2019, has a special resolution to dissolve the company and has registered the dissolution to the Department of Business Development, Ministry of Commerce on January 22, 2020. It is currently under liquidation process.

38. AUTHORIZATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of Directors on February 27, 2020.

Interrelated Transactions

Normal Business Transaction:

MFEC PLC. had business transaction which was purchase and sell transaction of Goods and Services interrelated with its subsidiaries and associated companies in connection with the conditions of trading and the principle of the mutually agreement between the Company and its subsidiaries and associated companies in accordance with normal business.

Related Person/ Juristic Person	Relationship	Transaction	Value (million Baht)		Necessity and Resonableness
			Year 2019	Year 2018	
PFT	MFEC's subsidiary, in which MFEC holds the share at the aggregate rate of 71.62%	Sell Goods and Services (Computers)	-	-	MFEC sells the computers and provides the maintenance services for the computer. The mentioned price is nearly the market price.
		Provide office services	0.36	0.37	MFEC provides accounting-finance and general management services. The mentioned price is the price which is agreed by considering the appropriateness of working quantity.
		Purchase Goods and Services	0.03	-	Purchase of assets at mutually agreed price
MISO	MFEC's subsidiary, in which MFEC holds the share at the aggregate rate of 75%	Purchase Goods and Services (Professional Service)	-	-	MFEC purchases program development service. The mentioned price is nearly the market price.
		Purchase Goods and Services	3.78	0.22	MFEC purchase outsourcing service-Outsource. The mentioned price is nearly the market price.
MOTIF	MFEC's subsidiary, in which MFEC holds the share at the aggregate rate of 99.99%	Sell Goods and Services (Professional Service)	0.75	0.39	MFEC provides systems, including hardware, software, and maintenance services. The mentioned price is nearly the market price.
		Purchase Goods and Services (Professional Service)	-	0.02	MFEC purchases the MA service. The mentioned price is nearly the market price.

Related Person/ Juristic Person	Relationship	Transaction	Value (million Baht)		Necessity and Resonableness
			Year 2019	Year 2018	
BAC	MFEC's subsidiary, in which MFEC holds the share at the aggregate rate of 99.99%	Sell Goods and Services (Professional Service)	-	-	MFEC provides consulting technical services and other services. The mentioned price is nearly the market price.
		Purchase Goods and Services (Professional Service)	2.11	0.06	MFEC purchases program development service. The mentioned price is nearly the market price.
AIM	MFEC's subsidiary, in which MFEC holds the share at the aggregate rate of 98.20%	Provide office service	0.09	0.11	MFEC provides accounting-finance and general management services. The mentioned price is the price which is agreed by considering the appropriateness of working quantity.
		Purchase Goods and Services (Professional Service)	-	-	MFEC purchases program development service. The mentioned price is nearly the market price.
PTS	MFEC's subsidiary, in which MFEC holds the share at the aggregate rate of 70%	Provide office service	1.15	1.15	MFEC provides accounting-finance and general management services. The mentioned price is the price which is agreed by considering the appropriateness of working quantity.
		Purchase Goods and Services	45.71	39.54	MFEC purchases program development service. The mentioned price is nearly the market price.
Data Café	MFEC's subsidiary, in which MFEC holds the share at the aggregate rate of 59.90%	Sell Goods and Services	-	0.01	MFEC purchases the software and assets. The mentioned price is nearly the market price.
		Provide office service	0.28	0.14	MFEC provides accounting-finance and general management services. The mentioned price is the price which is agreed by considering the appropriateness of working quantity.
		Purchase Goods and Services	4.13	0.65	MFEC purchase service, training, and program development work. The mentioned price is nearly the market price.

Related Person/ Juristic Person	Relationship	Transaction	Value (million Baht)		Necessity and Resonableness
			Year 2019	Year 2018	
MSyne	MFEC's subsidiary, in which MFEC holds the share at the aggregate rate of 99.99%	Sell Goods and Services	0.11	0.11	MFEC provides software and hardware. The mentioned price is nearly the market price.
		Provide office service	0.33	0.02	MFEC provides accounting-finance and general management services. The mentioned price is the price which is agreed by considering the appropriateness of working quantity.
Joint Venture: Power M	MFEC's subsidiary, in which MFEC holds the share at the aggregate rate of 100%	Purchase Goods and Services	40.32	7.16	MFEC purchases program development service, Good and other Services. The mentioned price is nearly the market price.
		Sell Goods and Services	1.85	-	MFEC provides software and hardware. The mentioned price is nearly the market price.
		Provide office service	0.01	-	MFEC provides space renta services. The mentioned price is nearly the market price.
ANGSTROM	MFEC's associated in which MFEC holds the share at the aggregate rate of 40%	Sell Goods and Services (Professional Service)	-	-	MFEC provides the Professional Service to develop the computer program and maintenance service for using software as the investment in the part of sale. The mentioned price is nearly the market price.
TIS	MFEC's subsidiary, in which MFEC holds the share at the aggregate rate of 24.9%, and Mr. Kiyotaka Nakamura is the director/executive.	Sell Goods and Services (Professional Service)	-	-	MFEC provides software and hardware. The mentioned price is nearly the market price.
		Purchase Goods and Services	-	0.01	MFEC purchases software maintenance services. The mentioned price is nearly the market price.
Panjaluck Pasuk	Mr. Siriwat Vongjarukorn is the director.	Sell Goods and Services (Professional Service)	11.63	11.17	MFEC provides maintenance services and PANDAPASS system services. The mentioned price is nearly the market price.

Related Person/ Juristic Person	Relationship	Transaction	Value (million Baht)		Necessity and Resonableness
			Year 2019	Year 2018	
Fanter Media	MFEC's associated in which MFEC holds the share at the aggregate rate of 34%	Sell Goods and Services (Professional Service)	0.11	4.16	MFEC sells software ownership transferring and provides Cloud and Outsource services. The mentioned price is nearly the market price.
		Provide office service	0.03	0.51	MFEC provides accounting-finance and general management services. The mentioned price is the price which is agreed by considering the appropriateness of working quantity.
		Purchase Goods and Services	-	0.35	MFEC purchases assets. The mentioned price is nearly the market price.
Digital Savvy	MFEC's subsidiary, in which MFEC holds the share at the aggregate rate of 34%	Sell Goods and Services (Professional Service)	0.98	25.74	MFEC sells software ownership and Outsource services. The mentioned price is nearly the market price.
		Provide office service	0.67	0.48	MFEC provides accounting-finance and general management services. The mentioned price is the price which is agreed by considering the appropriateness of working quantity.
		Purchase Goods and Services	4.49	4.09	MFEC purchases assets. The mentioned price is nearly the market price.
Promptnow	MFEC's associated company, in which MFEC holds the share at the aggregate rate of 20%	Provide office service Services (Professional Service)	0.05	0.06	MFEC provides services for sending and receiving documents. The mentioned price is nearly the market price.
		Purchase Goods and Services	1.58	0.33	MFEC purchases Goods and Services. The mentioned price is nearly the market price.

Financial Assistance

Related Person/ Juristic Person	Relationship	Transaction	Value (million Baht)		Necessity and Resonableness
			Year 2019	Year 2018	
Panjaluck Pasuk	Mr. Siriwat Vongjarukorn is the director.	Receivable interest	-	0.07	MFEC loans PJL for investment in relation with project management at the aggregate interest rate of 5%, which is the rate that Commercial Bank loans to the customer with good profile.
AIM	MFEC's subsidiary, in which MFEC holds aggregate rate of 98.20%	Receivable interest	0.01	0.06	MFEC loans AIM for investment in relation with project management at the aggregate interest rate of MMR (1.90-3.75%), which is the rate that Commercial Bank loans to the customer with good profile.
		Guarantees on Bank Loan	0.01	0.03	The fee of Bank Guarantee in the rate of 1% per year
ANGSTROM	MFEC's associated company, in which MFEC holds the share at the aggregate rate of 40%	Receivable interest	0.08	0.10	MFEC loans ANGSTROM for investment in relation with project management at the aggregate interest rate of 4%, which is the rate that Commercial Bank loans to the customer with good profile.

Reference to remark attached with Financial Statement – Item 5 for the end as of the ending year as of 31st December 2019

Approval measure or procedure for an interrelated transaction

An interrelated transaction shall be submitted at the Board of Directors' meeting for approval. The Audit Committee shall attend the meeting to consider and approve such transaction. Such transaction shall be complied with the Securities and Exchange laws, regulations, announcement, notification or requirements of the Stock Exchange of Thailand. Those who might have conflict of interest or stakes in the interrelated transactions have no voting rights in the interrelated transactions.

Guidelines or trends in making an interrelated transaction with a person who may have conflict of interests in the future**Guidelines on interrelated transaction**

Interrelated transactions that will likely occur in the future can be grouped into two (2) categories;

1. Normal and continuous transactions.

The company will determine the principles and guidelines for the normal and continuous transactions with general trade conditions, fair, reasonable and traceable prices. The principles and guidelines will be proposed to the Audit Committee for approval and comments on rational of each transaction.

2. Special and occasional transactions.

The Audit Committee will be assigned to comments on appropriateness of each transaction. If the Audit Committee does not have expertise in an interrelated transaction, the company will assign an expert such as an auditor or an asset evaluator or a law office, etc. who is independent from the company and a person who may have conflict of interests to make comments on such transaction. The comments will be used as information for the committee or the shareholders as the case may be.

Interrelated transactions/future trend

1. As of and interrelated transaction on rental office and parking space, the transactions will continue in the future. If the rental fee, and/or conditions of rent is changed, the company would consider the appropriateness and implement according to the rules and guidelines that the Audit Committee has considered and approved. Whether to do an interrelated transaction with a company that may have conflicts with depends on appropriateness and necessity of each transaction. If such interrelated transaction occurs, the company will abide by the guideline the Audit Committee has considered and approved.

2. As for an interrelated transaction on guarantee. If the company puts up collaterals against credits requested by its subsidiary, the company has a policy to put up the amount of collateral in accordance with its stake in the subsidiary. In the case that the company cannot comply with such guideline, the company will proceed in accordance with the Securities and Exchange Commission in the information disclosure and interrelated transactions of the listed companies.

Financial Status and Corporate Performance

Explanations and Analysis on Financial Status and Corporate Performance

Corporate Performance

The year 2019 was the year of business transformation and changes in the competition environment, including adjustment to cope with customers' competition, rapid technological changes and organizational development for swift competition. Those changes have affected basic elements of business and corporate performance in 2019 in the following explanations.

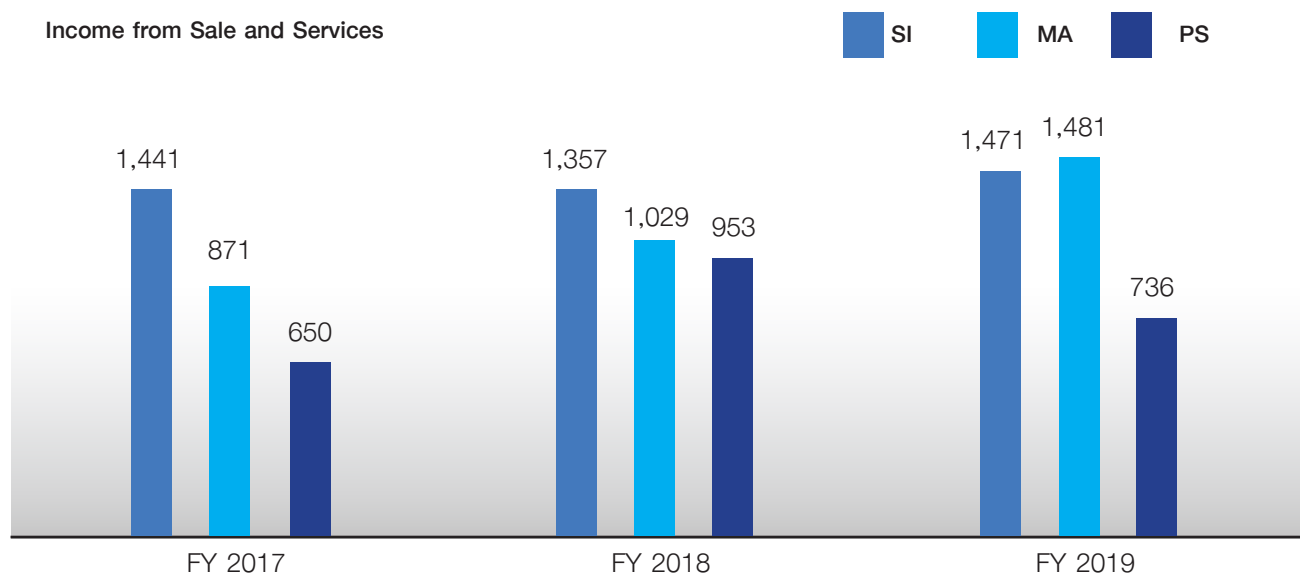
MFEC's net profit in 2019 declined 235.7 % from the previous year. On a consolidated basis of 2017, 2018 and 2019, the company booked total income of 3,016 million baht, 3,391 million baht and 3,729 million baht, down 10.6% in 2017 and up 12.4% in both 2018 and 2019. Net profit was 154 million baht and 225 million baht in 2017 and 2019, respectively, while net loss was 166 million baht in 2018. Net profit margin increased 5.1% and 6% in 2017 and 2019, respectively, and decreased

4.90% in 2018. The company has delivered work and received more revenue from sales and services from the year 2018.

As of 31 December 2019 on a consolidated basis, the company has total assets of 3,670 million baht, total liabilities of 1,813 million baht and shareholders' equity of 1,857 million baht, with total assets consisting of current assets of 3,115 million baht or 85% of total assets. And non-current assets equal to 555 million baht, equivalent to 15 percent of total assets, with liabilities in current liabilities of 1,638 million baht and liabilities for long-term employee benefits of 130 million baht. For shareholders, it consists of Shareholders' equity of the parent company is 1,832 million baht and the minority shareholders of the subsidiary companies are 25 million baht.

Income

Income from Sale and Services



The company generated income from sale and services from three (3) groups: system integration (SI); maintenance service (MS); and (PS). On a consolidated basis, income from sale and services totaled 3,221 million baht, 2,962 million baht and 3,339 million baht, down 3.4% and 8.0% in 2017, 2018 and 2019, respectively. However, it was up 12.7% and 10.4% in 2018 and 2019, and down 8.0% in 2017.

The company's revenue mainly increased in 2019 due to the revenue from maintenance service (MS) and professional service (PS) affected from IT transformation that causes a quick change of customer behavior. As a result, MFEC gained more orders which change of income in each category as follows.

Analysis on Income Changes by Product & Service

- Income from System Integration (SI) declined 17.3% and 5.8% to 1,742 million baht, 1,441 million baht and 1,357 million baht in 2017 and 2018, while rose 8.4% to 1,471 million baht in 2019, respectively. In 2018, the SI-based income contributed 39.5% to total income, which is not significantly different from the previous year with 40% of the revenue from SI.

- Income from Maintenance Service (MS) rose 18.14% and 44% to 1,029 million baht and 1,481 million baht in 2018 and 2019, respectively, and decreased 3.11% to 871 million baht in 2017. The MS-based income contributed 39.7% to total income due to continuing to provide maintenance service after system Integration in 2019.

- Income from Professional Service (PS) increased 12.1% and 46.6% to 650 million baht and 953 million baht in 2017 and 2018, and dropped 22.8% to 736 million baht in 2019, respectively. The PS-based income contributed 19.7% to total income and the decline in the PS-based income came from the company's business transformation that satisfied the market demand, technology trend with a focus on technology service to upgrade customers' businesses.

Other Income

The company had other income, most of which came from marketing promotion of product distributors. The company earned income from marketing promotion of product distributors, based on volume of purchase orders as targeted, also gained other income from interest receivables, gains from asset sale, foreign exchange gains and other miscellaneous income. Other income dropped 5.45% to 52 million baht in 2018 and 21.15 to 41 million baht in 2019, and rose 37.50% to 55 million baht in 2017. Other income contributed 1.1% to total income, most of which came from marketing promotion from product distributors of each product.

Expenses

Costs of Goods Sold

The company registered 2,335 million baht, 2,725 million baht and 3,894 million baht, down 7.6%, and up 16.7% and 6.2, in costs of goods sold for 2017, 2018 and 2019, respectively. Costs of goods sold accounted for 78.85%, 81.6% and 78.5 of total income from sale and services in 2017, 2018 and 2019, respectively. The company's costs of goods sold rose in 2019

due to relatively high competition in SI impacted by recession that delay the investment in IT which less than market supply.

Sale & Administrative Expenses

The company had 484 million baht, 803 million baht and 553 million baht, down 14.64% and 31.13% in 2017 and 2019, and up 66% in 2018. However, considering sale and administrative expenses in 2017, 2018 and 2019 can be accounted for 16.0%, 23.70% 14.8% and of total income. The significant decrease in sale and administrative expense in 2019 came from non-recurring items in the last quarter of 2018 including 202 million baht in estimated impairment of investment in the subsidiaries and associate companies, 61 million baht in a loss from divestiture of investment in the subsidiary and the new labor protection law. On 13 December 2018, the National Legislative Assembly passed a drafted bill on labor protection which is awaiting for an announcement in the royal decree. The new bill on labor protection determines additional compensation in a case of an employer's termination of employment of employee who works for 20 consecutive years or more. That employee is entitled to receive compensation at no less than the rate the employee receives on the last 400 working days. The legal amendment is regarded as adjustment of benefits to the employees after termination of employment and MFEC recorded the impact from change by realizing costs of services in the past as the expense of 20 million baht in the profit/loss statement instantly. The expense did not come from the company's main businesses and did not affect the cash flow.

Costs of Financing

The company recorded 2.8 million baht, 2.2 million baht and 3.9 million baht, down 6.7% and 21.43%, in costs of financing for 2017 and 2018, and up 79.3% in 2019, respectively. Given slower project delivery management and payment collection, the use of money is used for working capital from loans increased from the year of 2018.

Corporate Income Tax

The company booked 35 million baht, 18 million baht and 53 million baht, down 36.36%, 48.57% and up 199.77% in the corporate income tax for 2017, 2018 and 2019, respectively due to increased profit.

Net Profit (Loss)

The company had net profit of 154 million baht and 225 million baht in 2017 and 2019, respectively, but suffered net loss of 166 million baht in 2018. Net profit margin stayed at 5.1%, (4.9%) and 6% in 2017, 2018 and 2019, respectively. With regard to the main business, the company generated more income from the previous year and made profit from the main business as usual. The company's net loss in 2018 was attributable to the non-recurring items including 202 million baht in estimated impairment of investment in the subsidiaries and associate companies, 61 million baht in a loss from divestiture of investment in the subsidiary and the new labor protection law. On 13 December 2018, the National Legislative Assembly passed a drafted bill on labor protection which is awaiting for an announcement in the royal decree. The new bill on labor protection determines additional compensation in a case of an employer's termination of employment of employee who works for 20 consecutive years or more. That employee is entitled to receive compensation at no less than the rate the employee receives on the last 400 working days. Such legal amendment is regarded as adjustment of benefits to the employees after termination of employment and MFEC recorded the impact from such change by realizing costs of services in the past as the expense of 20 million baht in the profit/loss statement instantly. The expense did not come from the company's main businesses and did not affect the cash flow.

Financial Status

Assets

As of 31 December 2017, 2018 and 2019, the company recorded total assets of 3,370 million baht, 3,330 million baht and 3,670 million baht, up 1.26%, 1.18% and 10.20%, respectively. In 2019, the significant changes in total assets extended from a decrease of 45 million baht in current investment – short-term cash left and used to invest in low-risk mutual funds with higher return than deposit rates, an increase of 341 million baht in net trade accounts receivable and other accounts receivable, and a decrease of 97 million baht in accrued income. Meanwhile, the said transactions were normal and most of the trade accounts receivable were not due for collection yet. The accrued income which would be realized in line with the project completion has not yet been due for collection.

Cash, Cash Equivalent & Current Investment

As of 31 December 2017, 2018 and 2019, the company

had cash, cash equivalent and current investment of 336 million baht, 395 million baht and 209 million baht, accounting for 10%, 12% and 6% of total assets, respectively. This item was used as the working capital, while the company used the cash left, as current investment, to invest in low-risk mutual funds with higher return than deposit rates.

Trade Accounts Receivable & Other Accounts Receivable

As of 31 December 2017, 2018 and 2019, the company registered 854 million baht, 1,230 million baht and 1,571 million baht in trade accounts receivable and other accounts receivable after provision, accounting for 25.3%, 36.9% and 42.8% of total assets, respectively. About 46% of them have not reached due for collection, and the remaining 54% were being in the collection process. Of the in-collection-process receivable, 17% were more than one (1) year overdue and 2% awaiting for the court process. The company set its loan loss provision according to each receivable status according to the criteria to assess receivable quality. At the end of 2017, 2018 and 2019, the company had 17 million baht, 17 million baht and 16 million baht in the provision, or 2%, 1.3% and 1% of total trade accounts receivable and other accounts receivable. These figures were not high compared to the amount of receivables.

Accrued Income & Work-In-Process Costs

As of 31 December 2017, 2018 and 2019, the company had accrued income and work-in-process costs of 1,313 million baht, 1,168 million baht and 1,299 million baht, or 39%, 35% and 35% of total assets. The accrued income which would be realized in line with project completion has not yet been due for collection. The work-in-process costs were parts of each project in the integration process.

Non-Current Assets

As of 31 December 2017, 2018 and 2019, total current assets consisted of investment of 114 million baht, 75 million baht and 122 million baht in the associate companies, respectively. The rise in this investment came from additional investment with two (2) associate companies. Goodwill amounted to 501 million baht, 258 million baht and 258 million baht, respectively.

Land, building and equipment amounted to 110 million baht, 75 million baht and 85 million baht, respectively, while non-tangible assets accounted for 34 million baht, 18 million baht and 22 million baht. The company has transferred land, building and equipment in the amount of 0.07 million baht as cost of work in progress, and the subsidiary company transferred equipment in the amount of 0.005 million baht as cost.

Liquidity**Cash Flow Statement**

	2019	2018	2017
	Mil.Bt	Mil.Bt	Mil.Bt
Net cash received from (used by) operating activities	(109)	139	(384)
Net cash received from (used by) investment activities	(32)	95	492
Net cash received from (used by) financing activities	0.27	(96)	(162)
Net increase (decrease) in cash & cash equivalent	(141)	138	(55)

In 2017, the company registered 274 million baht in profit before changes in operating assets and liabilities. After the changes, the company had 384 million baht in cash flow received from (used by) operating activities as a result of decrease (increase) of 214 million baht, 212 million baht, 164 million baht and (43) million baht in trade accounts receivable and other accounts receivable, accrued income, work-in-process costs, and trade accounts payable, respectively.

The company had 492 million baht in net cash flow from investing activities. Among them, the company registered 564 million baht in cash for acquisition of current investment – working capital for short-term investment with higher return than bank deposit rates, 23 million baht in cash for capital increase in an associate company, 62 million baht in cash for asset improvement and equipment purchase for normal operations. And the company booked 162 million baht in net cash flow used by financing activities due to a decrease of 5 million baht in short-term borrowings and trust receipts payable, a decline of 4 million baht in liabilities under financial lease agreements, 155 million baht in 2016 dividend payment from normal operations without impact to business liquidity and 1.7 million baht in interest expense. Thus, the company recorded net decrease of 55 million baht in cash and cash equivalent.

In 2018, the company registered 215 million baht in profit before changes in operating assets and liabilities. After the changes, the company had 139 million baht in cash flow received from (used by) operating activities as a result of decrease (increase) of (398) million baht, 65 million baht, 72 million baht and (2) million baht in trade accounts receivable and other accounts receivable, accrued income, work-in-process costs, and trade accounts payable, respectively. The company had 95 million baht in net cash flow from investing activities. Among them, the company registered 80 million baht in cash for

sale of current investment, 11 million baht in cash for acquisition of investment in associate companies, 55 million baht in cash for asset improvement and equipment purchase for normal operations. And the company booked 96 million baht in net cash flow used by financing activities due to an increase of 80,000 baht in short-term borrowings and trust receipts payable, a decline of 600,000 baht in liabilities under financial lease agreements, 114 million baht in 2017 dividend payment from normal operations without impact to business liquidity and 600,000 baht in interest expense. Thus, the company recorded net decrease of 138 million baht in cash and cash equivalent.

In 2019, the company registered 331 million baht in profit before changes in operating assets and liabilities. After the changes, the company had 109 million baht in cash flow received from (used by) operating activities as a result of decrease (increase) of (277) million baht, 97 million baht, (228) million baht and (97) million baht in trade accounts receivable and other accounts receivable, accrued income, work-in-process costs, and trade accounts payable, respectively. The company had 32 million baht in net cash flow from investing activities. Among them, the company registered 46 million baht in cash for sale of current investment, 6 million baht in cash for acquisition of investment in associate companies, 5.8 million baht in cash for business operation of related company. And the company booked 0.2 million baht in net cash flow used by financing activities due to an increase of 13.6 million baht in short-term borrowings and trust receipts payable, a decline of 47 million baht in liabilities under financial lease agreements, 90 million baht in 2018 dividend payment from normal operations without impact to business liquidity and 980,000 baht in interest expense. Thus, the company recorded net increase of 141 million baht in cash and cash equivalent.

Liquidity Ratio

	Consolidated Financial Statements		
	2019	2018	2017
Liquidity Ratio			
Current ratio (Time)	1.90	1.90	1.96
Quick ratio (Time)	1.09	1.10	0.93
Inventory turnover (Time)	4.04	4.26	3.94
Average number of days sales (Days)	89.05	84.58	91.48
Receivable turnover ratio (Time)	1.91	2.00	1.89
Collection days (Days)	188.86	179.73	190.00
Account payable turnover (Time)	3.68	3.38	3.58
Payment day (Days)	97.95	106.49	100.53
Cash Cycle (Days)	179.96	157.82	180.95

Most of liquidity ratios remained steady in 2019 at the end of 2016, 2017 and 2018, the current ratios were 1.96, 1.90 and 1.90 times, quick ratios at 0.93, 1.10 and 1.09 times, respectively. These ratios were regarded as sufficiently favorable for business operations. Although the company had slower inventory turnover, its average number of day sales increased with less collection days. It had longer payment days. Therefore, the company had cash cycle of 180, 157 and 179 days in 2017, 2018 and 2019, respectively

Source of Capital

Liabilities

As of 31 December 2016, the company had total liabilities of 1,383 million baht, up 38 million baht from 2016 year end. About 133 million baht of total liabilities were overdraft amount and short-term borrowings from financial institutions, 632 million baht as trade accounts payable and other accounts payable, 162 million baht as accrued expenses – items with costs record in line with project completion which product sellers and service providers have not yet made collection, and 309 million baht as deferred income – transactions the company received payment for services from customers in advance according to collection conditions prior to services provided to customers.

As of 31 December 2018, the company had total liabilities of 1,598 million baht, up 216 million baht from 2017 year end. About 635 million baht of total liabilities were trade accounts payable and other accounts payable, 156 million baht as accrued expenses – current liabilities for normal operations and not due for collection yet, 199 million baht as accrued costs - items with costs record in line with project completion which product sellers and service providers have not yet made collection, and 429 million baht as deferred income – transactions the company received payment for services from customers in advance ac-

ording to collection conditions prior to services provided to customers.

As of 31 December 2019, the company had total liabilities of 1,813 million baht, up 214 million baht from 2017 year end. About 540 million baht of total liabilities were trade accounts payable and other accounts payable, 187 million baht as accrued expenses – current liabilities for normal operations and not due for collection yet, 212 million baht as accrued costs - items with costs record in line with project completion which product sellers and service providers have not yet made collection, and 528 million baht as deferred income – transactions the company received payment for services from customers in advance according to collection conditions prior to services provided to customers.

Shareholders' Equity

As of 31 December 2017, 2018 and 2019, the shareholders' equity totaled 1,987 million baht, 1,732 million baht and 1,857 million baht, up 0.2%, down 12.9% and up 7.2%, respectively. The shareholders' equity increased or decreased due to the increase or decrease in the retained earnings.

Appropriateness – Structure of Capital

As of 31 December 2017, 2018 and 2019, the company had debt to equity ratios of 0.70, 0.92 and 0.98 time, respectively. The D/E ratio in 2019 increased slightly from 2018 but remained favorable due to higher efficiency for customers' payment improvement. Meanwhile, all of the company's liabilities arose from normal trade operations and most of them had the repayment period of less than one (1) year.

Audit Fee

The company paid audit fee of 3.3 million baht to the auditors' auditing office for the year 2019.

Non - Audit Fee

- None -

Dividend Policy

The dividend payment policy was set after the change from the equity method to the cost method. The company set itself and its subsidiaries to pay dividend at no less than 50% of net profit after tax and legal provision on a consolidated basis for the company and on a non-consolidated basis for each of its subsidiaries.

During 2014, 2015, 2016, 2017, 2018 and 2019, the company paid dividend of 199 million baht, 221 million baht, 146 million baht, 155 million baht, 110 million baht and 154 million baht at the rates of 0.45 baht, 0.50 baht, 0.33 baht, 0.35 baht, 0.25 baht and 0.35 baht per share, respectively.

For the 2019 operating performance, the Board of Directors' Meeting No. 1/2020 resolved to propose the AGM to pay dividend of 0.35 baht per share.

Factors that May Affect Financial Status or Corporate Performance in the Future

- None -



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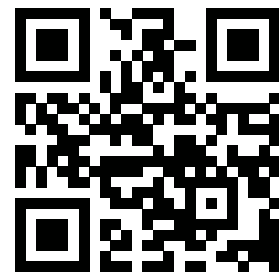
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MFEC Society



MFEC People