



เลขที่ 9 อาคารภคินท์ ชั้นที่ 9 ห้องเลขที่ 901 ถนนรัชดาภิเษก แขวงดินแดง เขตดินแดง กรุงเทพมหานคร 10400
โทร : (+66)2-020-3000 แฟกซ์ : (+66)2-020-3780 Email : sis@sisthai.com

Annual Report 2017



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Vision

To be the leading company in Indo-China region of information technology businesses by collaborating and coordinating to obtain mutually exclusive wealth

Mission

The company promises to be

- Good citizen of society and society's wealth contributor,
- Professional, determinant, honest and trusted company for our shareholders' maximized wealth,
- Provider of high quality and high valued goods and services for our customers,
- Strong and trusted collaborator for our suppliers and all supporters
- A warm and happy family, trusting and respecting human being's honor and endless potentials, supports and enhances our employee for our jointed success and maximized wealth.

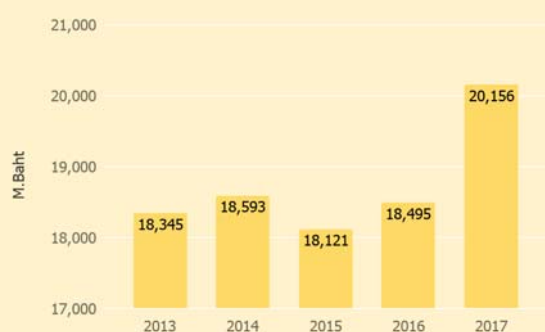
Long term goal

To become Thailand's leading IT company with sustainable and continuous growth, transparent and socially responsible business operations and superior stakeholder value.

Summary of Financial Statements

Total Revenues

Total revenues of the Company were 20,156 Million Baht, an increase of 1,661 Million Baht or 9.0% from last year. The increase were mainly from main business units of Commercial (20.1%), Consumer (14.1%) and Phone (10.4%). The Company was ranked by total revenues of 76 out of 524 companies in SET reported by SETSMART.



Net Profit

Net profit of the Company was 296.8 Million Baht, an increase of 69.8 Million Baht or 30.7% from last year. The increase were mainly from Others (143.6%), Phone (29.3%) and Consumer (16.8%). The Company was ranked by net profit of 222 out of 524 companies in SET reported by SETSMART.



Return on Equity

Return on Equity of the Company was 16.2%, an improvement from last year. The Company was ranked by Return of Equity of 114 out of 524 companies in SET reported by SETSMART.



Dividend

The Board of Directors has resolved to propose the Annual General Meeting of Shareholders to approve the dividend payment of 0.45 Baht per share, totaling 157.6 Million Baht or 53.1% of Net Profit and 6.0% of dividend yield by using the year-end closing price as a calculation base.



		2013	2014	2015	2016	2017
Operating Results						
Total Revenue	(M.Baht)	18,345	18,593	18,121	18,495	20,156
<i>Revenue Growth Rate</i>		<i>-17.0%</i>	<i>1.3%</i>	<i>-1.2%</i>	<i>2.1%</i>	<i>9.0%</i>
Profit before financial cost, income tax and share gain (loss) of investments in associates	(M.Baht)	329	323	385	357	429
<i>Profit before financial cost, income tax and share gain (loss) of investments in associates Growth Rate</i>			<i>-1.9%</i>	<i>19.2%</i>	<i>-7.3%</i>	<i>20.1%</i>
Net Profit	(M.Baht)	190	184	166	227	297
Net Profit Growth Rate			-3.2%	-9.6%	36.7%	30.5%
Financial Position						
Total Assets	(M.Baht)	5,043	5,045	4,428	4,958	5,760
Total Debt	(M.Baht)	3,673	3,558	2,841	3,249	3,894
Equity	(M.Baht)	1,369	1,488	1,587	1,709	1,866
Financial Ratio						
Gross Profit Margin		5.7%	5.2%	5.4%	5.3%	5.5%
Net Profit Margin		1.0%	1.0%	0.9%	1.2%	1.5%
Return On Assets		3.8%	3.7%	3.5%	4.9%	5.5%
Return On Equity		17.5%	12.9%	10.8%	13.8%	16.6%
Current Ratio	(Times)	1.3	1.3	1.4	1.4	1.4
Quick Ratio	(Times)	0.7	0.6	0.8	0.8	0.8
Debt to Equity	(Times)	2.7	2.4	1.8	1.9	2.1
Interest Bearing Debt to Equity	(Times)	1.9	1.6	0.8	0.7	0.9
Financial Figure per Share						
Earning Per Share	(Baht)	0.6	0.5	0.5	0.7	0.9
Book Value Per Share	(Baht)	3.9	4.3	4.5	4.9	5.3
Dividend Per Share	(Baht)	0.2	0.2	0.3	0.4	0.5

Remark

- The Basic Earnings per Share was calculated by Net profit of the year divided by the weighted average number of common shares issued during the year.
- The Board of Directors had the resolution to propose the Annual General Meeting of Shareholders 2018 in order to approve the dividend payment at 0.45 Baht per Share on the Company's performance of the year 2017.

Message from the Board



In 2017, the CGR assessment of 620 listed companies resulted in the Company being rated “Excellent” by the Thai Institute of Directors (IOD) with support from the Stock Exchange of Thailand. The Company was one of 110 listed companies that received a score of 90 - 100 percent out of 100 percent. This represents the intention to improve the Company’s good corporate governance by adjusting and changing corporate governance in alignment with the guidelines set by Organisation for Economic Co-operation and Development (OECD) and the Stock Exchange of Thailand.

From the past performance of 2017, the Company received awards from many suppliers such as

- Hewlett Packard Enterprise : Best Distributor of the Year 2017
- Lenovo : Top Distributor FY 16-17
- Dell EMC : Distributor Partner of the Year FY 17

This represents the ability to work with many manufacturers to distribute their products to customers.

For the year of 2017, the Company’s total revenue was 20,156 Million Baht, an increase of 9% from the previous year. Net Profit was 297 Million Baht, an increase of 70 Million Baht or 30.7% from the previous year. The increased profit was partly due to the share of profits from the investment in Wiko Mobile Co., Ltd. (34 Million Baht) because the revenues of Wiko Mobile had continuously increased. Based on operating results, financial status and overall economy, the Board of Directors has resolved to propose the Annual General Meeting of Shareholders for the year of 2018 to approve the dividend payment for the year of 2017 at the rate of 0.45 Baht or 53.1% of net profit for the year according to the consolidated financial statements.

Lastly, on behalf of the Board of Directors, the Company is grateful to customers, the valued shareholders, financial institutions, suppliers, employees and all stakeholders for your trust and kind support to the Company that helps the Company to achieve continuous business success. The Company is committed to overseeing the Company’s growth by adhering to the principles of good faith, transparency, good corporate governance, and continuous improvement to keep sustainable growth.



Mr. Somchai Sittichaisrichart
Managing Director



Mr. Lim Kiah Meng
Chairman

General Information

Business Characteristics :

Distributing IT products to operators and dealers which the Company is the distributor of more than 70 leading manufacturers to over 5,000 dealers across Thailand. The business objective is to be the leader in introducing the technology and innovation to Thailand by continuously providing a wide range of world class IT products as well as expanding the customer base.

Company : Bor Mor Jor. 0107547000052
Registration Number

Website : www.sisthai.com

Email : Center : sis@sisthai.com
Company Secretary : companysecretary@sisthai.com
Complain/Suggest Goods and Services : complain@sisthai.
Complain/Suggest Fraud and Corruption :
independentdirector@sisthai.com

Investor Relation : Website : www.sisthai.com/investor_th.html
Email : investorinfo@sisthai.com

Other References

Share Registrar : Thailand Securities Depository Company Limited
93 The Stock Exchange of Thailand Building
Ratchadaphisek Road, Din Deang Sub-District,
Din Deang District, Bangkok 10400
Telephone : 0 2009-9000
Fax : 0 2009-9991
SET Call Center : 0 2009-9999

Auditor : Ms. Pornthip Rimdusit, Certified Public Accountant No. 5565,
KPMG Phoomchai Audit Limited
Empire Tower, 50th - 51st Floor, 1 South Sathorn Road,
Yannawa Sub - District, Sathorn District, Bangkok 10120
Telephone: (662) 677-2000 Fax: (662) 677-2222

Remark:

KPMG Phoomchai Audit Limited (Formerly: KPMG Audit (Thailand) Limited) has been the Company's auditor who have performed and expressed an opinion on the Company's financial statements. Also they have been the company's auditor since 1999 and expressed unqualified opinion every year.

Independent Director who respond for the minority shareholders : Email : independentdirector@sisthai.com

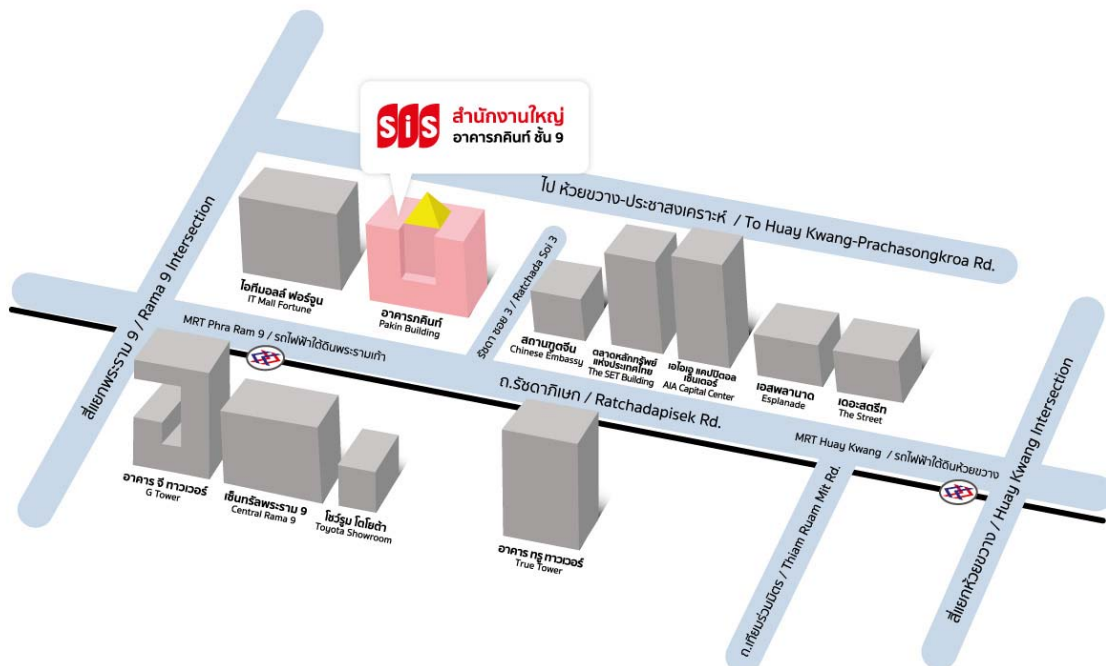
Head Office Location

Head Office has a total area of 3,300 square meters, located at No. 9, Pakin Building, 9th Floor, Ratchadaphisek Road, Din Deang Sub-District, Din Deang District, Bangkok 10400 (Near to Fortune Town). Tel. 0 2020-3000, Fax 0 2020-3780.

Email : sis@sisthai.com



Head Office at Pakin Building



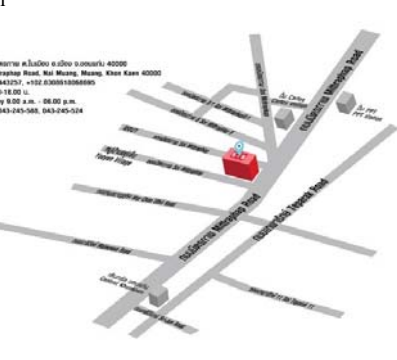


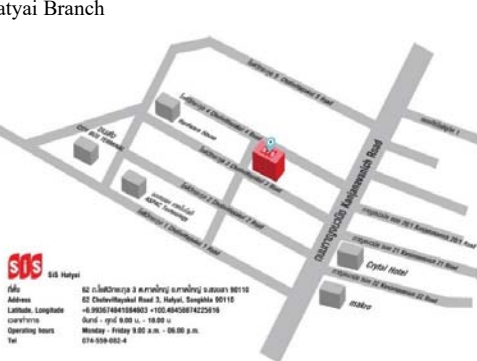
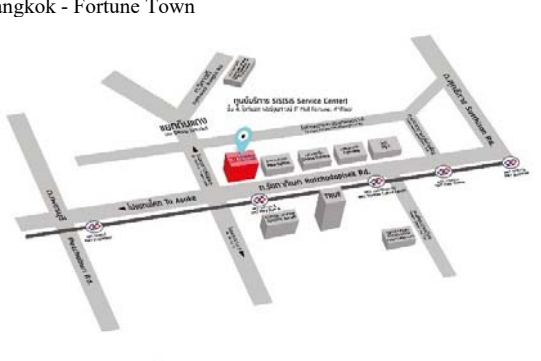



ที่ตั้ง Address เลขที่ 9 อาคารคึกคัก ชั้นที่ 9 ห้องเลขที่ 901 ถนนรัชดาภิเษก แขวงดินแดง เขตดินแดง กรุงเทพมหานคร 10400
9 Pakin Building, 9 Floor, Room No.901, Ratchadaphisek Rd., Din Deang, Bangkok 10400

โทรศัพท์ Telephone (+66)2-020-3000

แฟกซ์ Fax (+66)2-020-3780

Apart from the head office in Bangkok, the Company also has sale and service centers in both Bangkok and other provinces as following :

<p>Chiangmai Branch</p>  <p>SIS Chiangmai ที่อยู่ 244 ถนนเชียงใหม่-ลำปาง กิโลเมตรที่ 50100 Address 244 Waeng Road, Waeng, Chiangmai 50100 Latitute, Longitude +18.758461 +98.977775 โทรศัพท์ 053-251-951-2 เปิดให้บริการ วันจันทร์ - วันศุกร์ 9.00 - 18.00 น. Operating hours Monday - Friday 9.00 a.m. - 06.00 p.m. Tel 053-251-951-2</p>	<p>Pattaya Branch</p>  <p>SIS Pattaya ที่อยู่ 151/15 หมู่ 9 ถนนวิภาวดี-พัทยาสายเก่า กิโลเมตรที่ 20150 Address 151/15 M.9 Sukhumvit Pattaya West, Nongnue, Banglamung, Chonburi 20150 Latitute, Longitude +12.921918 +100.867793 โทรศัพท์ 039-950-1111 เปิดให้บริการ วันจันทร์ - วันศุกร์ 9.00 - 18.00 น. Operating hours Monday - Friday 9.00 a.m. - 06.00 p.m. Tel 039-950-1111</p>
<p>Khonkaen Branch</p>  <p>SIS Khonkaen ที่อยู่ 114/85-86 ถนนเชียงใหม่-ขอนแก่น กิโลเมตรที่ 40200 Address 114/85-86 Nongnue Road, Nongnue, Khon Kaen 40200 Latitute, Longitude +16.869973 +102.830818 โทรศัพท์ +66 869973443257 เปิดให้บริการ วันจันทร์ - วันศุกร์ 9.00 - 18.00 น. Operating hours Monday - Friday 9.00 a.m. - 06.00 p.m. Tel 043-245-511, 043-245-588, 043-245-514</p>	<p>Ubonratchathani Branch</p>  <p>SIS Ubon ที่อยู่ 148 ถนนพหลโยธิน ตำบลเมืองเก่า อำเภอเมืองอุบลราชธานี 34000 Address 148 Phraemongkol Rd, Nuea Mueang, Mueang Ubon Ratchathani, Ubon Ratchathani Latitute, Longitude 15° 13' 38.84" N, 104° 51' 35.17" E โทรศัพท์ 045-244-522 เปิดให้บริการ วันจันทร์ - วันศุกร์ 9.00 - 18.00 น. Operating hours Monday - Friday 9.00 a.m. - 06.00 p.m. Tel 045-244-522</p>
<p>Phuket Branch</p>  <p>SIS Phuket ที่อยู่ 183/42 ถนนภูเก็ต-ลำปาง กิโลเมตรที่ 62000 Address 183/42 Phang Nga Road, Takeng, Mueang, Phuket 83000 Latitute, Longitude +7.884202 +98.387879 โทรศัพท์ +66 825-251-951-2 เปิดให้บริการ วันจันทร์ - วันศุกร์ 9.00 - 18.00 น. Operating hours Monday - Friday 9.00 a.m. - 06.00 p.m. Tel 076-255-188-8</p>	<p>Hatyai Branch</p>  <p>SIS Hatyai ที่อยู่ 62 ถนนวิภาวดี 3 กิโลเมตรที่ 30110 Address 62 Chaisriyod Road 3, Hatyai, Songkhla 90110 Latitute, Longitude +6.883333 +100.733333 โทรศัพท์ 074-338-452-4 เปิดให้บริการ วันจันทร์ - วันศุกร์ 9.00 - 18.00 น. Operating hours Monday - Friday 9.00 a.m. - 06.00 p.m. Tel 074-338-452-4</p>
<p>Bangkok - Fortune Town</p>  <p>SIS Fortune Town ที่อยู่ 317 หมู่ 10 ถนนพหลโยธิน กิโลเมตรที่ 10-11 กรุงเทพมหานคร 10100 Address 317 Huai Fortune, Room No.317-321 4th Floor Ratchabopit Road Khut/Kong Sri-Song Bangkok 10100 Latitute, Longitude +13.758461 +100.501111 โทรศัพท์ 02-020-3299 เปิดให้บริการ วันจันทร์ - วันศุกร์ 9.00 - 18.00 น. Operating hours Monday - Friday 9.00 a.m. - 06.00 p.m. Tel 02-020-3299</p>	<p>Bangkok - Romklat</p>  <p>SIS Romklat ที่อยู่ 88/6-9 ถนนพหลโยธิน กิโลเมตรที่ 3 กรุงเทพมหานคร 10000 Address 88/6-9 ถนนพหลโยธิน กิโลเมตรที่ 3 กรุงเทพมหานคร 10000 Latitute, Longitude +13.758461 +100.501111 โทรศัพท์ 02-020-3299 เปิดให้บริการ วันจันทร์ - วันศุกร์ 9.00 - 18.00 น. Operating hours Monday - Friday 9.00 a.m. - 06.00 p.m. Tel 02-020-3299</p>

Main Warehouse

The main warehouse has a total area of 10,000 square meters. The Company uses the SAP Warehouse Management Application to manage and control the inventory system in order to eliminate errors or mistakes in receiving and delivering. The barcode and serial number will be scanned before receiving and delivering. Also, the IP Cameras have been set up in order to maintain security and investigate in case of any failure caused.



เส้นทางการเดินทาง

การเดินทางมาจากภาคกระบี่

ขับรถตามเส้นทางถนนกระบี่-ลาดกระบัง มาถึงสามแยกไฟแดง ลาดกระบัง-ร่มเกล้า ให้อัตโนมัติเพื่อเลี้ยวขวาเข้าถนนร่มเกล้า หลังจากเลี้ยวขวาแล้วให้อัตโนมัติซ้ายตลอด ขับตรงผ่านสามแยกสองสะพานจะพบสี่แยก ให้เลี้ยวซ้ายตรงสี่แยกไฟแดง แล้วเลี้ยวขวาไปเรื่อย ๆ เลี้ยวทางมอเตอร์เวย์ ประมาณ 3 กม. จะพบสามแยกมีป้าย SIS และ The Plant แล้วให้เลี้ยวขวา เพื่อเลี้ยวขวา เข้าถนนพหลโยธินประมาณ 1 กม. จะเห็นคลังสินค้าอยู่ขวามือระหว่างร้าน ป.การยาง กับหมู่บ้าน The Plant โรงกรม 1

การเดินทางมาจากถนนบุรี

ขับรถตามเส้นทางถนนร่มเกล้าที่จะไปออกถนนอ้อมนุช จนถึงสี่แยกไฟแดงเข้าถนนพหลโยธิน ให้เลี้ยวซ้ายในทางถนนอ้อมนุช ให้อัตโนมัติเลี้ยวซ้ายเข้าถนนพหลโยธินตรงสี่แยกไฟแดง จะเห็นสี่แยกไฟแดงให้เลี้ยวขวาสุดเพื่อเลี้ยวขวามาสี่แยกไฟแดง หลังจากเลี้ยวขวา แล้วให้อัตโนมัติไปเรื่อย ๆ เลี้ยวทางมอเตอร์เวย์ ประมาณ 3 กม. จะพบสามแยกมีป้าย SIS และ The Plant แล้วให้เลี้ยวขวา เพื่อเลี้ยวขวาเข้าถนนพหลโยธินประมาณ 1 กม. จะเห็นคลังสินค้าอยู่ขวามือระหว่างร้าน ป.การยาง กับหมู่บ้าน The Plant โรงกรม 1

การเดินทางมาจากถนนพระรามเก้า

ขับรถตามถนนพระรามเก้า หรือในทางด่วนพระรามเก้า แล้วเข้าถนนมอเตอร์เวย์ ขับตรงไปทางชลบุรี ประมาณ 12 กม. ให้อัตโนมัติเลี้ยวซ้ายออกถนนพหลโยธินเข้าถนนพหลโยธินตรงสี่แยกไฟแดง เลี้ยวออกทางถนนพหลโยธิน หรือถนนลาดกระบัง-อ้อมนุช ให้อัตโนมัติเลี้ยวซ้ายเข้าถนนพหลโยธิน แล้วเลี้ยวซ้ายเข้าสี่แยกไฟแดง แล้วเลี้ยวขวาไปเรื่อย ๆ เลี้ยวทางมอเตอร์เวย์ ประมาณ 3 กม. จะพบสามแยกมีป้าย SIS และ The Plant แล้วให้เลี้ยวขวา เพื่อเลี้ยวขวาเข้าถนนพหลโยธินประมาณ 1 กม. จะเห็นคลังสินค้าอยู่ขวามือระหว่างร้าน ป.การยาง กับหมู่บ้าน The Plant โรงกรม 1

☛ ศูนย์บริการ เอสไอเอส (สำนักงานใหญ่)

ที่ตั้ง : 88/6-9 ถนนพหลโยธินบ. 3 แขวงคลองสองต้นนุ่น เขตลาดกระบัง กรุงเทพฯ 10520

โทรศัพท์ : 02-020-3001, 3012, 3013, 3014, 3017

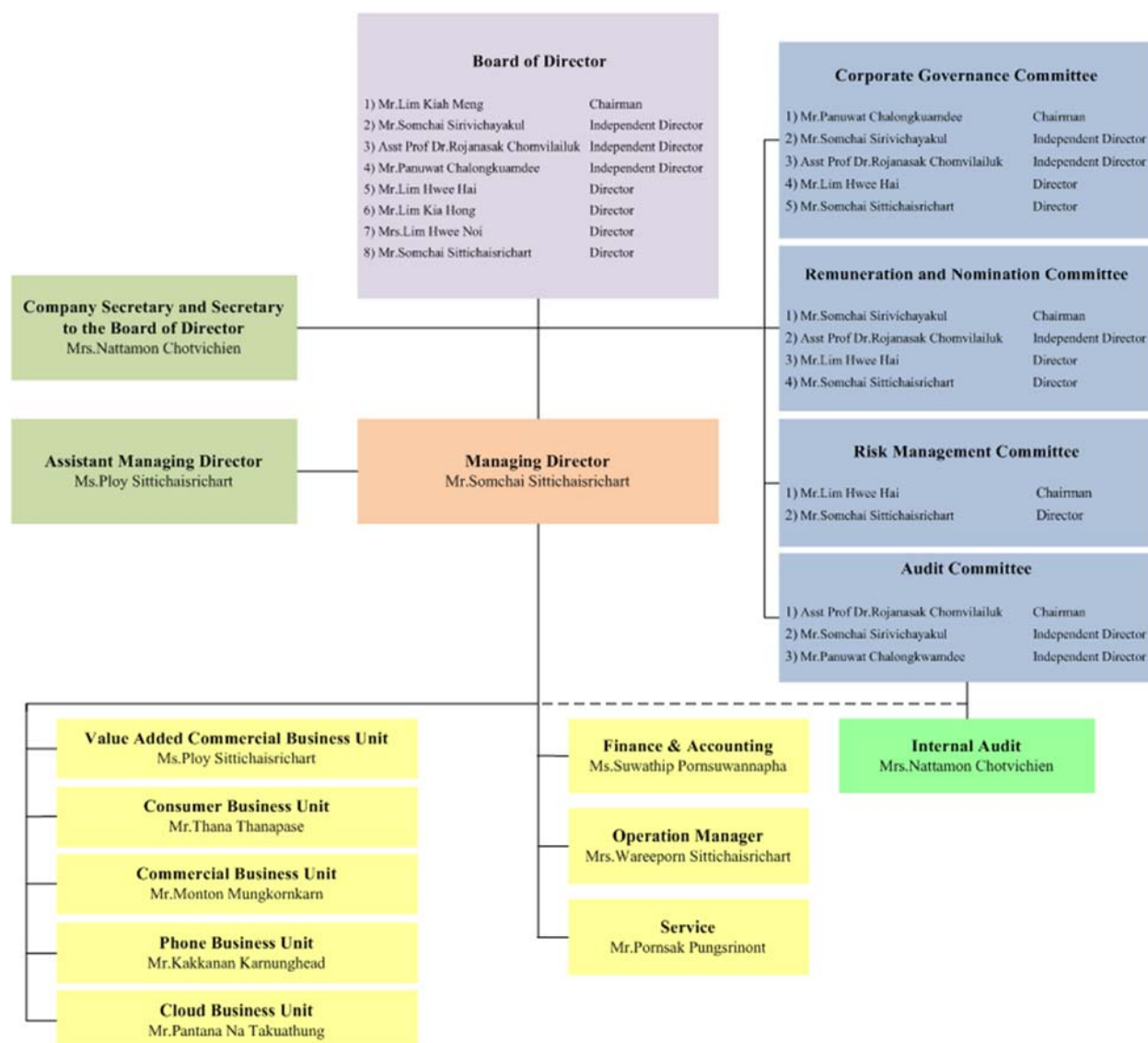
แฟกซ์ : 02-020-3299

☛ คลังสินค้า SIS ใหม่

ที่ตั้ง : 88/6-9 ถนนพหลโยธินบ. 3 แขวงคลองสองต้นนุ่น เขตลาดกระบัง กรุงเทพฯ 10520

โทรศัพท์ : 02-020-3007

Organizational Structure



Board of Directors



From left to right

- 1) Mr.Panuwat Chalongkwamdee (Independent Director – Chairman of Corporate Governance Committee)
- 2) Asst.Prof.Dr.Rojanasak Chomvilailuk (Independent Director – Chairman of Audit Committee)
- 3) Mr.Lim Kia Hong (Director)
- 4) Mr.Lim Kiah Meng (Chairman)
- 5) Mr.Somchai Sittichaisrichart (Managing Director)
- 6) Mr.Lim Hwee Hai (Director – Chairman of Risk Management Committee)
- 7) Mrs.Lim Hwee Noi (Director)
- 8) Mr.Somchai Sirivichayakul (Independent Director – Chairman of Remuneration and Nomination Committee)

Name**Mr. Lim Kiah Meng****Position**

Chairman

Age

64 Years

Nationality

Singapore

Education

- Bachelor of Commerce, Nanyang University, Singapore
- Master of International Management, American Graduate School of International Management USA

Training from IOD

- DAP - Directors Accreditation Program DAP

Type of Director

Non – Executive Director

Shareholding (31 Dec 17)

Indirectly holding 224,510,470 shares, equal to 64.11% through SiS Technologies (Thailand) Pte.Ltd. Of 165,616,595 shares or 47.29% of the voting rights and Thai Alliance Co., Ltd of 58,893,875 shares or 16.82% of the voting rights respectively.

Date and Number of Year of Directorship

26 April 2013 - 5 Years

Working Experience/Directorship or Management in Other Businesses**Working Experience**

2017 – Present	Chairman: SiS Distribution (Thailand) PCL.
2013 - Present	Director: SiS Distribution (Thailand) PCL.
2007 - Present	Vice Chairman: SiS Group of Companies
1986 - Present	Executive Director: SiS Group of Companies
1979 - 1986	Bank of America

Positions in Other Listed Companies

-None-

Positions in Other Non-Listed Companies

2017 – Present	Director: Qool Distribution Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)
2017 – Present	Director: SiS Venture Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)



Name**Mr. Lim Hwee Hai****Position**

Chairman of Risk Management Committee • Remuneration and Nomination Committee • Corporate Governance Committee

Age

68 Years

Nationality

Singapore

Education

- Bachelor of Commerce (First Class Honors), Nanyang University
- Master of Business Administration, The National University of Singapore

Training from IOD

- Directors Accreditation Program
- Directors Certification Program

Type of Director

Non – Executive Director

Shareholding (31 Dec 17)

Indirectly holding 224,510,470 shares, equal to 64.11% through SiS Technologies (Thailand) Pte.Ltd. Of 165,616,595 shares or 47.29% of the voting rights and Thai Alliance Co., Ltd of 58,893,875 shares or 16.82% of the voting rights respectively.

Date and Number of Year of Directorship

12 June 2000 – 17 Years

Working Experience/Directorship or Management in Other Businesses**Working Experience**

2013 - Present	Corporate Governance Committee, SiS Distribution (Thailand) PCL.
2008 - Present	Chairman of Risk Management Committee, SiS Distribution (Thailand) PCL.
2008 - Present	Remuneration and Nomination Committee, SiS Distribution (Thailand) PCL.
2004 - Present	Director, SiS Distribution (Thailand) PCL.
2000 - 2004	Director, SiS Distribution (Thailand) Co., Ltd.
1983 - Present	Director and Managing Director SiS Group of Companies
1979 – 1982	Manager : Banque Nationale De Paris
1976 - 1978	Senior Officer: Development Bank of Singapore

Positions in Other Listed Companies

-None-

Positions in Other Non-Listed Companies

2017 – Present	Director : Thai Alliance Co.,Ltd
2017 – Present	Director : Thai Success Co.,Ltd
2017 – Present	Director : Thai Prosperity Co., Ltd
2017 – Present	Director : Thai Joyful Co., Ltd
2017 – Present	Director : Thai Hero Co., Ltd
2010 - Present	Qool Distribution Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)
2009 - Present	Director SiS Venture Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)



Name	Mr. Lim Kia Hong
Position	Director
Age	61 Years
Nationality	Singapore
Education	Bachelor of Business Administration University of Washington, USA
Training from IOD	DAP- Directors Accreditation Program DAP
Type of Director	Non – Executive Director
Shareholding (31 Dec 17)	Indirectly holding 224,510,470 shares, equal to 64.11% through SiS Technologies (Thailand) Pte.Ltd. Of 165,616,595 shares or 47.29% of the voting rights and Thai Alliance Co., Ltd of 58,893,875 shares or 16.82% of the voting rights respectively.
Date and Number of Year of Directorship	12 June 2000 - 17 Years



Working Experience/Directorship or Management in Other Businesses

Working Experience	2004 - Present	Director : SiS Distribution (Thailand) PCL.
	2000 - 2004	Director : SiS Distribution (Thailand) Co., Ltd.
	1983 - Present	Chief Executive Officer : SiS Group of Companies
Positions in Other Listed Companies	-None-	
Positions in Other Non-Listed Companies	2017 – Present	Director : Thai Alliance Co.,Ltd
	2017 – Present	Director : Thai Success Co.,Ltd
	2017 – Present	Director : Thai Prosperity Co., Ltd
	2017 – Present	Director : Thai Joyful Co., Ltd
	2017 – Present	Director : Thai Hero Co., Ltd
	2015 - Present	Director : Wiko Mobile (Thailand) Co., Ltd. (which SiS Distribution (Thailand) PCL. indirectly holds 45% of total shares via SiS Venture Co., Ltd.)
	2010 - Present	Director : Qool Distribution Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)
	2009 - Present	Director : SiS Venture Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)

Name Mrs. Lim Hwee Noi

Position Authorized Director

Age 68 Years

Nationality Singapore

Education

- Bachelor of Commerce, Nanyang University
- Professional Qualification : CPA

Training from IOD To be arrange in 2018

Type of Director Non – Executive Director

Shareholding (31 Dec 17) Indirectly holding 224,510,470 shares, equal to 64.11% through SiS Technologies (Thailand) Pte.Ltd. Of 165,616,595 shares or 47.29% of the voting rights and Thai Alliance Co., Ltd of 58,893,875 shares or 16.82% of the voting rights respectively.

Date and Number of Year of Directorship 15 December 2017 – 5 Months

Working Experience/Directorship or Management in Other Businesses

Working Experience

2017 - Present	Director : SiS Distribution (Thailand) PCL
1983 - Present	Executive Director of SiS Group of Companies

Positions in Other Listed Companies -None-

Positions in Other Non-Listed Companies

2017 – Present	Director : Thai Alliance Co.,Ltd
2017 – Present	Director : Thai Success Co.,Ltd
2017 – Present	Director : Thai Prosperity Co., Ltd
2017 – Present	Director : Thai Joyful Co., Ltd
2017 – Present	Director : Thai Hero Co., Ltd
2015 - Present	Director : Wiko Mobile (Thailand) Co., Ltd. (which SiS Distribution (Thailand) PCL. indirectly holds 45% of total shares via SiS Venture Co., Ltd.)
2010 - Present	Director : Qool Distribution Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)
2009 - Present	Director : SiS Venture Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)



Name**Assist. Prof. Dr. Rojanasak Chomvilailuk****Position**

Chairman of Audit Committee • Remuneration and Nomination Committee • Corporate Governance Committee
• Independent Director

Age

56 Years

Nationality

Thai

Education

Doctor of Philosophy in Marketing & Management,
Charles Sturt University

Training from IOD

- Audit Committee Program
- Audit Committee : Experience, Problem and Best Practice
- CEO Relations: Balancing Trust and Oversight
- Certificate of Diploma
- Chartered Director Class
- DCP Refresher
- Directors Accreditation Program
- Directors Certification Program
- Fellow Member of Thai Institute of Directors Association
- Finance for Non-Finance Director
- How to Develop a Risk Management Plan
- Improving Board Decisions
- Improving the Quality of Financial Reporting
- Monitoring Fraud Risk Management
- Monitoring the Internal Audit Function
- Monitoring the Quality of Financial Reporting
- Monitoring the System of Internal Control and Risk Management
- Role of the Compensation Committee
- Successful Formulation & Execution of Strategy
- What the Board Should Expect from the Company Secretary
- Will the Global Economy Stumble or Slow down? And what will that mean for Thailand?

**Shareholding (31 Dec 17)** None**Date and Number of Year of Independent Directorship**

9 February 2004 – 14 Years

Working Experience/Directorship or Management in Other Businesses**Working Experience**

2013 - Present	Corporate Governance Committee, SiS Distribution (Thailand) PCL.
2009 - Present	Chairman of Audit Committee, SiS Distribution (Thailand) PCL.
2009 - Present	Remuneration and Nomination Committee, SiS Distribution (Thailand) PCL.
2009 - 2014	Risk Management Committee, SiS Distribution (Thailand) PCL.
2008 - 2009	Chairman of Remuneration and Nomination Committee, SiS Distribution (Thailand) PCL.
2004 - Present	Independent Director and Audit Committee, SiS Distribution (Thailand) PCL.

Positions in Other Listed Companies

-None-

Positions in Other Non-Listed Companies

2013 - Present	Director, Master Degree in Retail Management Curriculum, Faculty of Business Administration, The University of the Thai Chamber of Commerce
2013 - 2013	Audit Committee, Ausiris Future Co., Ltd.
2012 - 2013	Association Dean, International College, The University of the Thai Chamber of Commerce
2010 - Present	Independent Director, Ausiris Future Co., Ltd.
2010 - 2015	Director, Tiptop Logistic Co., Ltd.
2004 - Present	Lecturer, Faculty of Business Administration, The University of the Thai Chamber of Commerce

Name**Mr.Somchai Sirivichayakul****Position**

Chairman of Remuneration and Nomination • Audit Committee • Corporate Governance Committee • Independent Director

Age

61 Years

Nationality

Thai

Education

- Master of Engineering (Civil Engineering), Tokyo Institute of Technology, Japan
- Accredited Gemologist Asian Institute of Gemologist Sciences (AIGS)

Training from IOD

- Audit Committee Program
- Audit Committee: Experience, Problem and Best practice
- Director Certification Program
- Director Certification Program Refresher Course
- Directors Accreditation Program
- Evolving Executive Compensation with Changing Times
- IT Governance: A Strategic Part Forward
- Monitoring Fraud Risk Management
- Monitoring the Internal Audit Function
- Monitoring the Quality of Financial Reporting
- Monitoring the System of Internal Control and Risk Management
- Role of the Compensation Committee
- Successful Formulation & Execution of Strategy
- Will the Global Economy Stumble or Slow down? and What Will that Mean for Thailand?
- ควรกำหนดบทบาทและอำนาจหน้าที่ของกรรมการอิสระอย่างไร เพื่อให้สามารถปฏิบัติหน้าที่ได้อย่างมีประสิทธิภาพ

**Shareholding (31 Dec16)** -None-**Date and Number of Year of Independent Directorship** 9 February 2004 – 14 Years**Working Experience/Directorship or Management in Other Businesses**

Working Experience	2013 - Present	Corporate Governance Committee: SiS Distribution (Thailand) PCL.
	2009 - Present	Chairman of Remuneration and Nomination Committee SiS Distribution (Thailand) PCL.
	2006 - 2009	Remuneration and Nomination Committee SiS Distribution (Thailand) PCL.
	2004 - Present	Independent Director and Audit Committee SiS Distribution (Thailand) PCL.
	2004 - 2009	Chairman of Audit Committee: SiS Distribution (Thailand) PCL.
	2004 - 2009	Chairman: SiS Distribution (Thailand) PCL.

Positions in Other Listed Companies

None

Positions in Other Non-Listed Companies

2015 – 2016	Chief of Executive Directors and Chief of Executive Officer, Strega Public Company Limited.
2012 – Present	General Manager: FCC (Thailand) Company Limited
2004 - Present	Director: Cyber Intrend Company Limited
2003 - Present	Managing Director: Profit Center Group Company
1990 - Present	Limited Partner: Sirichoke Development Partnership

Name	Mr. Panuwat Chalongkuamdee
Position	Chairman of Corporate Governance Committee • Audit Committee • Independent Director
Age	36 Years
Nationality	Thai
Education	LL.B. (1 st Class Honors), Chulalongkorn University
Training from IOD	To be arrange in 2018
Shareholding (31 Dec 17)	-None-
Date and Number of Year of Directorship	21 February 2018 – 2 Months



Working Experience/Directorship or Management in Other Businesses

Working Experience	2018 – Present	Chairman of Corporate Governance Committee: SiS Distribution (Thailand) PCL
	2018 – Present	Audit Committee: SiS Distribution (Thailand) PCL.
Positions in Other Listed Companies	-None-	
Positions in Other Non-Listed Companies	2016 – Present	Partner at: Weerawong, Chinnavat & Partners
	2012 – 2016	Associate at: Weerawong, Chinnavat & Peangpanor
	2004 – 2012	Associate at: Clifford Chance (Thailand)

Name**Mr. Somchai Sittichaisrichart****Position**

Managing Director • Remuneration and Nomination Committee • Corporate Governance Committee • Risk Management Committee

Age

58 Years

Nationality

Thai

Education

- Bachelor of Engineering (Electrical Engineering), Prince of Songkhla University
- Master of Business Administration, Thammasat University

Training from IOD

- Director Certification Program
- Directors Accreditation Program
- CEO Succession and Effective Leadership Development
- IT Governance : A Strategic Path Forward
- Successful Formulation & Execution the Strategy
- What the Board Should Do in a Turnaround Situation
- Capital Market Leader Program (SEC/SASIN)
- Chartered Director Class (CDC) Nov-2014
- HMS-How to Measure the Success of Corporate Strategy (HMS 4/2014)
- Anti Corruption for Executive Program
- Anti Corruption in Thailand : Sustaining the Momentum
- Director Forum : Corporate Governance Code
- IOD Dinner Talk 2/2016 “Ten practical guidelines to improving board communication”

Type of Director

Executive Director

Shareholding (31 Dec 17)

Indirectly holding 58,893,875 shares or 16.82% of the voting rights through Thai Alliance Co., Ltd.

Date and Number of Year of Directorship 17 June 1998 - 19 Years**Working Experience/Directorship or Management in Other Businesses****Working Experience**

2013 - Present Risk Management Committee: SiS Distribution (Thailand) PCL
 2013 - Present Corporate Governance Committee: SiS Distribution (Thailand) PCL.
 2008 - Present Remuneration and Nomination Committee: SiS Distribution (Thailand) PCL.
 2004 - Present Managing Director: SiS Distribution (Thailand) PCL.
 1998 - 2004 Managing Director: SiS Distribution (Thailand) Co., Ltd.

Positions in Other Listed Companies

-None-

Positions in Other Non-Listed Companies

2017 – Present Director : Thai Alliance Co.,Ltd
 2017 – Present Director : Thai Success Co.,Ltd
 2017 – Present Director : Thai Prosperity Co., Ltd
 2017 – Present Director : Thai Joyful Co., Ltd
 2017 – Present Director : Thai Hero Co., Ltd
 2015 – Present Director, Wiko Mobile (Thailand) Co., Ltd.
 (which SiS Distribution (Thailand) PCL. indirectly holds 45% of total shares via SiS Venture Co., Ltd.)
 2014 - Present Director, Nippon Pack Trading Co., Ltd.
 (which SiS Distribution (Thailand) PCL. indirectly holds 49% of total shares via SiS Venture Co., Ltd.)
 Director, Qool Distribution Co., Ltd.
 (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)
 2010 - Present Director, SiS Venture Co., Ltd.
 (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)
 2009 - Present



Management and Company Secretary



From left to right

- 1) Mr.Monton Mungkornkarn (Commercial Business Unit General Manager)
- 2) Mrs.Nattamon Chotvichien (Company Secretary)
- 3) Ms.Ploy Sittichaisrichart (Assistant Managing Director)
- 4) Mr.Kakkanan Kanunghead (Phone Business Unit General Manager)
- 5) Mrs.Wareeporn Sittichaisrichart (Operation Manager)
- 6) Ms.Suwathip Pornsuwannapha (Financial Controller)
- 7) Mr.Thana Thanapase (Consumer Business Unit General Manager)

Name **Ms.Suwathip Pornsuwannapha****Position** Financial Controller**Age** 48 Years**Nationality** Thai**Education** Master of Accounting, Chulalongkorn University**Training**

- SiS-Chula Mini MBA : Chulalongkorn University
- The Coaching Clinic: Management and Psychology Institute
- CFO Program: FAP
- Risk Management Seminar & Workshop : IOD
- Preparation before New Securities and
- Exchange Act applied: Listed Companies Association
- Impact from IFRS for Listed Company
- Securities Analysts Association
- Q & A For Implement New Accounting Standard : FAP

**Shareholding
(31 Dec17)** 758,096 shares, equal to 0.22 of total shares with voting right**Working
Experience**

1999 – Present	Financial Controller: SiS Distribution (Thailand) PCL.
1994 – 1999	Accounting Manager: M & V Technologies Co.,Ltd.
1991 – 1993	Senior Auditor: Coopers and Lybrand Co.,Ltd.

**Name** **Mrs.Wareeporn Sittichaisrichart****Position** Operation Manager**Age** 58 Years**Nationality** Thai**Education** Bachelor of Science, Prince of Songkhla University**Training**

- FC Fundamental Course : Association of Investment Management Companies / Association of Provident Fund / Thailand Securities Institute
- Remuneration Management : Hypo Training and Consultancy Co., Ltd.
- Competency Based Human Resource Management:
- WASO Training Co., Ltd.
- The Coaching Clinic: Management and Psychology Institute
- GEN Y Talent Management & Succession Planning:
- OMEGA WORLD CLASS Research Institute
- The Remuneration for Sale Representative: MPI Management and Psychology Institute
- Salary Structure Design : OMEGAWORLDCLASS Research Institute

**Shareholding
(31 Dec 17)** -None-**Working
Experience**

1999 – Present	Operation Manager: SiS Distribution (Thailand) PCL.
1994 – 1999	MIS Manager: M & V Technologies Co.,Ltd.



Name **Ms.Ploy Sittichaisrichart****Position** Assistant Managing Director**Age** 31 Years**Nationality** Thai**Education** Bachelor of Management, London School of Economics**Training** TLCA Executive Development Program EDP**Shareholding
(31 Dec 17)** -None-

Working Experience	2016 - Present	Assistant Managing Director, SiS Distribution (Thailand) PCL.
	2014 - 2016	Project Manager, SiS Distribution (Thailand) PCL.
	2013 - 2014	Regional VP Marketing, Lazada Co., Ltd.
	2011 - 2013	Business Analyst Consulting, McKinsey & Company (Thailand) Co., Ltd.

**Name** **Mr. Kakkanan Karnunghead****Position** General Manager of Phone Business Unit**Age** 56 Years**Nationality** Thai**Education** Bachelor of Education, Silpakorn University**Shareholding
(31 Dec 17)** -None-

Working Experience	2015 - Present	General Manager Phone Business Unit, SiS Distribution(Thailand) PCL.
	2010 - 2013	General Manager Phone Business Unit, SiS Distribution(Thailand) PCL.
	2007 - 2010	Senior Business Manager, Philips Electronics (Singapore)
	2000 - 2007	Senior Business Manager, Philips Electronics (Thailand)
	1996 - 1999	Area Sales Manager, Sony Thai



Name **Mr.Thana Thanapase****Position** General Manager of Consumer Business Unit**Age** 56 Years**Nationality** Thai**Education**

- Bachelor of Business Administration, Assumption University
- Master of Commerce, Thammasat University

Training The Coaching Clinic:
Management and Psychology Institute**Shareholding
(31 Dec 17)** -None-**Working
Experience** 2008- Present General Manager Consumer Business Unit,
SiS Distribution (Thailand) PCL
2005–2008 General Manager,
Thai Samsung Electric Co.,Ltd.
1996–2005 Consumer Sales Manager,
Hewlett Packard (Thailand) Co., Ltd.**Name** **Mr.Monton Mungkornkarn****Position** General Manager of Commercial Business Unit**Age** 54 Years**Nationality** Thai**Education**

- Bachelor of Statistics Computer, Chulalongkorn University
- MBA, California State University, Dominguez Hills, USA

**Shareholding
(31 Dec 17)** -None-**Working
Experience** 2017 - Present General Manager Commercial Business Unit,
SiS Distribution (Thailand) PCL
2004 - 2016 Director. B2B dept: Thai Samsung Electronics
1997 - 2004 Sales manager: Hewlett Packard(Thailand)
2001 - 2004 Sales Manager: TN Nixdorf (Thailand)

Name Mrs.Nattamon Chotvichien

Position Head of Internal Audit Department and Company Secretary

Age 33 Years

Nationality Thai

Education Training

- Bachelor of Accountancy, Kasetsart University
- Master of Science in Business System Integration (with SAP Technology), Brunel University, UK
- ACPG 19/2015 Anti Corruption: The Practical Guide
- CRP 12/2015 Company Reporting Program
- CSP 69/2016 Company Secretary Program
- Enterprise Risk Management COSO – ERM: FAP and Univenture PCL.
- Foundation of Information System : LIBT
- Update Thai Accounting Standard in 2011: Bunchikij Co.,Ltd.
- Update IFRS and TFRS for NPAEs : Bunchikij Co.,Ltd.
- Hedge Accounting and Deferred Tax : Bunchikij Co.,Ltd.

Shareholding -None-
(31 Dec 17)

Working Experience

2015 – Present	Company Secretary, SiS Distribution(Thailand) PCL.
2015 – Present	Head of Internal Audit Department and Audit Committee Secretary, SiS Distribution(Thailand) PCL.
2008 – 2011	Senior Assistant Auditor, Bunchikij Co., Ltd.



Change in Units of Shareholding of Directors Management and Company Secretary

During 2017, Directors Management and Company Secretary bought and sold their securities as follows:

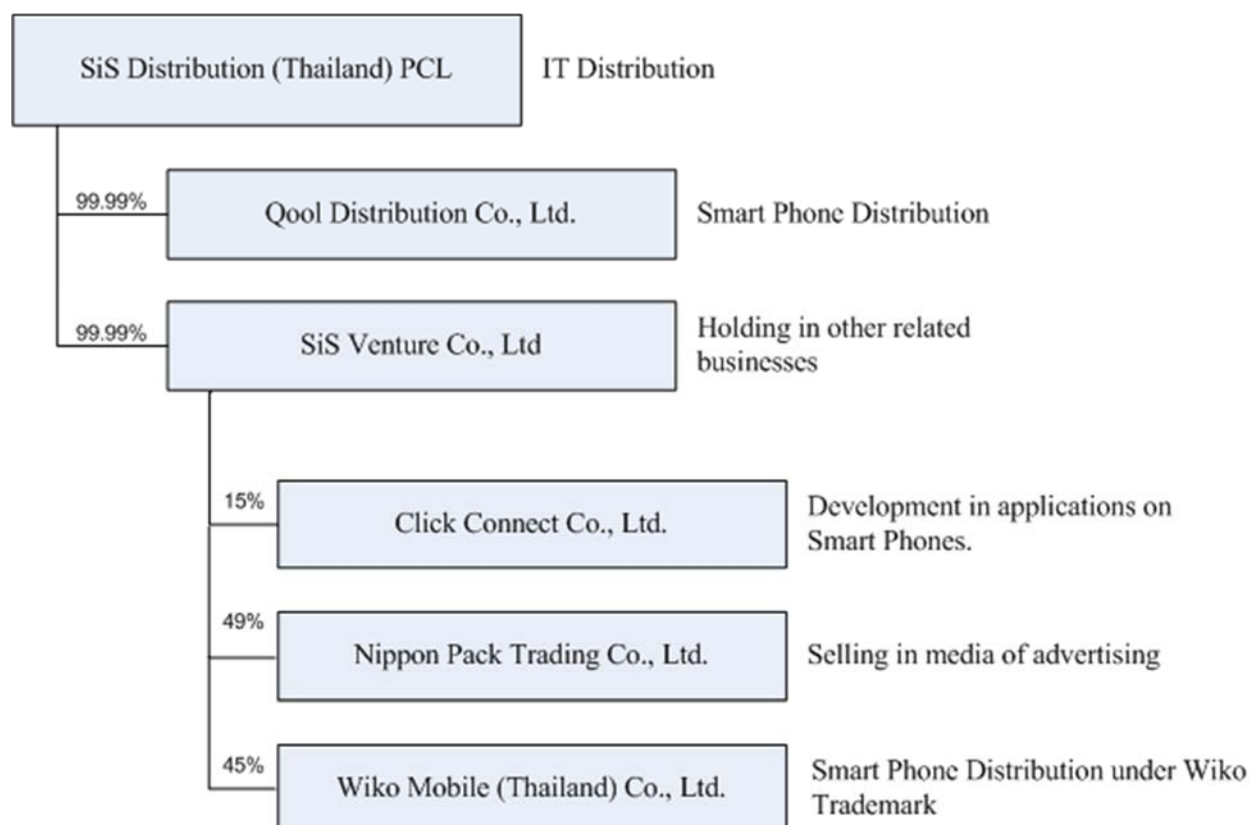
Name	No.of shares (Units) As of January 1, 2017	No.of shares (Units) Acquisition during 2017	No.of shares (Units) Disposition during 2017	No.of shares (Units) As of December 31, 2017
Directors				
Asst.Prof.Dr. Rojanasak Chomvilailuk	-	-	-	-
Mr.Somchai Sirivichayakul	-	-	-	-
Mr.Panuwat Chalongkwamdee	-	-	-	-
Mr.Lim Kiah Meng	-	-	-	-
Mr.Lim Hwee Hai	244,687	-	-	244,687
Mr.Lim Kia Hong	241,875	-	-	241,875
Mrs.Lim Hwee Noi	-	-	-	-
Mr.Somchai Sittichaisrichart	9,457,961	-	9,457,961	-
Management and Company Secretary				
Ms.Suwathip Pornsuwannapha	2,069,896	-	1,311,800	758,096
Mrs.Wareeporn Sittichaisrichart	9,421,780	-	9,421,780	-
Ms.Ploy Sittichaisrichart	19,923,796	-	19,923,796	-
Mr.Kakkanan Kanunghead	-	-	-	-
Mr.Thana Thanapase	-	-	-	-
Mr.Monton Mungkornkarn	-	-	-	-
Mrs.Nattamon Chotvichien	-	-	-	-

Subsidiaries and Related Companies

SiS Distribution (Thailand) Public Company Limited has invested in the subsidiaries and related companies which connected to the core business of the company as follows:

Company	Type of Business	Shareholding	Holder
Qool Distribution (Thailand) Company Limited	Distribution in Smartphones	99.99%	SiS Distribution (Thailand) PCL.
SiS Venture Company Limited	Investing in businesses which connected to the core business of the company	99.99%	SiS Distribution (Thailand) PCL.
Click Connect Company Limited	Development in applications on Smartphones	15%	SiS Venture Company Limited
Nippon Pack Trading Company Limited	Selling in media of advertising, emphasizing on electronic media	49%	SiS Venture Company Limited
Wiko Mobile (Thailand) Company Limited	Selling in Smartphone under Wiko Trademark	45%	SiS Venture Company Limited

The illustration of the relationship of subsidiaries and related companies.



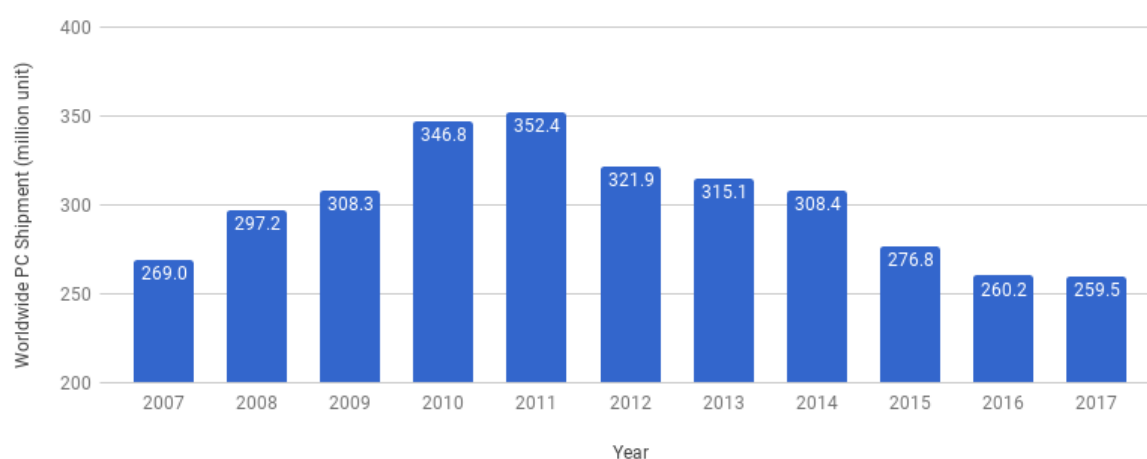
IT Outlook

The main access devices in the IT Industry are the PC, Smartphone and Tablet and those main products are sold by the Company. The market situation of each item in the past year are as follows:

PC Market

International Data Corporation (IDC) which is a world class research company reported the result of PC market survey across the world in 2017 that overall shipments of PCs was 259.5 million units which represents a slight year-over-year decline. This PC shipments fell for six consecutive years however its declined rate reduced from the previous year. The main reason of the PC market has contracted since Smartphone product has been developed to be able to work better. In some tasks, Smartphone can be replaced or used better than PC so the PC market is shrinking continuously. However, according to the data in the past 2017, PC shrinkage seems to be approaching the lowest point because there are still many tasks that also requires PC to perform and no other products to replace.

Worldwide PC Shipment (million unit)



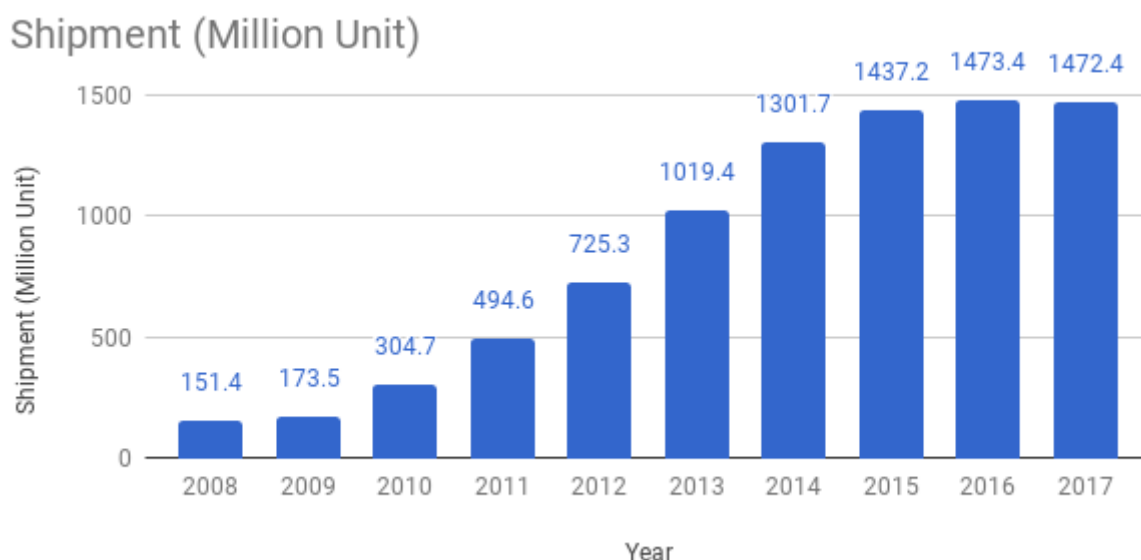
The market share of each PC manufacturer in 2017 are as follows: ('000 units)

Vendor	2017		2016		2017/2016
	Shipments	Market Share	Shipments	Market Share	Growth
1. HP Inc	58,800	22.70%	54,319	20.90%	8.20%
2. Lenovo	54,857	21.10%	55,517	21.30%	-1.20%
3. Dell Inc	41,821	16.10%	40,731	15.70%	2.70%
4. Apple	19,661	7.60%	18,558	7.10%	5.90%
5. Acer Group	17,564	6.80%	17,649	6.80%	-0.50%
6. ASUS	17,109	6.60%	19,140	7.40%	-10.60%
Others	49,716	19.10%	54,243	20.90%	-8.30%
Total	259,529	100.00%	260,158	100.00%	-0.24%

Smartphone Market

According to Smartphone market survey across the world from IDC, the worldwide Smartphone market was 1,472.4 million units shipped or slightly decreased 0.07% from the previous year. This was the first year that market does not grow and was into saturated.

In Thailand, it was expected that the Smartphone shipments in the year of 2017 had no growth or slightly shrank. It was estimated that the market was about 18 million units in 2017.



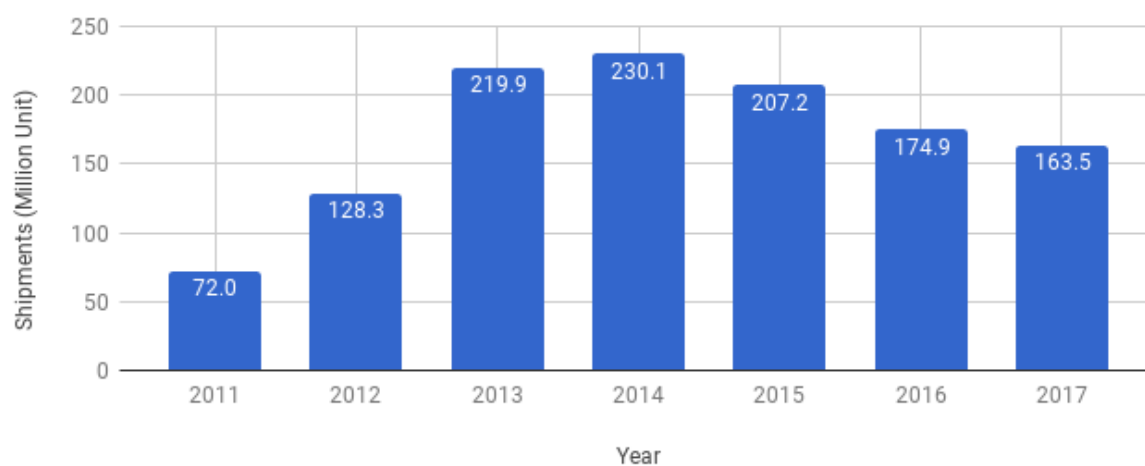
The market share in each brand in 2017 and 2016 surveyed by IDC has shown by the below table.

Brand	2017		2016		Year-Over-Year
	Shipment	Share	Shipment	Share	Change
1. Samsung	317.3	21.60%	311.4	21.10%	1.90%
2. Apple	215.8	14.70%	215.4	14.60%	0.20%
3. Huawei	153.1	10.40%	139.3	9.50%	9.90%
4. OPPO	111.8	7.60%	99.8	6.80%	12.00%
5. Xiaomi	92.4	6.30%	53.0	3.60%	74.50%
Others	577.7	39.50%	654.5	44.40%	-11.70%
Total	1472.4	100.00%	1473.4	100.00%	-0.07%

Tablet Market

IDC has reported the volume of the worldwide tablet shipments in 2017 was 163.5 million units and down -6.5% Year-over-Year, shrinking for a third consecutive year after the tablet was released to the market in 2010 but declined at a lower rate. The main reason was the tablet market shrank and expected that it was because the Smartphone screen was larger enough to use instead of tablet.

Shipments (Million Unit)



Vendor	2017		2016		Year-Over-Year
	Shipments	Share	Shipments	Share	Growth
1. Apple	43.8	26.80%	42.6	24.30%	3.00%
2. Samsung	24.9	15.20%	26.6	15.20%	-6.40%
3. Amazon.com	16.7	10.20%	12.1	6.90%	38.00%
4. Huawei	12.5	7.70%	9.8	5.60%	28.00%
4. Lenovo	10.3	6.30%	11	6.30%	-6.30%
Others	55.3	33.80%	72.8	41.70%	-24.10%
Total	163.5	100.00%	174.9	100.00%	-6.50%

Business Characteristics, Competition and Market Share

Business Characteristics

The Company has operated in IT distribution which purchases products and services from approximately 70 suppliers and distributes to various channel. In 2017, the Company has distributed products and services to approximately 5,000 dealers and retailers which re-sell to end users, corporate as well as government sector.

Majority of products is the Information Technology (IT) products which cover all product categories from

- 1) Personal/household products such as Computers, Printers, Smartphones, Tablets
- 2) Product used in business such as Server, Networking, Storage, Software and Peripherals
- 3) Product used in Data Center such as Large storage device, Security, Backup system

The top ten products with the highest revenue of the Company in the year 2017 (sorted by alphabet) were **Asus, Acer, Brother, Dell, Hewlett Packard Enterprise, HP Inc, Lenovo, Samsung, Vmware, Wiko**

All customers of the Company are retailers and resellers that purchase products from the Company to re-sell. They are categorized into 2 groups as follows:

- 1) The resellers and retailers who re-sell to small companies and households such as retailers in both small and multi branch named Advice IT Infinite, Com7, Power Buy, J.I.B, IT City including the online reseller such as Lazada, Shopee, 11 Street, etc.
- 2) The resellers who re-sell to corporate such as Metro System Corporation PCL, Datapro Computer Systems Co., Ltd., Yip In TSoi Co., Ltd., Bizcon Solution Co., Ltd., etc.

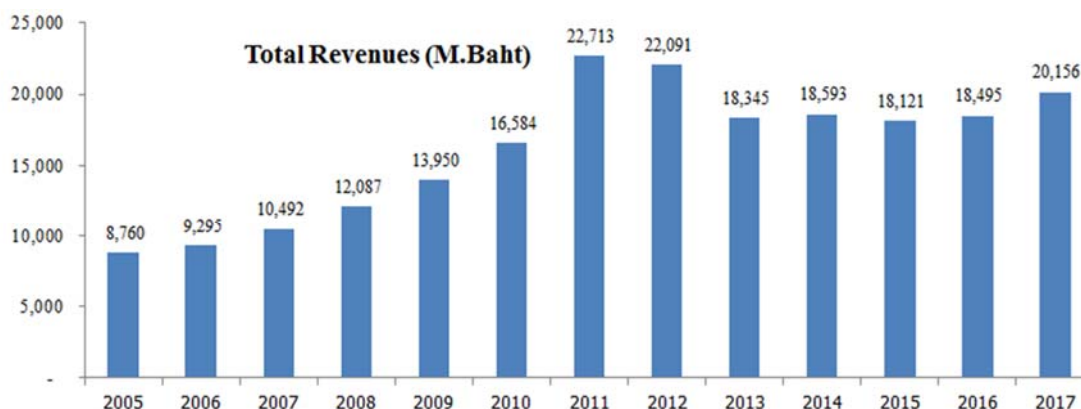


The Status of the Company and its Competition

SiS Distribution (Thailand) Public Company Limited was established in 1998 and the Company was listed in the Stock Exchange of Thailand in 2004.

The revenue of the Company has grown continuously every years in accordance with the expansion of the industry. The Company had the highest total revenues in 2011 when the

Company expanded into the Smartphone business by being the distributor of 3 leading brand at that time (Blackberry, HTC and Motorola). However, the Company's total revenues decreased significantly from 3 major Smartphone revenue decline in the years 2012 - 2013 but it can grow from 2016 onwards.



The Competency in Competition

With over 19-year experience in operation, the Company has developed the system, expanded the customer base and enhanced the competitiveness in various areas as follows:

1) Having a comprehensive customer network

The Company has a comprehensive customer network more than 5,000 customers in 2017. More than 2,500 customers bought our products in each month, covering both retailers who sold to household and resellers who sold to corporate. There are still new resellers that continuously contact the Company to be our new resellers. With a large customer base, the Company has a stability in sales and it is the significant base of the business expansion by providing more new products to these regular customers.

2) Having the diversification of products

The Company is trusted by over 70 world class vendors to be their distributors and continuously contacted by new vendors to be their distributors. With having the wide range of products, the Company can supply products to customers continuously.

In 2017, the Company became a distributor of more various products as follows:

- 1) ADATA - Manufacturer of SSD, Memory Card, DRAM Module, USB Flash Drives and Cable from Taiwan
- 2) Pantum - Manufacturer of leading printer from China
- 3) Transcend - Manufacturer of storage, multi-media and industrial products from Taiwan
- 4) EZVIZ - Manufacturer of Action Camera, CCTV and smart home security systems from China
- 5) Optex - Manufacturer of Security Sensors and Systems from Japan.





3) Corporate System and Organizational Culture

The Company has adopted a capable Enterprise Resource Planning System (ERP) for business management which continuously developed and improved the corporate system, for example, the implementation of SAP ECC6, the electronic workflow of Lotus Notes, Call Center system of Avaya. This enables the employees to work efficiently and effectively. Also, the Company has built and developed the organizational culture as a learning culture that enables sustainable improvement. Regarding these, the Company still maintains the competitiveness and the ability to adapt to face any dynamic external environment changes.









4) Recognition of the Importance of Good Corporate Governance

The Company has recognized the importance of good corporate governance in 5 categories, namely 1) Rights of Shareholders 2) Equitable Treatment of Shareholders 3) Role of Stakeholders 4) Disclosure and Transparency 5) Board Responsibilities. As a result of a survey from the Institute of Directors Association, the Company was considered and rates as “Excellent” which is the highest level since 2009 to 2013. This reflects the emphasize of the good corporate governance which enhances the sustainable growth of the company. Moreover, the Company was one of ten listed companies that achieved the SET Award as Excellent in good corporate governance reporting.



According to the corporate governance survey of the year 2017 which conducted the survey both in SET and MAI, and also the criteria from this survey was adjusted and modified to

comply with the criteria of ASEAN CG Scorecard standards, the Company was considered as “Excellent” with the range of 90 – 100 from 100 points.

Year	Result of SiS Assessment	Range of Point	Symbol
2010	Excellent	90-100	
2011	Excellent	90-100	
2012	Excellent	90-100	
2013	Excellent	90-100	
2014	Very Good	80-89	
2015	Very Good	80-89	
2016	Very Good	80-89	
2017	Excellent	90-100	

Remark: There were an adjustment and an increasing in criteria of CGR since 2013 that could not compare the result to the previous years.

5) Having Qualified Employees

The Company has a reputation for having highly qualified employees who are wanted by our competitors and vendors. The Company provides efficient processes of human resource management from recruitment which is comprised of academic testing, academic score assessment, interview and references verification from the other sources, continuous training both in house and outside, training and studying abroad, compensation policy which complies with the goal, providing of working facilities, rotation, growth opportunity and career growth, fair policy to all parties, encouragement of decision making, information disclosure, wide internal communication, etc. The accumulation of these for a long term enhances the qualified and dedicated employees and they are the essential resources that will develop the Company sustainably.

6) Market Share

There are 5 large companies that are directly competed in the same business in Thailand. The other 4 companies, namely 1) Synnex Public Company Limited “Synnex” 2) VST ECS (Thailand) Company Limited “VST ECS” 3) Ingram Micro (Thailand) Company Limited “Ingram” 4) WellTech Group Company Limited “WellTech”.

In 2016, the Company had the second largest revenue and a market share of 24.5% in IT Distribution Business as follows:

Year	Synnex	VST ECS	Ingram	WellTech	SiS	Total	Market Share of SiS
2009	13,490	11,886	8,386	3,677	13,950	51,389	27.1%
2010	15,662	14,196	8,095	4,543	16,584	59,081	28.1%
2011	20,269	16,352	8,926	5,354	22,713	73,612	30.9%
2012	20,669	18,826	8,516	5,303	22,091	75,406	29.3%
2013	18,816	17,997	8,889	5,536	18,345	69,583	26.4%
2014	19,092	17,801	8,537	5,735	18,593	69,757	26.7%
2015	21,671	16,903	9,218	5,828	18,121	71,740	25.3%
2016	23,950	18,185	9,284	5,441	18,498	75,357	24.5%

Milestones of Operation in 2017

Seminars and Events

Throughout the year of 2017, the Company held seminars for both dealers in Bangkok and Provinces and attended many events. These were some pictures from seminars and events as follows:



Dealer Seminar at Had yai (ICT)



Dealer Seminar at Chiangmai (HPE)



Technology Showcase Seminar No.1 at Queen Sirikit Center



Technology Showcase Seminar No.2 at Queen Sirikit Center



Dealer Seminar - Panasonic Toughbook



Dealer Seminar - Security/Backup



Dealer Seminar - HPE PointNext



Dealer Seminar at Chiangmai



Dealer Seminar at Chiangmai (HikVision)



Dealer Seminar at Pattaya (HikVision)



Dealer Seminar at Phuket
(HikVision)



Dealer Seminar at HatYai (HikVision)



Partner's Sales Enablement at Bangkok



Dealer Seminar with - NSX/Security

Some of awards and Assessments of the year 2017

Corporate Governance

The Company was rated as “Excellent” in Corporate Governance which was assessed in the range of 90 – 100 points from 100 points from the Corporate Governance Assessment among 620 listed companies in the year 2017, conducted by the Institute of Directors Association. Since 2001, the IOD with supporting by the Stock Exchange of Thailand has been continuously surveyed 15 times. The survey results of the listed companies are presented in the Corporate Governance Report of Thai Listed Companies (CGR) and published to a listed company including those involved in the Capital Market. This report has contributed a listed company to develop the good corporate governance.



The Arrangement of the Annual General Meeting of Shareholders

The Company was rated in term of the arrangement of the annual general meeting of shareholders assessment which conducted by the Thai Investors Association. The Company received a scored of 98.5% and the average score of all listed companies for 2017 was 91.97%.



Awards from Suppliers

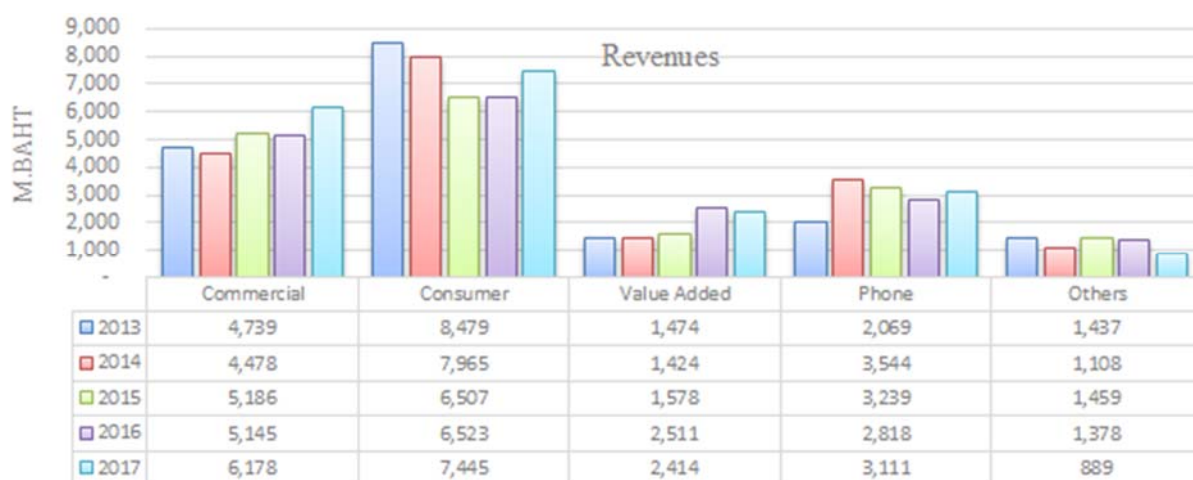
In 2017, the Company received the Suppliers' awards as to be top distributor as follows:

- Best Distributor of the Year 2017, 4 awards from Hewlett Packard Enterprise for 1) HPE Server 2) HPE Aruba 3) HPE Pointnext 4) Top Partner Coverage. It means having the highest channel coverage
- Top Distributor FY16-17, 3 awards from Lenovo for 1) Top Consumer Premium 2) Top Commercial 3) Top Consumer
- Distributor Partner of the Year FY 17 (Commercial Stock and Sales) from Dell EMC
- Top Performance Award from TrendMicro
- Top Performing Distributor from Nutanix
- Top Performer from Fuji Xerox
- Best Performance Distributor from Qnap



Revenue Structure

The Company has divided its business into 4 main business units. Each business unit has focused on different products. The details of each product group, revenues and gross profit for the past 5 years are as follows:



Revenue (Milion Baht) and Gross Profit (%) - Year 2017



Commercial Business Unit

These are general IT products which are used in business. The distribution channel are corporate reseller. This product group will grow along with the business expansion. The major product categories are as follows:

Server : HPE, Dell, Lenovo, QCT



Business PC : HPI, Lenovo, Dell



Storage : Qnap, Synology, HPE



Networking : HPE, Aurba, Zyxel



Printer/Scanner : Fujitsu, Panasonic, HP, Xerox, OKI



Consumer Business Unit

These are IT products which are used in small enterprises and households. The main distribution channel is Retail Dealer. The major product categories are as follows:

Printer : HP, Brother



Home PC : Asus, Lenovo, HP, Acer



Networking : LinkSys, D-Link, Asus, Zyxel



Monitor : Samsung, Acer, Philips, BenQ



Others : Adata, Strontium, Seagate, Qnap



Value Added Business Unit

The Value Added business unit distributes the IT products used in Data Center and required both pre-sales and after-sales services that the Company can sell after-sales services also. The type of these products are new innovative, high technology and mostly demanded by large enterprise for both private and government sectors as follows:

Private Cloud (Hyper-Converge) : EMC, Vmware, Nutanix, Sangfor



Enterprise Storage : EMC, Ambedded, SUSE ceph



Enterprise Backup : Veritas, EMC, Veeam



Security : Fortinet, TrendMicro, Sangfor, RSA

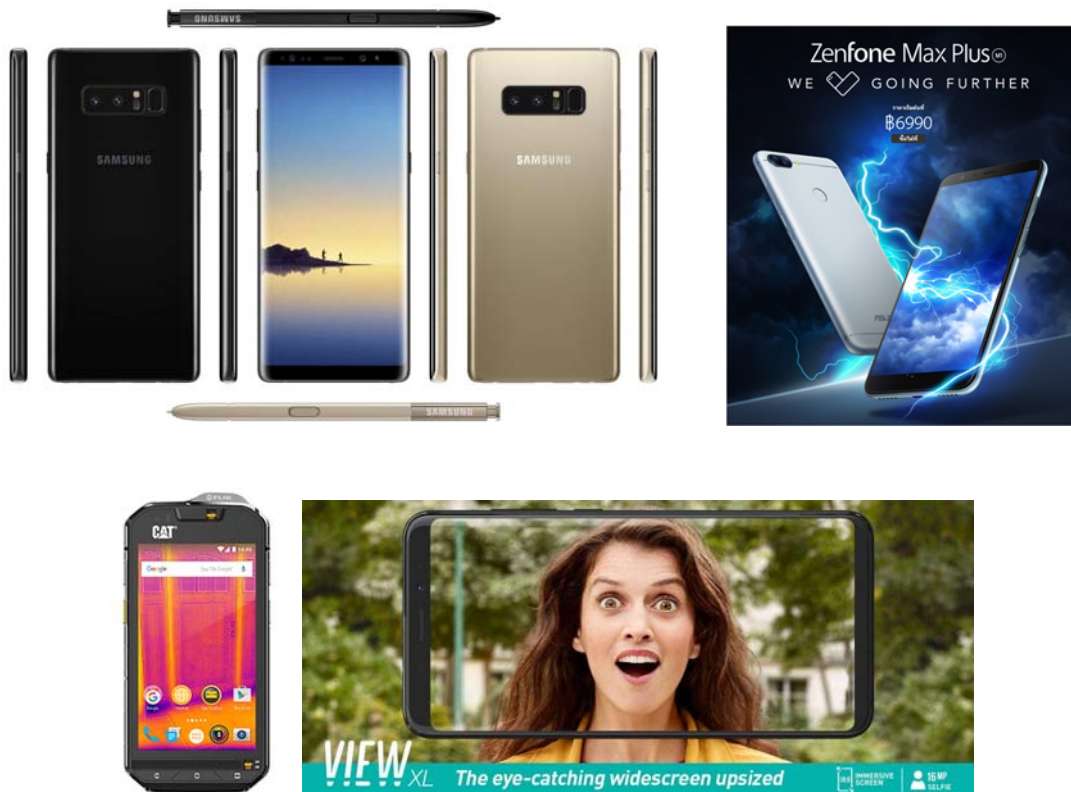


Others : SAP B1, Crystal Report, Sybase



Phone Business Unit

This business unit distributes Samsung, Asus, CAT and Wiko Smartphone. Excluding a distributor of Wiko, the Company has also invested with the manufacturer named Wiko Mobile (Thailand) Co., Ltd.



Other Business Unit

This is a business unit that takes care of new products such as CCTV, Smart Home, SiS Cloud Service, etc.



Management Discussion and Analysis

Working Capital and Financial Position at the beginning of the year

The Company has started to operate its business from the beginning of 2017 with three main capital structures for working capital use as follows : 1) Shareholder's equity of 1,709 Million Baht 2) Loans from financial institutions of 1,219 Million Baht and 3) Credit given by Trade Accounts Payable of 1,684 Million Baht. Most of them were mainly invested in credit granted to customer (Trade Accounts Receivable) and purchasing goods for sale. In the beginning of the year, there were Trade Accounts Receivable of 2,412 Million Baht and inventories of 1,718 Million respectively.

Operating Performance

The total revenues of the Company for the year 2017 was 20,156 Million Baht, an increase of 9% over the previous year. The Company has divided into business unit which each business unit has focused in different products. The revenue and gross profit of each business units are as follows:

Business Unit	2015			2016			2017			Change	
	Revenues	Gross Profit (M.Baht)	Gross Profit (%)	Revenues	Gross Profit (M.Baht)	Gross Profit (%)	Revenues	Gross Profit (M.Baht)	Gross Profit (%)	Revenues (%)	Gross Profit (%)
Commercial	5,186	216	4.2%	5,145	221	4.3%	6,178	251	4.1%	20.1%	13.6%
Consumer	6,507	309	4.7%	6,523	322	4.9%	7,445	376	5.1%	14.1%	16.8%
Value Added	1,578	200	12.7%	2,511	247	9.8%	2,414	197	8.2%	-3.9%	-20.2%
Phone	3,239	112	3.5%	2,818	92	3.3%	3,111	119	3.8%	10.4%	29.3%
Others	1,459	104	7.1%	1,378	55	4.0%	889	134	15.1%	-35.5%	143.6%
Total	17,969	941	5.2%	18,375	937	5.1%	20,037	1,077	5.4%	9.0%	14.9%

Commercial and Consumer Business Units : The revenues grew by 20% and 14% respectively over last year from large projects in 2017. In this project, they used both Commercial and Consumer products..

Value Added Business Unit : The revenues decreased slightly because sales for the year 2016 increased significantly from the government project which allowed 200% corporate tax deduction of capital expenditure spending.

Phone Business Unit : The revenues grew by 10.4% from Wiko due to more popularity. Wiko sales increased by 57% from the year 2016.

Operating Profit

In 2017, the Company's gross profit from sales and services was 1,105 Million Baht or equivalent to 5.5% of sales and services which was better than last year gross profit from sales and services at 968 Million Baht or equivalent to 5.2% of sales and services. The increase was partly from new high-profit product mix.

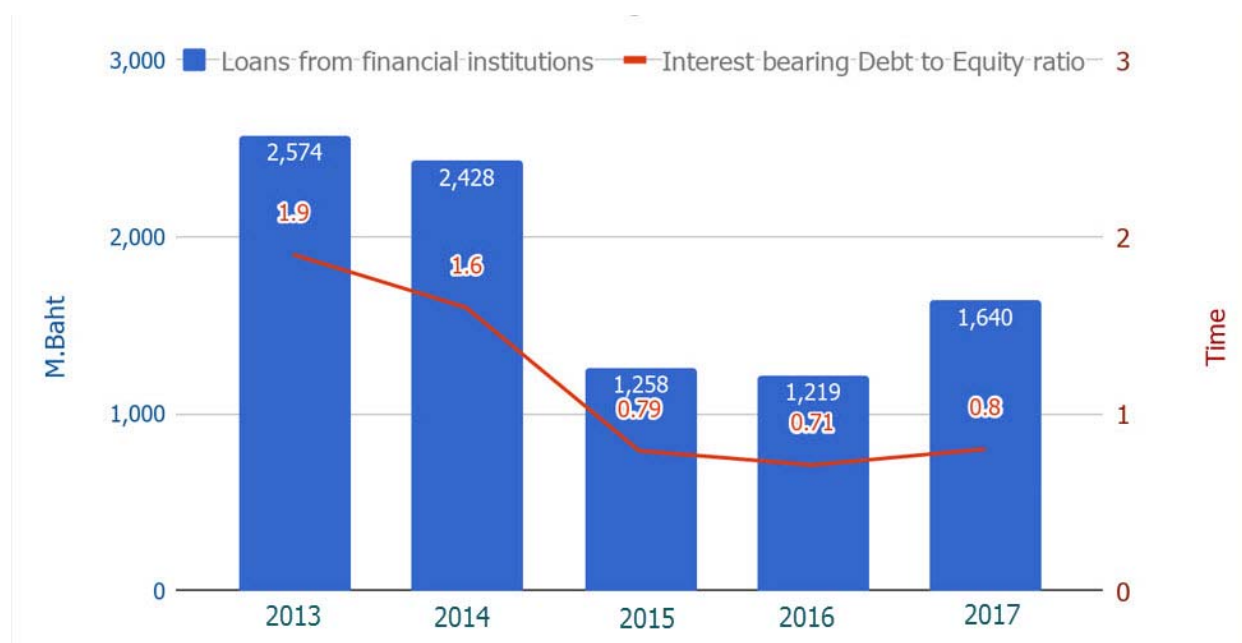
Financial Position at the end of the year

Loans from financial institutions

At the end of 2017, Loans from financial institutions was 1,640 Million Baht, an increase of 421 Million Baht from loans from financial institutions at the beginning of the year of 1,219

Million Baht. This increase was for business expansion during the year 2017, resulting in an increase in sales of 1,661 Million Baht, an increase in trade account receivables of 325 Million Baht, as well as and increase in inventories of 360 Million Baht when compared to last year.

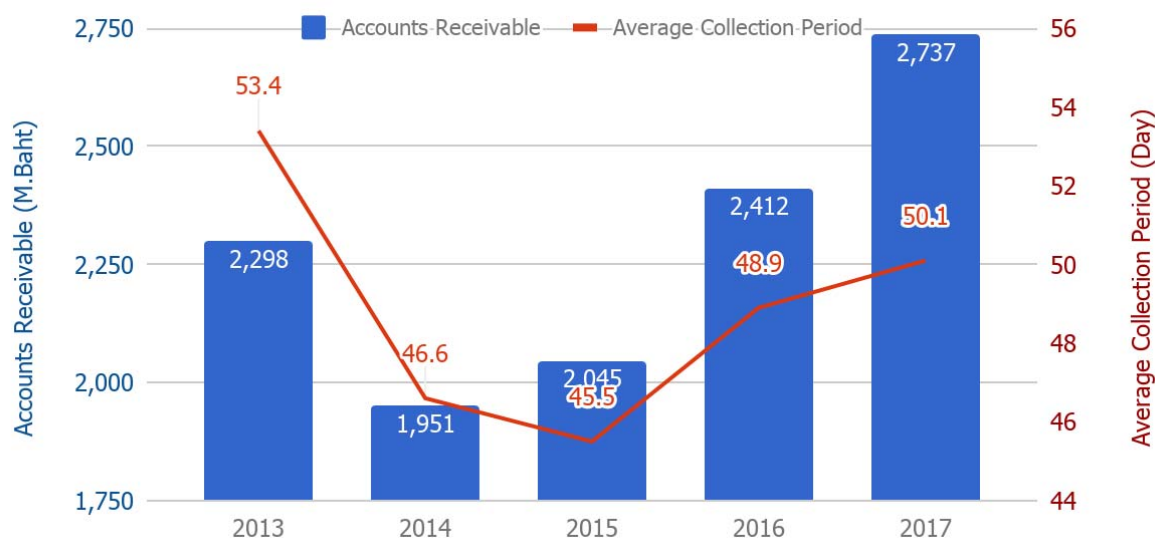
Although loans from financial institutions increased but Interest bearing Debt to Equity ratio was at 0.88 time, which was still lower than financial covenants. The Company still had enough bank credit facilities. Loans from financial institutions over the past years are illustrated as follows:



Trade Accounts Receivable

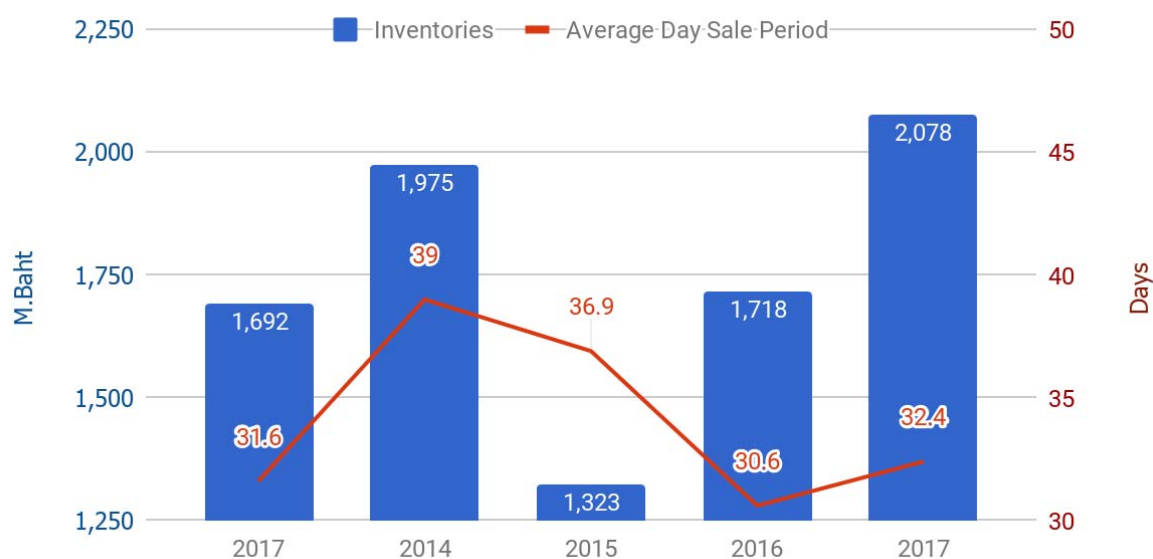
As at December 31, 2017, Net Trade Accounts Receivable was 2,737 Million Baht, an increase of 325 Million Baht from the beginning of the year which was also a normal trade receivable level because the Company's sales increased by 1,661 Million Baht from last year, especially, from the last two months sales of the year. Sales in November and December were 1,659 Million Baht and 1,930 Million Baht respectively, which led higher Trade Accounts Receivable.

Average Collection Period for the year 2017 was 49.5 days. Trade Accounts Receivable and Average Collection Period over the past years are illustrated as follows:



Inventories

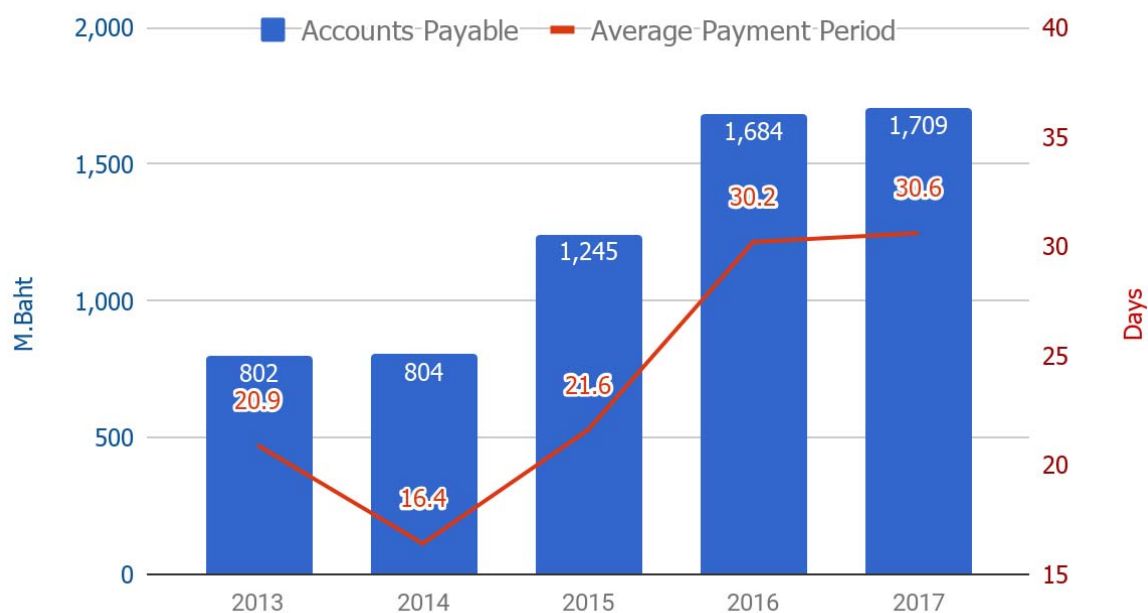
As at 31 December 2017, Inventories was 2,078 Million Baht, an increase of 360 Million Baht or equivalent to Average Day Sale Period of 34.4 days.



Trade Account Payable

As at December 31, 2017, Trade Accounts Payable was 1,709 Million Baht, an increase of 1.5% from last year or equivalent to an average payment period of 32.2 days which was standard payment period given by accounts payable.

Over the past years, Trade Accounts Payables and Average Payment Period are illustrated as below.



Cash Flows

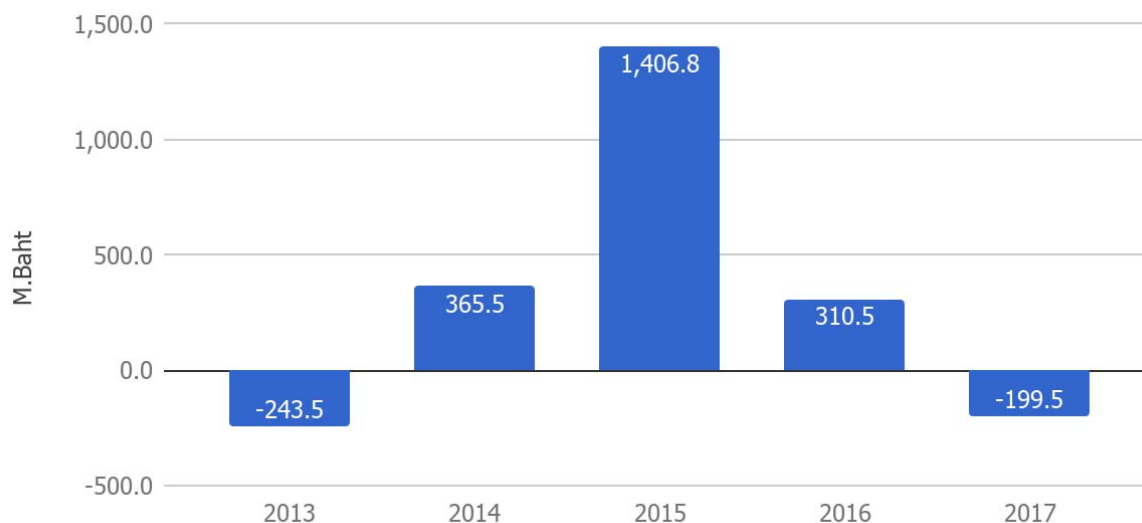
In 2017, the Company had a cash cycle of 51.7 days and decrease of cash flow from Operating Activities was 200 Million Baht.

The main items that increased cash flow from Operating Activities of the year 2017 were

- Profit for the year (after non-cash adjustments) 434 Million Baht
- Increase in Other Current Payables 200 Million Baht

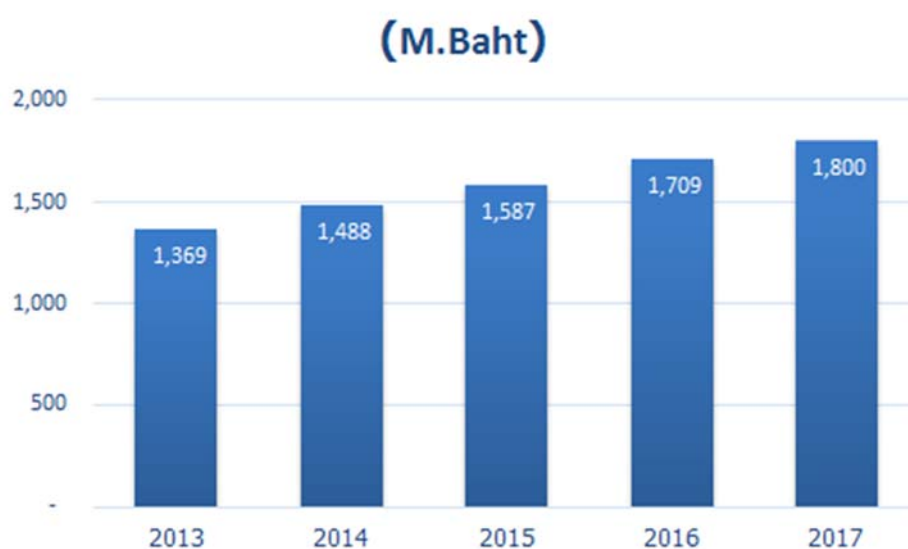
The main items that decreased cash flow from Operating Activities of the year 2017 were

- Increase in Trade Accounts Receivable 385 Million Baht
- Increase in Inventories 331 Million Baht



Shareholder's Equity

Shareholder's Equity in 2017 was 1,866 Million Baht, an increase of 157 Million Baht from last year.



Dividend Payment

In 2017, the Company had a basic earnings per share was 0.85 Baht. The Board of Directors' meeting approved to propose a dividend payment for the year 2017 from the total operating results at the rate of 0.45 Baht per share, which represented a 12.5% increase from the previous year because the Company had a better cash flow and a lower Debt to Equity. And then it will be proposed for approval from the Annual General Meeting of Shareholders for the year 2018

If the dividend payment is approved by this Annual General Meeting of Shareholders, then the total dividend payment will be 157.59 Million Baht, equivalent to dividend payout of 53.1% and dividend yield of 5.49% when compared to the closing price of February 21, 2018 (Baht 8.20) which was the day before notification the dividend payment resolution to the Stock Exchange of Thailand or equivalent to 5.63% when compared with the closing price of December 29, 2017 (Baht 8.00).

Report From Risk Management Committee

Dear Valued Shareholders

SiS Distribution (Thailand) Public Company Limited is fully aware of the importance and the necessity of risk management in terms of the satisfactory, sustainability, and continuity of performance development for the Company. As such, the Board of Directors appointed the Risk Management Committee which consists of:

1. Mr.Lim Hwee Hai (Non Executive Director as the Chairman).
2. Mr.Somchai Sittichaisrichart, (Managing Director as the Committee member and the President of Risk Management Team).
3. Mr. Sombati Pungsrinont (Executive Director as the Committee member)

The Risk management Committee now consists of non executive directors, executive directors and management team. None of the member is member of Audit Committee. This helps the Company to achieve even better corporate governance as Risk Management Committee would evaluate company risk without the perspective of Audit Committee.

All members appointed to the Risk Management Committee have a three-year term. In addition, the Risk Management Committee appointed a Risk Management Team, including Managing Director; Executive Director; General Manager and representatives from all relevant departments, to jointly develop risk management plan, risk prevention measures, and risk resolution approaches. Furthermore, the Risk Management Team developed policies, duties and roles of the relevant units and people, with respect to the risk management plan and risk assessment procedures in all relevant dimensions. All mentioned responsibilities, duties, roles, and activities of the Risk Management Plan and policy would be planned and developed to achieve the world standard procedures and practices of Risk Management.

During the year under review, the COSO Enterprise Risk Management 2013 has been adopted. COSO-ERM framework expands on internal control, providing a more robust and extensive focus on the broader subject of enterprise risk management in order to ensure both to satisfy the Company's internal control needs and a fuller risk management process.

Moreover, the Risk Management Committee has performed its duties under the Charter scopes of risk management responsibilities approved by the Board of Directors. In 2017, the Risk Management Committee held 2 meetings and provided the meeting for Risk Management Working Group 6 times to consider in the importance issues as below:

- Reviewed and approved the Enterprise Risk Management Framework which is in accordance to the COSO ERM 2013 and proposed to the Board of Directors for consideration.
- Review the assessment of significant risk in order to ensure the preventive correction and recovery plan.
- Review key performance indicators complied with the business operations, business goals, and economic situation, to achieve the business goals with minimum risk and ensure continuity of the Company's business operation.
- Followed up and monitored risk management works including the provision of the prevention plan, corrective action or mitigate the impact from risks that may occur.

The Risk Management Committee disclosed the important risks that may affect business operation and all stakeholders in the Annual Report of the Company.

To achieve the Company's efficient and effective performance, the Risk Management Committee has kept taking its activities, responsibilities, and accountabilities, complied with the risk management plan in accordance with the good Corporate Governance Principle and the law and regulations concerned by various regulating agencies. Consequently, the Risk Management Committee is confident that these policies and these all relevant practices can assure the continuity of the Company's business operation and performance, the manageability of risk control, and the weakness of potential risks.



Mr. Lim Hwee Hai
Chairman of Risk Management Committee
SiS Distribution (Thailand) Public Company Limited
March 2, 2018



Enterprise Risk Management

The company emphasize on the vital of enterprise risk management. This is because the enterprise risk management is the key to enable the sustainability and maintain the business to be sustainable growth. To cope the rapid change, the COSO Enterprise Risk Management 2013 has been adopted since 2016.

For the Enterprise Risk Management Process, there is the Risk Management Working Team which consists of Managing Director, the president of the working team, and managers are the member. The working team response for the risk management plan and assign the risk owners for each risk, also monitor and report to the Risk Management Committee.

In 2017, there is importance risks have been assessed as followings:

1. Strategic Risk

Risk from changing in business model of vendors.

Currently, There is the rapid change in technology would affected the risk in business model transformation of vendors. They might sell directly to end users. Therefore, the company aware of this risk and mitigates as followings.

- Increase value in the professional service and maximize the Value Added Commercial Business Unit. This is because this kind of business tends to grow according to the rapid change in technology, also it needs the technical consultancy together with products. In 2017, Value Added Commercial Business is still profitability.
- Expand the new business continuously such as cloud in order to gain competitive advantage and maximize the volume of customers. In 2017. Cloud Business Unit has been set up and began to launch the products and services to market.
- Increase the diversity of products and balance the sale portion from both major and minor vendors which made the sale portion of major vendors to 20% of total sales in 2017. The company believes that this can be balanced appropriately from the diversity of products.

2. Operational Risk

Risk from Technology Changes which affect inventories

Because the core products of the Company are computers and peripherals which their technologies developed rapidly, so inventory can be easily obsolete that affected the loss of the company. The Company manages inventory risk management in several ways as follows:

- **Minimum Level of Inventories Control** The Company has a policy to keep inventory level in a range of 15 – 45 days by product type. In case of products that have sale records, inventory level will be reduced to 15 days but for new coming products and unknown their demands, inventories level will be kept more but not over 45 days in order to be able to resolve in time when the market changes. The Company has inventory level in each year as shown in the table below:

	Year			
	2014	2015	2016	2017
Inventories (M. Baht)	1,975	1,323	1,718	2,078
Average Day Sale Period (Days)	39.0	36.9	30.6	34.4

- **Assignment of the Specialize Product Manager** The Company assigns Product Managers to manage its product from each vendors particularly in term of ordering, inventories management and marketing in order to having the expertise to their product. When a problem occurred, it can be resolved quickly. And also, the Company considers that the inventories management is a key performance indicator in evaluating Product Managers.
- **Data System** The Company has invested in warehouse management system of SAP ECC6, which can be provided accuracy, timely inventory information with various reports to help the efficient inventory management such as inventories aging report by items, inventories turnover by items, etc. Besides, the system can alert long aging inventories into database and allow each product manager to record the action plan to solve problems. All of this product manager and related person always receive the accurate inventory data.
- **Management** always focuses on the inventory management. Top executives has regularly conducted the meeting with Product Managers in order to review balance of inventories and inventories aging to consider the trend, change and set up the procedures to solve any issues rapidly. This is able to reduce the inventory loss. Besides, these strategies could be built as one of the Company's cultures in term of the inventories prioritization.

Risk from Competition and Low Gross Profit Margin

IT Distribution is considered as a highly competitive business and low gross profit margin while it is a huge industry so there are some competitors using low prices as a key competitive strategy. If this happens, the Company may have to reduce our price to compete and may impact the Company's performance. The Company mitigate this risk by adding more product ranges so there are various types of sales. If a problem occurs, it will affect only some certain type of products. Moreover, the Company tries to focus on the developing and promoting products that are not being in the big market but having profitable and few players to increase profit. At the same time, the Company has distributed products to over 4,600 dealers so there are consistency sales and risk diversification to many dealers. And Operating in IT Distribution requires a huge funds, there are few chance for newcomers enter into the market.

In addition, since 2012, the Company has reorganized our business structure into Business Units in order to manage different products effectively. Apart from the Business Units that focus on sales volume, the Company has set up Value Added Business Units in order to distribute high profit margin products by selling goods with services to reduce risk from price competition.

Risk from Reliance on Human Resources

The Company has to rely on a large number of specialized staff to join with, but there is a shortage of IT person now. In addition to employing experienced staff, the Company also provides continuously training to their staff. If the capable and skillful staff resign from the Company, it may impact business operations, ability to expand our business and cost increase. However, the Company has provided the appropriate compensation system to staff by varied to their abilities as well as many other actions to mitigate a risk of reliance on human resources. For example, the Company separates sale department off marketing department which allows customers contact to 2 division, Sales Team and Marketing Team. Also, the Company has improved the working system by implementing more information systems to work such as ERP system of SAP ECC6 and the Electronic Workflow of Lotus Notes. This leads to the smooth, speedy and accurate working structure with the warning system for the errors and reduce some reliance on the human resources. In Addition, the Company has set the management structure

by diversifying the responsibility to many executives and substituting the work with the similar employees' performance in many levels to support the decrease of the reliance on human resources.

Risk from Reputation and Image Perception

The influence of social media as well as other online media can spread out the news and information widely. In the event that there might be the negative talking among social media, this can affect the reputation and image of the company. To eliminate this risk, the crisis monitor has been assigned to monitor all social media consistently. Also, there is the crisis response structure to ensure the effectiveness of the crisis response.

3. Financial Risk

Risk of Foreign Currency

The Company orders some products in USD currency while those products are locally distributed in Thai Baht currency so there is a risk of foreign currency. The Company mitigates the risk by buying hedging contract at least 50% of purchase orders and has been regularly advised by the relevant authorities of the financial institutions on how much hedging contract should be taken which could be reached to 100% to cover all risks.

Risk from Trade Accounts Receivable

The Company has mostly the credited sales. Most of our dealers cannot provide collateral covering all their debts. Also, many dealers are small companies which have not much funds. If four dealers fail in management and unable to make a payment on schedule, this may affect the Company's earnings and liquidity in terms of working capital. However, the Company mitigates this risk by thorough review of financial status before granting credit to our dealers. Furthermore, the credit control department is independent from sales to ensure that the credits are considered independently. In order to lower our risk, the Company also purchase trade insurance covering some losses of debts together with setting the allowance of doubtful debts in financial statements in order to reflect debt that may not be collectable.

4. Compliance Risk

Currently, laws and regulations that related to the business are dynamic. Then, it is the risk from not compliance the laws and regulations which leads to be penalty and affected the negative image of the company. This risk is reduced by the set up of compliance unit which response for the monitoring of compliance and communicate the best practices as well as updated laws to employee.

Besides, there is the internal audit department that response for the compliance monitoring to ensure the consistency.

5. Fraud and Corruption Risk

The company realized that the fraud and corruption are the obstacle of sustainability which affect both financial and non-financial loss such as profit, penalty and reputation. The company eliminate this risk by setting up the anti-corruption policy, suppliers selection policy and zero tolerance announcement. Also, there is the review on internal control every quarter and promote whistle blower. Besides the internal audit brought this issue to be one of audit matter in the annual audit plan.

Major Shareholders

As at December 31 2017, the Company had a total of 1,759 shareholders. Top 10 major shareholders of the Company were

No.	Shareholders Name	Shareholding	% of Shares
1	SiS Technologies (Thailand) Pte. Ltd.	165,616,595	47.3%
2	Thai Alliance Co., Ltd.	58,893,875	16.8%
3	Mr.Chavalit Charaschotepinit	8,000,000	2.3%
4	Mr.Chanont Pungsrinont	7,000,000	2.0%
5	Thai NVDR Company Limited	5,957,344	1.7%
6	Mr.Vichien Srimuninnimit	4,522,000	1.3%
7	Mr. Pete Sittichaisrichart	4,430,000	1.3%
8	UBS AG LONDON BRANCH	4,246,410	1.2%
9	Synnex (Thailand) Public Company Limited	3,971,370	1.1%
10	Mr.Nattapol Songsaicholchai	3,359,200	1.0%
	Total Shares of Top 10 Major Shareholders	265,996,794	76.0%
	Total Shares	350,198,655	

Report from Remuneration and Nomination Committee

Dear Valued Shareholders

The Remuneration and Nomination Committee was appointed by the Board of Directors, has three-year period of its position and consists of 4 members; Mr.Somchai Sirivichayakul (Independent Director) as the Chairman of the Remuneration and Nomination Committee, Rojanasak Chomvilailuk, PhD. (Independent Director), Mr. Lim Hwee Hai (Non-executive Director) and Mr. Somchai Sittichaisrichart (Managing Director) as the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee has duties as assigned in the charter and with careful consideration in remuneration and nomination of the Board of Directors and sub-committees, provides reasonable advices to the Board of Directors. In year 2017, there are 2 annual meetings which the Remuneration and Nomination Committee had attended to consider following aspects:

1. To consider and evaluate the performance of the Company, and results of its operations by comparing goal and business plan of the year 2017 to make decision on remuneration for executive directors that is consistent with the result of evaluation. These also include reviewing the remuneration of Directors and Sub Committees for the year 2018. The Remuneration and Nomination Committee has agreed to use the same compensation scheme as 2015 in terms of retaining fee and attendance fee but has adjusted the policy to provide the director incentives by accommodating the Company-profit performance of that year to meet obligations and requirements that are set by regulatory agencies and in line with responsibilities to shareholders and stakeholders. Detail of the actual remuneration for the directors and senior management in the year 2017 is set out in Annual Report 2017 individually. For remuneration policy of Board of Directors and Committees in 2018, the relevant schemes would be detailed in the Notice of Annual General Meeting of Shareholders.
2. To consider the succession plan which has been operated continuously since 2010, the Remuneration and Nomination Committee has prepared a list of internal candidates to be a successor for the position of Executive Director with analysis of candidate's potential, capabilities, strengths and weaknesses. From this candidate list, the Company will prepare necessary knowledge and skills development programs for each candidate to ensure the Company's competitiveness and continuous sustainability in the market. In 2017, there will be the retirement of one of top management, therefore the Company conducts the potential development project of middle management which comprises of business skill development and English skill development since the beginning of the year 2015. This is to develop the new generation to be the middle management, including the determination the qualification of successors of all levels of management in order to further recruit the human resource both internally and externally.
3. In 2017, there were 2 directors resigned from thier position. There were Mr. Suwit Chindasanguan, Chirman, Independent Director, Audit Committee and Chairman of Corporate Governance Committee due to the re structurizing of the shareholders, also Mr. Sombati Pungsrinont, Executive Director due to retirement. Therefore, the Remuneration and Nomination Committee has reviewed the list of candidates who are qualified according to the charter as well as qualification defined by SET and SEC in order to

propose to the Board of Directors to replace the vacancy. The Board of of Directors Meeting No. 6/2018 on December 16, 2017 has the resolution to elect Mrs. Lim Hwee Noi to replace the directorship position of Mr. Sombati Pungsrinont and appoint Mr. Lim Kiah Meng to be the Chairman to replace the position of Mr. Suwit Chindasanguan. For the vacancy of the independent director, it was in nomination process and it would be appoint in February 2018. (The Remuneration and Nomination Committee had the resolution to propose Mr. Panuwat Chalongkuamdee to be the Independent director, Audit Committee, Chairman of Corporate Governance Committee which was to be replaced the position of Mr. Suwit Chindasanguan, also the Bord of Directors Meeting No. 1/2018 had the resolution to elect Mr. Panuwat from February, 22 2018 onwards.

4. In the year 2018, there will be 3 directors that are retired by rotation, namely Mrs. Lim Hwee Noi (replace the directorship poition of Mr. Sombati Pungsrinont), Mr. Panuwat Chalongkuamdee (replace the independent directorship position of Mr. Suwit Chindasanguan) and Mr. Lim Kia Hong. The Remuneration and Nomination Committee had offered the opportunity for shareholders to nominate candidates to the Board of Directors which would be elected by the rules and in duration of the Company report news via the Security Exchange of Thailand from November 29, to December 31, 2018 for the Board of Directors consideration and this will be proposed to the Annual General Meeting of Shareholders in 2018. However, there is no candidate nominated by shareholders. The Remuneration and Nomination Committee, then decide to recommend Directors who retire by rotation being re-elected to the position for another term, as they are eligible and not prohibit by the rules.
5. In year 2014, the Company had prepared the Actuarial Valuation Report Post-Employment Benefit in accordance with Thai Accounting Standard 19 (TAS19) for the year ending 31 December 2014 which has to be reviewed every 3 years and already audited by the independent auditor and included in the financial statements. There is re-evaluation in 2017, however, there will be effective in 2018 onward.
6. The Remuneration and Nomination Committee has reviewed the compensations of 8 executives in the second line next to the Executive Directors and has the opinion that the remuneration of those executives in second line be in line with the same level of the industry.

The Remuneration and Nomination Committee recognizes the importance of maximizing shareholder value, including those related parties. The committee ensures performing its duties with caution, fairness, and transparency in determining the remuneration of directors and committees. To increase motivation for operations to work continuously make an outstanding performance to the Company.



A handwritten signature in blue ink, appearing to read 'Somchai Sirivichayakul'.

Mr. Somchai Sirivichayakul
Chairman of Remuneration and Nomination Committee

March 2, 2018

Remuneration of Directors and Executives

Remuneration of Directors

The Company has clearly and transparently defined the remuneration policy of directors and executives. There is an additional remuneration for increased workload. The remuneration of the company is set at the same level as the industry and suitable for qualified directors. The directors' remuneration is classified as follows:

Monthly Retaining Fee of the Board of Directors

The Chairman of the Board of Directors shall receive a monthly allowance of 36,000 Baht. Other directors (except Managing Director and Executive Director because both of them already receive salary from the company) shall receive a monthly allowance of 18,000 Baht.

Monthly Retaining Fee of the Audit Committee

The Chairman of the Audit Committee shall receive a monthly allowance of 32,500 Baht. Other Audit Committee shall receive a monthly allowance of 25,000 Baht.

Attendance Fee of the Board of directors

Directors attending the Board of Directors that held every quarter shall receive an attendance fee of 22,000 Baht. The Chairman of the Board shall receive an attendance fee of 33,000 Baht.

Attendance Fee of the Audit Committee

Audit Committee attending the Audit Committee meetings that held every month shall receive an attendance fee of 10,000 Baht. The Chairman of the Audit Committee shall receive an attendance fee of 15,000 Baht.

Attendance Fee of the Remuneration and Nomination Committee

Remuneration and Nomination Committee attending the remuneration and nomination committee meetings shall receive an attendance fee of 22,000 Baht. The Chairman of the Remuneration and Nomination Committee shall receive an attendance fee of 33,000 Baht.

Attendance Fee of the Risk Management Committee

Risk Management Committee attending the Risk Management committee meetings shall receive an attendance fee of 22,000 Baht. The Chairman of the Risk management Committee shall receive an attendance fee of 33,000 Baht.

Attendance Fee of the Corporate Governance Committee

Corporate Governance Committee attending the Corporate Governance Committee meetings shall receive an attendance fee of 22,000 Baht. The Chairman of the Corporate Governance Committee shall receive an attendance fee of 33,000 Baht

Special Bonus

The special bonus will be paid to non-executive directors once a year in accordance with their performance. This will be considered by the Remuneration and Nomination Committee as stated in the criteria.

In 2017, the shareholders approved the total budget which is not over 7.5 Million Baht as the remuneration to directors. The actual payment was 6,496,500 Baht. Also, there will be proposed the remuneration of the year 2018 which is not over 8 Million Baht, increase by 500,000 Baht, to the Annual General Meeting of the Shareholders in 2018 in order to approve this budget. Nevertheless, the remuneration of each director in 2016 is presented in the following table:

Name/Position	Monthly Retaining Fee		Attendance Fee					Special Bonus	Total
	Board	Audit	Board	Audit	Remuneration and Nomination	Risk Management	Corporate Governance		
Mr.Suwit Chindasanguan (1) - Independent Director - Audit Committee - Chairman - Chairman of Corporate Governance Committee	414,000	300,000	132,000	117,000	-	-	66,000	1,020,000	2,049,000
Mr.Somchai Sirivichayakul - Independent Director - Audit Committee - Chairman of Remuneration and Nomination Committee - Corporate Governance Committee	207,000	300,000	110,000	127,000	99,000	-	44,000	495,000	1,382,000
Asst. Prof. Dr.Rojanasak Chomvilailuk - Independent Director - Chairman of Audit Committee - Remuneration and Nomination Committee - Corporate Governance Committee	207,000	390,000	110,000	190,500	66,000	-	44,000	495,000	1,502,500
Mr.Lim Kiah Meng (1) - Director	207,000	-	110,000	-	-	-	-	-	317,000
Mr.Lim Kia Hong - Director	207,000	-	110,000	-	-	-	-	-	317,000
Mrs.Lim Hwee Noi - Director	18,000	-	22,000	-	-	-	-	-	40,000
Mr.Lim Hwee Hai - Director - Remuneration and Nomination Committee - Chairman of Risk Management - Corporate Governance Committee	207,000	-	110,000	-	66,000	66,000	44,000	-	493,000
Mr.Somchai Sittichaisrichart - Managing Director - Remuneration and Nomination Committee - Risk Management Committee - Corporate Governance Committee	-	-	110,000	-	66,000	44,000	44,000	-	264,000
Mr.Sombati Pungsrinont - Executive Director - Risk Management Committee	-	-	88,000	-	-	44,000	-	-	132,000

Remark : Mr.Suwit Chindasanguan resigned from the Company on December 12, 2017 and the Board of Directors had a resolution to appoint Mr.Lim Kiah Meng to be Chairman on December 15, 2017.

Remuneration of Managing Director and Executive Director

The remuneration committee has defined the remuneration of Managing Director and Executive Director based on the assessment in each year. This assessment is classified as 2 categories as Financial and Strategic Goals (65%) and Non Financial Goals and Other Key Performance Indicators such as Corporate Governance, Operational Efficiency and Planning, Public Relation and Others, etc. (35%). This is comparable to the Company's target and the industry.

For the remuneration of Executives, it is determined by the Managing Director and it will be reported the total remuneration to the Remuneration and Nomination Committee as well as it is disclosed in the annual report, in the Remuneration of Executives Section.

Management Remuneration

The Remuneration of Executives of the year 2017 was paid in form of salary, quarterly bonus and yearly bonus, totally 75.1 Million Baht. The list of Executives as below:

- | | |
|------------------------------------|---|
| 1) Mr. Somchai Sittichaisrichart | Managing Director |
| 2) Mr. Sombati Pungsrinont | Executive Director |
| 3) Ms. Ploy Sittichaisrichart | Assistant Managing Director |
| 4) Ms. Wareeporn Sittichaisrichart | Operation Manager |
| 5) Ms. Suwathip Pornsuwannapha | Financial Controller |
| 6) Mr. Thana Thanapase | General Manager, Consumer Business Unit |
| 7) Mr. Kakkanan Kanunghead | General Manager, Phone Business Unit |
| 8) Mr. Monton Mungkornkarn | General Manager, Commercial Business Unit |

Management Provident Fund

The contribution of the Provident fund of management in the year of 2017 was 2,143,848 Baht. However, Management have to have working period more than 2 years then they can receive some of this contribution. Also, they will receive in fully amount of the contribution after they have working period more than 5 years as follows:

Working Period	Rate of Refund in Contribution
Less than 2 years	Refund only the employee contributions and benefits from the fund
2 – 3 Years	Refund the employee contributions and 20% of company contributions together with benefits from the fund
3 – 4 Years	Refund the employee contributions and 40% of company contributions together with benefits from the fund
4 – 5 Years	Refund the employee contributions and 70% of company contributions together with benefits from the fund
More than 5 Years	Refund the employee contributions and 100% of company contributions together with benefits from the fund

Employees

The Company employs precisely 588 employees (exclusion of Management), they are classified as the company's employees of 468 person and the remaining is outsourcing employees of 120 person. This can illustrate as the figure in the table below:

Department	SiS	Outsource	Total
Sales (no. of employees)	195	77	272
Products/Marketing (no. of employees)	108	0	108
Finance/Credit (no. of employees)	25	0	25
Warehouse (no. of employees)	26	36	62
Technical Support (no. of employees)	45	0	45
Service (no. of employees)	35	0	35
Others (no. of employees)	34	7	41
Total (no. of employees)	468	120	588

Provident Fund of Employee

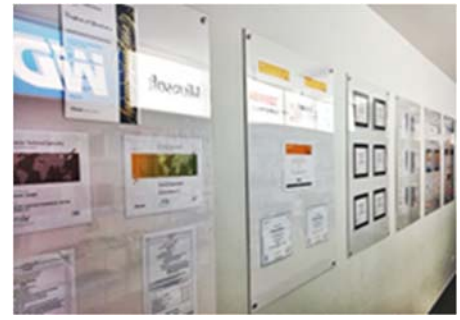
The contribution of the Provident fund of 437 employees in the year of 2017 was 9.64 Million Baht (Including management). However, employees have to have working period more than 2 years then they can receive some of this contribution. Also, they will receive in fully amount of the contribution after they have working period more than 5 years as follows.

Working Period	Rate of Refund in Contribution
Less than 2 years	Refund only the employee contributions and benefits from the fund
2 – 3 Years	Refund the employee contributions and 20% of company contributions together with benefits from the fund
3 – 4 Years	Refund the employee contributions and 40% of company contributions together with benefits from the fund
4 – 5 Years	Refund the employee contributions and 70% of company contributions together with benefits from the fund
More than 5 Years	Refund the employee contributions and 100% of company contributions together with benefits from the fund

Human Resource Development

The Company has a policy to encourage employees to develop their knowledge, potential and ability in their career paths as well as good attitude, growing together with the Company through a self-learning system, trainings and seminars.

In 2017, the Company employs 4 sales trainers and 4 senior product managers who are responsible for product marketing training. Additionally, the Company hired 1 external trainer throughout the year for project sales training as well as sales training to major customers. The Company also contacted lecturer from outside to arrange courses for sales manager and potential employees to become sales manager in the future in order to plan for these employees to practice and continue to grow in their career path.



In addition, the Company provides English course to enhance English skills with native teachers and also introduced the E-learning system to employees for learning and testing on their own through a smartphone or PC and this is the one of key performance indicator to evaluate employees.



In addition to the internal training, the Company provides training course according to Vendor's specifications. After passing the test, the Company provides the space to display its certificates in order to encourage employees to develop their knowledge.

The Company has large meeting room that can hold more than 300 staff and lots of small and medium meeting rooms with the facilities that enhance the efficiency of meetings. In addition, the company provides an orientation, a “mentor” system for new employee and defines training budget every year. There are both internal training which directly related to their fields and other trainings from outside speakers to educate our staff.

In 2016, the average hour of training was 24.8 hours a year per person.



Report from Corporate Governance Committee

Dear valued Shareholders

The Corporate Governance Committee is comprised of Mr. Suwit Chindasanguan who is the Chairman of Corporate Governance Committee, Mr. Lim Hwee Hai, Mr. Somchai Sirivichayakul, Assist. Prof. Dr. Rojanasak Chomvilailuk, and Mr. Somchai Sittichaisrichart as the committee. The duties and responsibility of the Corporate Governance Committee are determining the good corporate governance policy and reviewing as well as evaluating the policy, ethics, including code of conducts, laws and regulations compliances in order to provide the best practices of corporate governance to the Company.

In 2017, the Corporate Governance Committee arranged 2 meetings and these meetings were attended completely by all members to perform the duty as conclude as followings:

1. Review and propose the Corporate Governnace Policy. The Corporate Governance Committee has reviewed the Corporate Governance 2017 which recommended by SET and SEC. The committee realized on the improvement of the new code in order to maintain the sustainability and transparency of the company. Besides, the committee has reviewed the code of conduct, corporate governance policy, anti corruption policy, other related policies and the corporate social responsibility to ensure the good corporate governance of the company which comply to the accepted standard and the regulators.

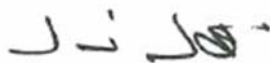
2. Promote the Good Corporate Governance to Director, Management and Employee. The Corporate Governance Committee has communicated the code of conduct, corporate governance policy, anti corruption policy and other related policies to management and employee. These policies and practices also has been brought to the courses on E-Learning for management and employee. Moreover, the Company has appointed the department to provide consultancy of compliance.

Significantly, the Corporate Governance Committee emphasizes on the Anti-Corruption which is the obstacle of the sustainable growth of both business and government sectors. After the declaration of intent to Thailand's Private Sector Collective Action Coalition Against Corruption, the Corporate Governance Committee has continuously considered and reviewed the procedure and practices to eliminate and monitor fraud and corruption and the Company has been certified as the certified company of Thailand's Private Sector Collective Action Coalition Against Corruption since 22 January 2016.

The Corporate Governance Committee also realizes in the best practices of the good corporate governance comprising of 5 categories: Right of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency and the Responsibilities of the Board, these are reviewed every year. According to the Corporate Governance assessment of listed companies of the year 2017 which conducted by the Thai Institute of Directors (IOD) together the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC), the Company is considered as Excellent in Corporate Governance. This is indicated the intention of the Company in operating the business, complying with the good corporate governance. Nevertheless, the Company will continue improve and develop the best practices in order to grow continuously and sustainably.

Nevertheless, Mr. Suwit Chindasanguan resigned from the board due to the restructurization of shareholders effected from the voluntary offer (common share) then the Remuneration and Nomination Committee proposed Mr. Panuwat Chalongkuamdee, the candidate of Indipendent Director, to the Board in order to consider and appoint. The Board of Director Meeting had the resolution to appoint Mr. Panuwat to be the Independent Director, Audit Committee and the Chairman of Corporate Governance Committee to maintain the continuous effectiveness of the Board and the Committees.

I, as the Acting Chairman of Corporate Governance Committee has reported to valued shareholders as above. Also, the Corporate Governance committee would perform the duty which rely on the charter and comply the good corporate governance in order to maintain the ethics of business for shareholders as well as stakeholders.



Assit. Prof. Dr. Rojanasak Chomvilailuk
Acting Chairman of Corporate Governance Comm
March 2, 2018



Corporate Governance Report

The Company is committed to operating our business with high ethical and environmental standards, fulfilling our corporate social responsibility, maintaining good corporate governance, opposing the infringement of intellectual properties and copyrights, fostering a transparent internal system which helps to prevent corruption, and to adopt Sufficient Economy Philosophy. In order to succeed in sustainable operational business, the Company encourages all employees to adopt good corporate governance to comply with the Principles of good corporate governance for Listed Companies provided by Stock Exchange of Thailand (SET) and to report the items with its reason that has not yet compiled as followings:

Rights of Shareholders

The Company recognizes the rights of the shareholders that shareholders own the company, controlling it by appointing the board of directors to act as their representatives. Shareholders are eligible to make decisions on any significant corporate changes. Basic shareholder rights include the right to buy, sell, or transfer shares, share in the profit of the company, obtain relevant and adequate information on the company in a timely manner and on a regular basis, participate and vote in shareholder meetings to elect or remove members of the board, appoint the external auditor, and make decisions on any transactions that affects the company, such as dividend payment, amendments to the Company's articles of association or bylaws, capital increases or decreases, or the approval of extraordinary transactions. Shareholders should be fully informed of the criteria and procedures governing shareholder meetings. Sufficient information regarding the issues to be decided in each agenda item should be provided in advance of the meeting. Shareholders should be able to query directors both in the meeting and by sending their questions in advance. Shareholders should also be allowed to propose agenda items and vote by proxy. The Company respects to benefits of all Shareholders and treats them equally as follows:

- To operate efficiency and carefulness to maintain sustainable growth, promote good corporate culture and provide appropriate return of short term and long term investment. These are stated in one of the main objectives of the Company.
- Disclose material information which is necessary for decision transparently, clearly and timely on company's website and Stock Exchange of Thailand.
- Promote all shareholders, including institutional shareholders to attend the meeting. The invitation letter was posted in prior the meeting date more than 21 days and published on company's website more than 30 days. Also, the venue of the meeting is convenience and scheduled before the meeting date 2 months. In 2017, the company held the annual general meeting at The Emerald Hotel, located on Ratchadaphisek Road, which all transportation are reached.
- Shareholders who are unable to attend the meeting, they can be appointed other person, independent directors or to act as a proxy holder and vote on behalf of them. For institutional investors or foreign shareholders, the company also facilitate on the document that shall present in the meeting.
- Promote the equitable treatments to shareholders in questions and suggestions. Also, the company emphasized on suggestions from shareholders.
- To provide the opportunity for Shareholders to query about the operation's results of the Company. In 2017, shareholders sent their query about the operation via e-mail and telephone several times and the Company replied all query as well as the opportunity for Shareholders, Analyst to meet with the Executives.

- To provide the opportunity for Shareholders to submit questions relating the agenda for AGM prior to the Annual General Meeting of Shareholders via company's web site named www.sisthai.com under section "Submission of Questions prior to the Annual General Meeting of Shareholders" and to allow the shareholders to access the guidelines of Submission of Questions items also.
- In the Annual General Meeting of Shareholders No.1/2017, all directors and Accounting and Finance Manager and Company Secretary attend the meeting.
- In the Annual General Meeting of Shareholders No.1/2017, the Directors completely answer all inquiries of shareholders.
- The company provide the lawyer to be the witness of voting and counting in the Annual General Meeting of Shareholders.
- To provide computer system to facilitate registration and print the voting card for each agenda. Before start the meeting, the Chairman will explain the voting method and vote counting which the Company uses the computer to help in vote counting and summarize the result clearly in the meeting and then report result to public in the next working day.
- Shareholders could request for the confidential voting in the event that at least 5 shareholders request and the meeting approve this request.
- During, the Annual General of Shareholders Meeting No.1/2017, the agenda was considered consequently. Also, there was no other extra agenda.
- The Chairman of the meeting will allot sufficient time to encourage shareholders to express their opinions and ask questions. Information about the items on the each agenda item of meeting and the resolutions, the suggestion and the recommendation will be completely recorded.
- The minutes of meeting was disclosed on the company's website and submit to SET after the meeting was completed.
- The minutes of meeting was recorded accurately which consists of lists of directors attended the meeting, procedure of voting, result of voting and questions from shareholders as well as the answer from directors.
- To facilitate investors and others who are interested in investment with the Company to get accurate company's information timely, there is the Investor Relations Department to help them with correct information and fast service. There is also "Investor Relations" page in the company's website at www.sisthai.com to provide useful information. The Investors can send the suggestions or inquiries via email at investorinfo@sisthai.com.
- The Company has governance and monitor in usage of inside information and stipulated the Managements have the responsibility to reporting the change of securities holding to SEC under the Securities and Exchange Act B.E.2535. All employees are prohibited to disclose all inside information to outside person or not related person because the Company has operated the business with disclosure of information to all employees throughout. In addition, since the Company always discloses all the information concerning to its operation to the employees, thus, the Company warned all employees to stop their share trading at the end of each quarter till the Company submitted its operating results to the SET. From 2014 onwards, Directors and Managements have to inform the Board of Director 1 business day in advance for the buying and selling the Company's securities before trade date.

Dividend Policy

The Company has a policy to pay dividends at a rate of approximately 40% of net profit after tax and legal reserve. The Board of Directors has the authority to exempt or change such policy at any time under such conditions that having to maximize benefits to shareholders such as reserve for loan repayment, investment to expand our business or significant change in the market which may affect the Company's Future cash flows.

The Company has not determined the ratio of dividend payout of subsidiaries to the Company which its dividend payments are subject to our performance in each year.

Equitable Treatment to Shareholders

The company emphasized on the responsibility in equitable treatment to shareholders, including institutional shareholders and foreign shareholders in order to be treated fairly and equitably as followings:

- To provide the opportunity for Shareholders to propose matter to be included as an agenda of Shareholder meeting and propose the candidates to be elect to be the directors via the Company's website under Investor Relations section >> shareholder information >> proposal for AGM agenda and propose candidate to be the directors. The Shareholders can find the guidelines, procedures and submit form at the Company's website or e-mail to investorinfo@sisthai.com

For the Annual General Meeting of Shareholders 2018, the company provide the opportunity for shareholders, including the institutional shareholders to propose the meeting agenda and the candidates to be elect to be directors between November 29, 2017 to December 31, 2018. The opportunity was disclose on the company websites and SET.

The shareholders who have fully qualification under above criteria have to fill out the "Proposed Agenda for 2018 AGM Form" with sign his/ her name and attach evidences of shares holding and other supporting document for the Board consideration and submit to the Company via registered mail within 31 December 2017. In case of several shareholders combined propose an agenda, each of them must fill out the "Proposed Agenda for 2018 AGM Form" and sign their name as evidence separately and gather to submit into one set. The shareholders have to fill out a name of contact person in form. When the Company contacts the appointed contact person, it shall be deemed that the Company contacts all shareholders. Shareholders have to make one proposal form per one agenda and submit all documents to the Company in following address Company Secretary 9 Pakin Building, 9th Floor, Room No.901, Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400. The Company Secretary shall propose the proposal of shareholders to Independent Director for primary consideration and will notify the results in February 2018. For the proposal which pass the criteria, the company secretary will propose to the Board meeting for acceptance, any matters, under acceptance and approval by the Board, will be included as agenda in the AGM in invitation letter together with the Board's suggestion. There was no shareholders propose the meeting agenda for 2018.

Shareholders eligible to nominate the person for election as the Company's direction must have the following qualifications. They shall be the company's Shareholder, by one shareholder or several shareholders combined who have held shares not less than 3 percent of total shares with voting right. Also, the shareholders must have fully qualification according to criteria 1. and continuously held shares for a period not less than 12 (twelve) months from the date of holding such shares to the date of nominating the person.

In case of several shareholders combined propose an agenda, each of them must fill out the “Nomination of Qualified Candidate for Director Election for 2018 AGM Form” and sign their name as evidence separately and gather to submit into one set. The shareholders have to fill out a name of contact person in form. When the Company contacts the appointed contact person, it shall be deemed that the Company contacts all shareholders. Shareholders have to make one nomination form per one candidate and submit all documents to the Company in following address Company Secretary 9 Pakin Building, 9th Floor, Room No.901, Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400. The Company Secretary shall propose the proposal of shareholders to Independent Director for primary consideration and will notify the results in February 2018. The proposal which pass the criteria, the company secretary will propose to the Board meeting for acceptance, any matters, under acceptance and approval by the Board, will be included as agenda in the AGM in invitation letter together with the Board’s suggestion. There was no shareholders propose the candidates for 2018.

- To provide the opportunity for the shareholders to submit questions relating the agenda for AGM prior to the Annual General Meeting of Shareholders via company’s website named www.sisthai.com under section “Submission of Questions prior to the Annual General Meeting of Shareholders” and to allow the shareholders to access the guidelines of Submission of Questions items also.
- To comply with the Corporate Governance, the Company requires all executives and directors to disclose and report the sale and purchase of Company shares to the Board of Directors Meeting by add the issue of sale and purchase in one of quarterly agenda. From 2014 onwards, the Company increases the regulation for directors and executives to be informed sale and purchase the Company’s securities to the Board of Director 1 business day in advance before trade date.
- The Company has a policy to prohibit Directors, Managements, and all employees use the internal information about financial statement and operation information, which has not yet been disclosed to the public as information for their securities trading including their other own benefits. The Company informed the Directors, the managements as well as spouses and children of immaturity and related person under section 258 of the Securities and Exchange Act B.E.2535 to understand the obligation to report their own securities holding of the Company including the changes of securities holding to the SEC within three days under Section 59 and penalties under Section 275 of the Securities and Exchange Act B.E.2535, the activity above also must be reported in the Annual Report of the Company.
- the Company promoted to other employees do the same approach with the Executives to stop their securities trading before the financial statement has been disclosed to the public. During this period, if the employees need to buy or sell their securities, they have to inform and approve by Compliance before trading. To remind employees, the Company sends e-mail to all employees to aware of this guideline in every quarter.
- At the Board of Directors meetings, if any of Directors has conflicts of interest concerning with any agenda, he will leave the meeting before commences for independent discussion.
- The Company determines that all directors and executives are required to report all interests of their own or other related persons which its interest is related to its management affairs of the Company or its subsidiaries. In order for the Company having conflicts of interests’ information that may lead to take the interests of the Company and its subsidiaries in accordance with the announcement of the Capital Market Commission Th.No. 2/2009, the

Company determines that the Company Secretary is responsible for filing a report in conflicts of interest at Head Office and submit a copy of the report to the Chairman of the Boards and the Audit Committees within 7 days of receiving notice from reporter.

- The Company determines that all directors and executives are required to report all interests of their own or other related persons which its interest is related to its management affairs of the Company or its subsidiaries. In order for the Company having conflicts of interests' information that may lead to take the interests of the Company and its subsidiaries in accordance with the announcement of the Capital Market Commission Th.No. 2/2009, the Company determines that the Company Secretary is responsible for filing a report in conflicts of interest at Head Office and submit a copy of the report to the Chairman of the Boards and the Audit Committees within 7 days of receiving notice from reporter.

Role of Stakeholders

The Company recognizes the right of all stakeholders and set the Company's Policy to treat each group equally and appropriately as follows:

1. Shareholders

The company realized that the shareholders are the owner of the company. Therefore, the company emphasized on the right of shareholders and the equitable treatment of shareholders. Besides, Board of Directors, Management and employee is necessary to comply the code of conduct and the good corporate governance in order to ensure the benefits of shareholders and sustainability.

2. Employee

The Company recognizes the importance of employees that have contributed to the prosperity of the Company and has a policy to stipulate the Security Policy for employees and increase their knowledge and develop their ability. The Company provides the opportunity for employees to work in jobs that they are passionate about, encourages them to increase their responsibility, authorizes them the power of decision under the rules that can be audited, provides the opportunity to work at various job and pays all remuneration according to their ability. The practices are as follows:

A. Employee Safety, healthy and work environment

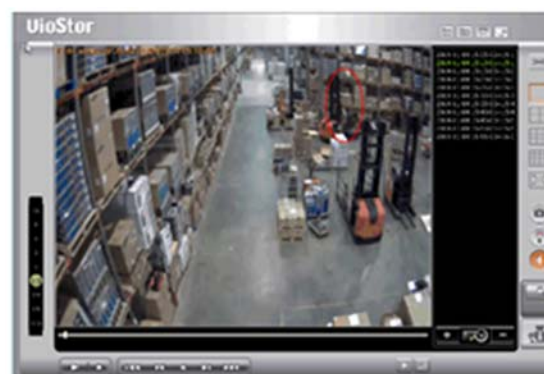
I. Safety at Work

The Company provides safety systems in terms of a safe workplace for employees and a selection and purchasing of high quality equipment to increase safety in their workplace. The Company also provides database named "Accident" in Lotus Notes/Domino to keep a record of all accidents that occurred in order to track problems and find solutions to solve and prevent it from happening again systematically. In 2017, there were 6 accidents, however there was no damage on properties and no casualties.



แบบฟอร์มรายงานการเกิดอุบัติเหตุ

เลขที่การเกิดอุบัติเหตุ:
 วันที่เกิดอุบัติเหตุ: 31-05-2014
 เวลาเกิดอุบัติเหตุ:
 สถานที่เกิดอุบัติเหตุ:
 จำนวนผู้บาดเจ็บ: 0 คน
 จำนวนผู้เสียชีวิต: 0 คน
 สาเหตุการเกิดอุบัติเหตุ: PHE-6PA7355/67 2.1 speaker 50W RMS Speaker driver: 2.75 นิ้ว x 4 เซลล์
 อุปกรณ์ที่เกี่ยวข้อง:
 อุปกรณ์ที่เกี่ยวข้อง: 5248 คน
 อุปกรณ์ที่เกี่ยวข้อง: 5248 คน
 Attach File:



Year	Number of Accident	Results
2016	2	Accidents occurred during the receipt of goods and the Vendors were responsible for the costs incurred because it is the responsibility of sender. There was no injury incurred, only damage to property.
2017	6	They were the minor accidents, occurred during the picking in the warehouse but there was no damage on properties and no casualties.

II. Minimize fire risks

Change in working procedures to minimize fire risks. For example, checking all devices to prevent overloading electrical circuits, properly storing of hazardous materials, providing smoking area and no smoking in warehouse and office, etc.

III. Emergency Plan

Participating in an annual fire drill held by the landlord in preparation for disasters such as fire, training how to use fire extinguishers on a regular basis as well as assigning responsible persons in case of emergency and ensuring that no obstruction at the emergency exits.

IV. Personal Hygiene

The Company has a policy to provide good basic hygiene by having a clean workplace, good ventilation, sufficient lighting, enough washing basins and toilets, and to encourage employees to keep the workplace clean regularly.

The Company provides annual health check ups for all employees in order to have information about their own health and to promote good health. After receiving Blood test results, the Company provides physicians to advise on how to stay healthy including vaccinations such as vaccines against hepatitis, influenza vaccines. The Company subsidizes 50% of any medical costs incurred.

V. First Aid Kits

The Company provides sufficient first aid kits, regular first aid training to relevant employees and first aid room.

VI. Safety Orientation

The Company provides employees safety training and sets as one part of the orientation of human resources department when new employee are employed.

B. Provide the opportunity for employees to work in skillful job

Employees have the opportunity to work at a job that they are passionate about and skillful at. When the Company would like to recruit new staff for a vacant position, the Company will allow the existing staff to apply first before outsiders. The existing staff who apply, have to pass the same recruiting selection process as well as new staff. The Company gives employees an opportunity to let us know whenever they need to rotate to another skilled job that the Company will consider the suitable request in all cases where the employee notify.

C. Appropriate Remuneration and Staff benefits

The Company has the policy to set good short term and long term compensation schemes for employees with more benefits as follows:

I. Industry Comparison

The Company regularly reviews and compares the employee benefits to the industry average rate and has a policy to pay a total benefits on average not less than industry average rate.

II. Value Based Compensation

The Company defines the function of job based on the value of those jobs then determines the benefits according to the value of each job. An evaluation is done and can be adjusted every year.

III. Performance Based Compensation

The Company provides an employee assessment every 6 months and ranks sequentially according to their performances in order to be informed when considering salary adjustments.

IV. Quarterly Bonus

The Company sets quarterly targets and quarterly bonuses to all employees according to the performance of each business unit and the performance of the Company in order to create good co-operation in working together to achieve the quarterly target.

V. Yearly Bonus

The Company sets yearly bonus to all employees according to the performance of the Company and the performance of each employee.

VI. Employee Stock Option Program

To motivate employees to be shareholders and to reward the good remunerations that are linked to the company's performance, the company issued 5,000,000 units of the first warrant when the company was listed on the Stock Exchange of Thailand in 2004. The warrant can be partially exercised within a 5 years period. As of expiry date in 2009, holders of 3,174,100 warrants had exercised their rights to buy ordinary shares of the Company. At the end of the program, there were some requests to continue the ESOP. In the Annual General Meeting of Shareholders No.1/2010, the Board of Director asked for approval from Shareholders to issue new ESOP amount 10,000,000 units for Directors, Executives and Employees within a 3 years exercise period.

VII. Yearly Health Check Up Program

The Company provides yearly health check up for all employees to have information about their own health and to promote good health. After receiving Bloods Test Results, the Company also provides physicians to advise on good health practices

VIII. Provident Fund

The Company has continuously provided the provident funds for every employee since 2003, both the Company and employees contribute equally at 3% or 5% of basic salary to this scheme:

Date of Provident Fund	Amount
31 December 2013	80.7 Million Baht
31 December 2014	95.0 Million Baht
31 December 2015	110.0 Million Baht
31 December 2016	112.6 Million Baht
31 December 2017	138.2 Million Baht

Employees must have worked more than 2 years to be eligible for the benefits and will get all benefits of the Company when they work over 5 years as follows:

Working Period	Rate of Refund in Contribution
Under 2 years	Refund only the employee contributions and benefits from the fund
2-3 years	Refund employee contributions and 20% of company contributions together with benefits from the fund
3-4 years	Refund employee contributions and 40% of company contributions together with benefits from the fund
4-5 years	Refund employee contributions and 70% of company contributions together with benefits from the fund
5 years up	Refund employee contributions and 100% of company contributions together with benefits from the fund

IX. Personal Accident Insurance

The Company provides personal accident insurance to all employees with total insured as follows:

Year	Total Insured
2015	216.5 MB.
2016	283.5 MB.
2017	249.8 MB.

D. Employee Training and Development Programs

The Company realizes the importance of employee training and development programs. (Please see details under Staff – Staff Development)

E. Providing High Quality Office Equipments

The Company realizes the important of employees to work efficiently by providing high quality office equipment, especially Information Technology, that is our core business of the Company. For example, the Company provides computers and internet access to all employees, laptop computers and wireless solution systems to employees who work outside in order to connect to the Company at any time, an electronic workflow system where all employees can work both inside and outside through the computer system and storage system that allows all employees to quickly access relevant data and utilize data for a more accurate decision making.

F. Appropriate annual leave

The Company sets the annual and personal leave up to 12 days a year. The employee can take annual leave immediately without waiting for a full year working. After the year, the Company will calculate and remunerate in monetary terms to employees who do not utilize their leave.

G. Disclosure to Employee

The Company has a policy and guideline to disclose the Company's information to employees from the first day. Every employee can access the Company's data. The Company's operating results are readily available to all employees on a monthly basis in order to support good decisions making and move in the same direction. Therefore, the Company prohibits our employees from trading stocks at the end of each quarter until the results are publicly announced to SET.

H. Encourage Employees to Express an Opinion

The Company has a process to encourage all employees to freely express their views on both Suggestions and Problem Notification. The Company provides a specialized database that encourages employees to share their opinions at least once a month. It also allows all employee to send their views to the relevant parties immediately and access the information on their own. They have the right to make their opinions public or private.

3. Customers

The Company recognised that Customers are our patronage and the Company is committed to ensure utmost customer satisfaction and hopes all customers achieve and succeed in their business both short and long term through the sincerity in doing business with our Company. The Company set up short-term and long-term guidelines to make satisfaction to customers with 4 guidelines as follows:

- Provide accurate information and treat customers with fairness
- Have adequate resources in working with customers.
- Treat customers as a trading partner.
- Provide good and helpful advice to customers.

The Company allows customers to send complaints or suggestions through a complaint channel to the Executives directly via email. The Company has established the complaint department to consider all complaints from customers and resolve those complaints until finish. Furthermore, the Company focuses on selecting products that are environmental friendly, safe and useful for both personal and corporate use. The Company aims to provide accurate information to consumers and good after sales service to ensure customer satisfaction.

4. Partners

The Company sets the Code of Conduct in purchase and procurement in order to do business with the partners properly, respects property rights or proprietary rights of partners, do not take advantage of partners, honors and treats all partners fair dealing on the basis of fair compensation for both parties. The payment for goods or services will be made to partners as agreed. The Company encourages partners to take social responsibility with the organization by recognizing the importance of partners as a part of the Company's success. The Company provides a good support to partners and needs them to progress with the Company.

The Company allows partners to directly complain to the Management or Independent Directors via group mail at company's web site or call directly to Internal Audit Department if it is not fair to do business with the Company.

Furthermore, the Company sets the guidelines for partner selection by exclusion of well-performance with the competitive price, but also consider of the social responsibilities, transparency, anti-corruption and bribes in any form of its partners.

5. *Supplier*

The Company recognised that working closely with suppliers to achieve together. The Company believes that all suppliers who selects the Company to be their distributor will succeed in Thailand market. This is because the Company is an efficient and continuously developing organization in terms of board base customer, understanding the market needs, having talented employees, investment in computer system connected to supplier computer system to access data faster which increases the operational efficiency of both parties, working with suppliers to introduce products and technology to users and operators in Thailand.

In term of payment, the Company has arranged electronic payment method to reduce operation work and cost to ensure that its payment are made as agreed. The Company truly commits to the goal of mutual benefit, to respect and non-infringement of intellectual property and copyright of supplier, transparency disclosure and strictly performs to any agreements or legal requirements.

6. *Creditors (Financial Institution)*

The Company strictly complies with terms of agreement of creditors and provides the past operating results and future plan to creditors continuously. In case of guarantee, the Company will disclose and rank with pari passu and treat all creditors equally. Loans and interests are repaid to all creditors on schedule. The Company has a good working capital management and do not spend in contrary way with loan purpose. The Company has not yet defaulted to any creditors.

7. *Competitors*

The Company believes in free and fair competition. It is believed that free trade system will improve the efficiency of all parties. Competitors are treated under the best practice, do not abuse or destroy the reputation of others, do not seek out competitors' confidential information in the wrong way. On the other hand, if there is a chance, the Company will cooperate with suppliers and competitors expanding IT market to grow with quality.

8. *Community and Environment*

A. *Anti-Corruption Policy*

The Company realizes that fraud and corruption are significant obstacles to the development of the country. Therefore, the Company sets guidelines to not allow directors, executives and employees of the Company to accept and participate in any forms of fraud and corruption. Moreover, the Company reviews the compliance on a regular basis and has declared the intention to join Thailand's Private Sector Collective Action Coalition Against Corruption. Consequently, the Company has been certified as the certified company in the 4th quarter in 2015 and 22 January 2016. The Company is listed as the number of 139 from 152 certified companies



Certified Companies of Thailand's Private Sector Collective Action Coalition Against Corruption

139	บริษัท เอสไอเอส ดิสทริบิวชั่น (ประเทศไทย) จำกัด (มหาชน)	22 Jan 2016	21 Jan 2019
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B. Community

The Company consistently supports the voluntary activities relating to the development of the surrounding communities in local areas, our head office and upcountry offices, maintain a good environment of the communities, supports to have adequate basic infrastructure and returns to communities according to our profitability by focusing on education and the environment. Specific budget is assigned each year to support CSR activities – more information is available in “Corporate Social Responsibility”.

C. Respect of human rights and fair labor standards

The Company encourages and respects human rights and strongly refrains from any human rights violations, no enforcement of labor, child labor exploitation by taking care covered to our partners.

D. Respect of Intellectual Property and copy right

The Company avoid the purchasing from vendors or suppliers who are piracy. In the suppliers selection process, the intellectual property and copyright would be brought to the important factor.

E. Environment

The Company recognizes the importance of preserving the natural environment and set up to be one of our policies that we will conduct our business with environmental responsibility, prevention and minimize our impact on lives, social and environment. Our guidelines for reducing our impact on the environment are as followings:

I. Environment friendly products

The Company is persistent on promoting and sourcing environment friendly products to use.

II. Employee Training about the environment

The Company provides an environmental courses that are included in the employee training. This is a part of the curriculum that employees must study more via e-learning system.

III. Energy Saving

The Company encourages employees to save energy and carefully selects office equipment that is energy efficient and changed how to use devices to save energy. For example, each of our lighting switches can be turned on and off individually and set up responsible person to take care off during the lunch break and after work in order to minimize energy waste as well as air conditionings that will be adjusted to the proper temperature and disable if not required, and the Company began to implement auto switch on off to control light with movement detection by sensor in some area.

IV. Using Resources Efficiently Program

The Company has many projects to use our resources efficiently as follows:

- **Electronic Workflow**

The Company has developed electronic workflow for approval of documents automatically to replace various paper forms which has been in operation more than

10 years. Currently, the Company has more than 100 workflows to increase working efficiency by reminding the approver to authorize via email with the process verification on schedule which can be save a lot of paper usage.

- **Print and Pick**

The Company found that employees wasted a lot of paper, so the Company has decided to change the old printers to ones that can save data in hard disks without printing out. When the employees need to print, they have to enter their password first to reconfirm that it is proper data before printing out to which is reduce 100% of unused printing documents.

- **Fax Server**

The Company has installed fax servers that are able to convert all fax document to electronic document and send reminding to receivers to view their fax document via computer without printing. This saves paper usage and increases productivity

- **Scan to email**

The Company has installed scanner machines that are able to scan document to electronic format for transmission immediately. This saves paper from printing and copying, reduces cost and is environmentally friendly.

- **Video Conference**

To save energy and reduce travelling costs, the Company uses video conferencing system to arrange a meeting between head office and branches which can communicate face-to-face simultaneously through computer screen in different locations.

- **Collection via Electronic**

In order to reduce fuel usage, the Company provides electronic payment via internet by cooperates with 4 Banks that all customers are able to check outstanding invoices and choose dued invoice to pay. The Company encourages more customer to pay through this services. This service will reduce billing process, cheque collection and cheque deposit to banks, etc. Moreover, this is an environment friendly activity to reduce fuel and cheque usage.

Whistleblower for Stakeholders

The company promote stakeholders to suggest and complain about the product, service, fraud and corruption in order to propose to the Management and the Board. The channel provided are as followings:

Company Secretary	Tel:	02-020-3219
	Email	companysecretary@sisthai.com
Independent Director	Tel:	02-020-3200
	Email:	independentdirector@sisthai.com
Investor Relation	Tel:	02-020-3040
	Email:	investorinfo@sisthai.com

Besides, the company provides the channel for stakeholders both external stakeholders and employee for complain and inform about fraud and corruption at complain@sisthai.com. The internal audit will response for the audit of those complains. In the event that there is fact, the committee will be set up under the responsibility of the Audit Committee in order to manipulate those complains confidentially and fairly. Also there is the procedure for protect the complaints, in the event that it tend to be damaged.

Disclosure and Transparency

The company realized in the responsibility of disclosure both in financial and non- financial to stakeholders which means the intention in transparency. Moreover, the information that is disclosed are accurate, reliable and timely.

The Company also concern about the related laws and regulation as well as the corporate governance which recommended by SET and SEC and publish on the company's website and SET.

- Disclose the structure of the Shareholders by breaking down the major shareholders and the percentage of minor shareholders. on the company's website and the annual report.
- Disclose the direct and indirect shareholding by directors and management.
- Publish the annual report and the invitation to annual general meeting for shareholders within 120 days after the end of accounting period.
- The long term goal and is disclose on the company's website.
- Disclose directors' profiles which defined the type of director and the year of directorship.
- Disclose the duty and responsibility of the Board and Sub Committee.
- Disclose the training and seminar of each director.
- Disclose criteria and structure of director's remuneration and the remuneration of 2017, by breaking down for each director.
- Disclose the attendances of each director in 2017.
- Disclose audit fee and non-audit fee in the annual report.
- Disclose the Article of Association, Memorandum of Association and Corporate Governance Policy and Code of Conduct on the company's website.
- Disclose the Corporate Social Responsibility on the Company's website.

Board Responsibilities

Structure of the Board

The Board of Directors consists of directors who is experienced and expertise which is able to conduct the business to achieve the goal in order to generate the benefit for the company as well as shareholders. The Board of Directors response for the vision, strategies, goal, budget and investment, including the corporate governance. The Board also response to govern the execution of the management in order to achieve and comply to the resolution of shareholders meeting.

The Board of Directors consists of 8 directors; 1 executive director, 3 independent directors and 4 non-executive directors. All directors are experienced in the company's business. The independent directors are the Audit Committee who response for the audit the business management as well as business operation in order to maintain the benefit to all shareholders. The Board of Directors are listed as followings (as at February 28, 2018):

- | | |
|---|--------------------------------|
| 1. Mr. Lim Kiah Meng | Chairman |
| 2. Assist. Prof. Dr. Rojanasak Chomvilailuk | Independent Director |
| 3. Mr. Somchai Sirivichayakul | Independent Director |
| 4. Mr. Panuwat Chalongkuamdee* | Independent Director |
| 5. Mr. Somchai Sittichaisrichart | Director and Managing Director |
| 6. Mr. Lim Hwee Hai | Director |
| 7. Mrs. Lim Hwee Noi | Director |
| 8. Mr. Lim Kia Hong | Director |

Remark: *Mr. Panuwat Chalongkuamdee was appointed to be independent director on February 21, 2018

Role of the Board

1. The Board of Directors shall perform the role as followings:
 - 1.1 Direct the Company in order to maintain the vital benefit to the shareholders which adhere to the Fiduciary Duty:
 - 1.1.1 Duty of Care
 - 1.1.2 Duty of Loyalty
 - 1.1.3 Duty of Obedience
 - 1.1.4 Duty of Disclosure
 - 1.2 Determine the vision, mission and strategies and review these every year.
 - 1.3 Consider the business plan, budget, goal, business policy and the competency of the Company.
 - 1.4 Monitor the strategic alignment, evaluate the operational performance regularly, including conduct the policies related to the business development under the social responsibilities.
 - 1.5 Advocate the time without any individual benefit and shall not act against the benefit of the Company.
 - 1.6 Govern the Company to be in accordance with the laws, Company's Article of Associations, the resolution of the Board and the Shareholders Meeting under the fiduciary duty.
 - 1.7 Provide the Risk Management and review the risk management plan in order to ensure the effectiveness.
 - 1.8 Govern the corporate governance of the Company in order to be the ethical guidelines of the business and operation.
 - 1.9 Promote the ethics and moral and compliance of the Code of Conduct and Anti-Corruption Policy, including provide the effective internal control and monitoring to reduce the fraud and corruption.
 - 1.10 Maintain the benefit of the shareholders equally and promote the right of shareholders. Moreover, provide the news, information to the shareholders sufficiently.
 - 1.11 Emphasize the role and responsibilities of the Board, respect the right of shareholders and stakeholders, equitable treatment to the shareholders and provide the whistle blower both internal and external.
 - 1.12 Consider the succession plan and provide the management assessment. Moreover, provide the appropriate remuneration to the management.
 - 1.13 Provide the directors assessment every year in 3 forms; overall Board assessment, individual assessment and the Sub Committee assessment.
 - 1.14 Govern the nomination and nomination with the transparency and appropriateness.
 - 1.15 Attend the meeting regularly, including the shareholders meeting, except there is an emergency case which shall inform to the Chairman or the Company Secretary before the meeting.
 - 1.16 Develop the knowledge continuously and attend the seminar or related course in order to fulfill the competency.

Role of the Chairman

1. Determine the meeting agenda of the Board of Director Meeting with the Managing Director and provide the information in order to make directors decide on those agenda appropriately.
2. Being the leader of Directors and the Chairman of the Board of Directors Meeting.

- 2.1 Conduct the Board of Director Meeting to be in accordance with the agenda, Company's Article of Associations and other regulations.
- 2.2 Provide the time and provide the chance for discussion among the Board of Directors Meeting independently with the concern to the stakeholders.
- 2.3 Conclude the resolution of each agenda clearly.
- 2.4 Provide the meeting between independent directors and executive directors.
3. Being leadership of the shareholders meeting to be in accordance with the agenda, Company's Article of Association and regulations. Provide the time and chance for shareholders equally to question and express the opinion appropriately.
4. Support the Good Corporate Governance of the Company.
5. Promote the good relationship between the Board and the Management and support the Managing Director to perform in accordance with the policies.
6. Govern the disclosure with transparency, in case of any conflict of interest.
7. Govern the infrastructure and component of the Board.
8. Govern the performance of the Directors and Sub Committees in order to ensure the effectiveness.
9. Provide the self-assessment of the Directors and Sub Committee in order to further development.

Qualification of the Board

1. Being qualified in accordance with the Company's Article of Associations, the Public Company ACT and regulations.
2. Fulfillment with leadership, vision and understand the business of the Company.
3. Be able to perform and express the opinion independently and advocate the time to perform the duty.
4. Being in the position in listed company not over 5 companies.

Diversity and Skills of the Board

Remuneration and Nomination Committee by the appointment of Board of Director determined that the Board of Directors shall consists of directors that are skilled and experienced as diversity and related to the company's business in order to govern the business to sustainability and maintain the benefits to shareholders.

In 2017, the Board of Directors consists of skilled and experienced director as following:

Director	Position	Skill and Experiences
Mr. Lim Kiah Meng	Chairman	Technology/Business Administration
Assit. Prof. Dr. Rojanasak Chomvilailuk	Chairman of Audit Committee	Business Administration/ Marketing/ Accounting
Mr. Somchai Sirivichayakul	Audit Committee	Technology/ Engineering/ Accounting
Mr. Panuwat Chalongkuamdee	Audit Committee	Law
Mr. Somchai Sittichaisrichart	Managing Director	Technology/ Engineering/ Business Administration
Mr. Lim Hwee Hai	Non-Executive Director	Technology/Business Administration/Finance
Mrs. Lim Hwee Noi	Non-Executive Director	Accounting/ Finance
Mr. Lim Kia Hong	Non-Executive Director	Technology/Business Administration

Separations of Board of Director and Management

The company separates the responsibility of the Board which the Chairman is the leader apart from the Management which the Managing Director is the leader. The Board of Director response for the policy and strategic determining while Management response for execute the plan and policy as well as control the budget and investment. Besides, Management response for the communication of strategies, situations and performance to employee. Management provided the company meeting every month in order to communicate the said materials to employee.

Moreover, the Board also response for the succession plan in order to be ready in the event of Management cannot be in duty.

Separations of Chairman and Managing Director

The Company separates the Chairman of the Board and Managing Director from each other in order to have balancing of power so that they can recheck on each other and no one would be granted unlimited power. Chairman of the Board is the leader in the Policy side and control of the meeting efficiently, encourage all Board Members participate in the meeting, control the business operation to align with the Policy through the Managing Director which the leader of the management team, they are jointly in consideration of the policy, budget and business plan closely. The Chairman of the Board must be Independent Director.

Authority of the Board for Approval

The Board of Director has the authority of approval on each agenda which is in accordance with the Charter, Company's Article of Associations, resolution of the shareholders meeting and regulations. This is including the determining and review the vision, mission, the strategic plan, risk management, budget and goals of the Company. Moreover, the Board of Directors has authority in monitoring the company's performance, capital expenditure, related transactions, joint venture and other investment.

Term of the Board

In the Annual General Meeting, the Directors shall retire by the rotation rule as 1 out of 3 from the members. If it cannot divide as 1 out of 3, the director shall retire as the number similar to 1 out of 3. The directors who shall be retired will be the directors who be the duty as the longest period and they shall be reelect to the Board.

Sub Committees

The Board of Directors appointed the Sub Committees to response for the specific duty and report to the Board. The charter of each sub committee have been defined in order to govern the scope of duty and qualification as well as other matters related to the responsibility.

Audit Committee

Audit Committee consists of 3 Independent Directors as followings (as at February 28, 2018)

- | | |
|---|-----------------------------|
| 1. Assist. Prof. Dr. Rojanasak Chomvilailuk | Chairman of Audit Committee |
| 2. Mr. Somchai Sirivichayakul | Audit Committee |
| 3. Mr. Panuwat Chalongkuamdee | Audit Committee |

Assist. Prof. Dr. Rojanasak Chomvilailuk and Mr. Somchai Sirivichayakul are experienced in review of financial statements. Nevertheless, the Audit Committee response for the reliable of

financial statements, the effectiveness of internal control and risk management, related transaction and regulations compliance.

The Audit Committee govern the internal audit department which Mrs. Nattamon Chotvichien is the head of internal audit. Moreover, the Audit Committee provide the meeting with external auditor once a year and the meeting with non-executive director once a year in order to share the opinion independently.

Authority

1. Provide and review the financial report and other financial disclosure in order to be in accordance with the financial report standard and general accepted standard.
2. Review the internal control in order to ensure the appropriateness and effectiveness and ensure the efficiency of internal audit performance.
3. Review the compliance of regulations of regulators.
4. Consider, select, appoint and impeach the auditor, including propose the audit fee. Moreover, the Audit Committee shall provide the meeting with the auditor at least once a year.
5. Consider the related transactions or conflict of interest transactions to be in accordance with the regulators.
6. Conduct the report of Audit Committee and disclose in the Annual report.
7. Report the Audit Committee work and progression to the Board of Directors every quarter and provide self-assessment every year.
8. Approve internal audit plan, budget and human resource of internal audit department.
9. Consider the independence of the internal audit under their performance and consider the appointment, rotate and impeachment of Head of internal audit.
10. Provide the internal audit evaluation which is in accordance with the standard and corporate governance.
11. Review the performance of internal audit and give the recommendation in order to ensure the effectiveness.
12. Review the effectiveness of Risk Management.
13. Review the anti-corruption self-assessment and internal control related fraud and corruption in order to comply the anti-corruption practices by IOD.
14. Review the fraud and corruption and whistle blower.
15. The Chairman of the Audit Committee can call for the extra meeting, if there is the request from internal auditor, auditor, the Chairman of the Board in order to consider the agenda, including the external consultants.
16. Review the Charter of Audit Committee in order to compatible with the current situations.
17. Perform other duty assigned by the Board of Directors within the authority of the Audit Committee.

Appointment and Constitution

The term of each member shall be 3 years or being the period of director. In order to maintain continuity of duty, members may be re-elected.

Responsibility

The Audit Committee response to report to the Board of Directors and rectify the circumstances under the appropriateness in case of occurring of the events that can affect the financial position and operational performance of the Company as followings:

- (1) Conflict of interest.
- (2) Fraud and Corruption or the weakness of internal control.
- (3) The against of regulations.

2. Remuneration and Nomination Committee

Remuneration and Nomination Committee consists of 4 directors; 2 independent directors, 1 managing directors and 1 non-executive director as followings:

- | | |
|---|---|
| 1. Mr. Somchai Sirivichayakul | The Chairman of Remuneration and Nomination Committee |
| 2. Assist. Prof. Dr. Rojanasak Chomvilailuk | Member of Remuneration and Nomination |
| 3. Mr. Somchai Sittichaisrichart | Member of Remuneration and Nomination |
| 4. Mr. Lim Hwee Hai | Member of Remuneration and Nomination |

Remuneration and Nomination Committee mainly response for the structure of remuneration of the Board and Sub Committees, including the recommendation on nomination and succession plan.

Authority and Responsibilities

1. Determine the scheme and policy of Directors' Remuneration which are in accordance with their responsibilities and comparable to the industry.
2. Propose the Remuneration of the Directors, Sub Committee to the shareholders in the annual general meeting of shareholders.
3. Determine the policy, scheme and guideline of the Executive Directors' Evaluation which can be compared to the goals and objective in order to revise the Remuneration of Executive Directors.
4. Review and consider the remuneration of the top management.
5. Consider the budget of employee expenses, annual bonus other extra compensation which the Company determine.
6. To review the company's stock-based plans and recommend changes in such plans to the board as needed.
7. Review and revise the remuneration scheme in order to be appropriate and reasonable every year.
8. Determine the scheme and policy of Directors' Nomination in order to nominate the qualified person to be elected as a Director to fulfill the constitution of the Board and Sub Committee.
9. Propose the candidates of directors which are qualified to the Board of Directors in order to be the candidates of Directors and Sub Committee to agreed for approval by the shareholders in the annual general meeting of shareholders
10. Review and revise the number of Directors and Constitution of the Board and Sub Committee in order to be appropriate to the Company and the environment
11. Conduct the succession plan of the management in order to ensure the going concern of the Company.

12. Review and revise the remuneration scheme in order to be appropriate and reasonable every year.
13. Report the performance and the progression of the Remuneration and Nomination Committee to the Board of Directors at least once a year
14. Conduct the Report of Remuneration and Nomination Committee which approved and signed by the Chairman of Remuneration and Nomination Committee and disclose on the Annual Report of the Company.
15. Propose the Remuneration of the Directors, Sub Committee and propose the candidates of directors to the shareholders in the annual general meeting of shareholders.
16. Disclose the scheme and criteria of Directors' Remuneration on the annual report.
17. Perform any other duty which is assigned from the Board of Directors and agreed by the Remuneration and Nomination Committee.

Appointment and Constitution

The term of each member shall be 3 years or being the period of director. In order to maintain continuity of duty, members may be re-elected.

Appointment and Constitution

The term of each member shall be 3 years or being the period of director. In order to maintain continuity of duty, members may be re-elected.

3. Corporate Governance Committee

Corporate Governance Committee is comprised of 5 Directors and the Independent Director as the Chairman, 2 Independent Directors, Managing Director and Non-Executive as the member of the committee (as at February, 28 2018)

- | | |
|---|--|
| 1. Mr. Panuwat Chalongkuamdee | Chairman of Corporate Governance Committee |
| 2. Mr. Somchai Sirivichayakul | Member of Corporate Governance Committee |
| 3. Assist. Prof. Dr. Rojanasak Chomvilailuk | Member of Corporate Governance Committee |
| 4. Mr. Somchai Sittichaisrichart | Member of Corporate Governance Committee |
| 5. Mr. Lim Hwee Hai | Member of Corporate Governance Committee |

Corporate Governance Committee has duties to carry out the Board of Directors' overall responsibility relating to good corporate governance. In further of this purpose, the committee shall have the following authority and responsibilities:

Authority and Responsibilities

1. Consider the Corporate Governance policy, Code of Conduct, Anti-Corruption Policy and the Corporate Social Responsibility to the Board of Directors for approval
2. Conduct the corporate governance plan which is in accordance with the best practices of SET.
3. Review the Director Manual in order to be ensure the appropriateness and propose the article of associations of Directors and Sub Committees.
4. Provide the organizational culture of the good corporate governance to the Management and all levels of employee both policies and practical way.
5. Report the performance and the progression of the Corporate Governance Committee to the Board of Directors at least once a year.
6. Consider the Corporate Social Responsibility to the Board of Directors

7. Corporate Governance Committee has the right to hire the external consultant or other external professionals in order to assist in necessary circumstances and the Company shall accept and take the fee into responsibility.
8. Report the performance and the progression of the Corporate Governance Committee to the Board of Directors at least once a year
9. Conduct the Report of Corporate Governance Committee which approved and signed by the Chairman of Corporate Governance Committee and disclose on the Annual Report of the Company.
10. Disclose the Corporate Governance Policy and Report of Corporate Governance in the Annual Report.
11. Perform any other duty which is assigned from the Board of Directors and agreed by the Corporate Governance Committee.

Appointment and Constitution

The term of each member shall be 3 years or being the period of director. In order to maintain continuity of duty, members may be re-elected.

4. Risk Management Committee

Risk Management Committee is comprised of 2 Directors and the Non-Executive Director as the Chairman and managing director as the member of the committee (as at February, 28 2018).

- | | |
|----------------------------------|---|
| 1. Mr. Lim Hwee Hai | Chairman of Risk Management Committee
(Non-Executive Director) |
| 2. Mr. Somchai Sittichaisrichart | Member of Risk Management Committee
(Managing Director) |

Risk Management Committee since the Board Meeting No. 3/2008 on 9 May 2008 in order to response for the Risk Management to reduce the impact of those risk and maintain continuity of the Company.

Authority and Responsibilities

Risk Management Committee response for the Risk Management to the Board of Directors in order to maintain the going concern and continuity of the Company as the followings:

1. Determine the Risk Management Policy and Risk Management Plan which covering all risks that might affected the Company such as strategic risk, financial risk, operational risk and compliance risk.
2. Conduct the Risk Management Plan which is in accordance with the policy and it shall be able to monitor and control to be in the risk appetite.
3. Provide and promote the coordination of Risk Management from employee and review the appropriateness, sufficiency and effectiveness of Risk Management.
4. Monitor and govern the compliance of Risk Management and review the disclosure of Risk Management to the regulators and stakeholders
5. Perform any other duty which is assigned from the Board of Directors and agreed by the Risk Management Committee.

Appointment and Constitution

The term of each member shall be 3 years or being the period of director. In order to maintain continuity of duty, members may be re-elected.

The Board of Director Meetings

The Company determined the Board of Directors Meeting by setting the agenda for information and consideration clearly and informing all directors in advance throughout the year, every year. The performance of the Company has been reviewed on a regular basis. Supporting Documentation of meetings has been completely prepared and sent prior 5 days to the meetings. On the agenda with having conflicts of interest with any person, that person will leave the meeting before it commences for independent discussion. Management has been invited to attend the meetings, to join in the discussion and find solutions as well as answering questions in various cases. Moreover, there were specific meeting for all directors exclude Managing Director and Executive Director and also meeting between the Audit Committee and the Auditors. The Company determined the minimum quorum not less than two-thirds of total directors for any votes. Moreover, the Company determined that all Directors had a proportion of the meeting attendance at least 75% over the year (Except for new directors that was appointed during the year). Details of meeting attendance in 2017 were as followings:

Name	Board of Directors Meeting	Audit Committee Meeting	Remuneration and Nomination Committee Meeting	Risk Management Committee Meeting	Corporate Governance Committee Meeting	Annual General Meeting 2016	Non-Executive Meeting	External Auditor and Audit Committee Meeting	Total
1.Mr.Suwit Chindasangaun (1)	5/6	12/13			2/2	1/1	1/1		23/23
2.Mr.Somchai Sirivichayakul	6/6	13/13	3/3		2/2	1/1	1/1	1/1	27/27
3.Rojanasak Chomvilailuk	6/6	13/13	3/3		2/2	1/1	1/1	1/1	27/27
4.Mr.Somchai Sittichaisrichart	6/6		3/3	2/2	2/2	1/1			14/14
5.Mr.Sombati Pungsrinont (2)	5/5			2/2		1/1			8/8
6.Mr.Lim Hwee Hai	6/6		3/3	2/2	2/2	1/1	1/1		15/15
7.Mr.Lim Kia Hong	6/6					1/1	1/1		8/8
8. Mr.Lim Kiah Meng	6/6					1/1	1/1		8/8
9. Mrs.Lim Hwee Noi (3)	1/1								1/1

Remarks : Information represents in format of X/Y, X is the numbers of attendance and shows the number of meeting.

1. Mr. Suwit Chindasangan resigned on December 12, 2017.
2. Mr. Sombati Pungsrinont resigned on December 14, 2017.
3. Mrs. Lim Hwee Noi was appointed to replace Mr. Sombati Pungsrinont on December 15, 2017.

Directorship in Other Companies by Directors, Managing Director and Senior Executives

The policies in the directorship of the Directors (including Managing Director) in other companies are clearly stated in accordance with the best practices established or recommended by regulatory authorizes. The Company prohibited the directors to hold the director positions in more than 5 listed companies and more than 2 listed companies for Managing Directors. The assumption of directorship in other companies by Managing Director and Senior Executives are required consent by the Board of Directors.

Board Self-Assessment

For the consideration and review of the Board's operation, The Board has annual self-assessment by the whole board, whole committee and individually in order to correct and improve the Board' s performance for next year. The Company comply the SET' s guidelines for assessment.

For the Managing Director and Executive Director will be separately evaluated by the Remuneration and Nomination Committee in 2 criteria for the assessment: Financial and Strategic goals (65%) and Non-Financial Goals and Other Key Performance Indicators such as Corporate Governance, Operational Efficiency and Planning Public Relation, etc. (35%) by compared with goal as well as industry. The result will be determined the remuneration of Managing Director and Executive Director.

Orientation program for new Board Members

New Directors will receive an orientation program. The Company Secretary and Managing Director are assigned by the Board of Directors to provide information to new directors as well as provide other useful including the minutes from the past several meetings. The company visit will be set up for the new directors to understand the industry and the Company's operation including the clarification of business operation and strategy from Managing Director and Executive Director. In 2016, the Company has no new director.

Directors Training and Development

The Company realizes the importance of the knowledge development of directors which is determined as a part of Good Corporate Governance by promoting and facilitating to directors for a training in various course from the relevant regulatory agencies and other agencies consistently through the Company secretary.

The Board of Directors has a policy to encourage all directors for continuing knowledge development. The Company has 8 directors composed of 4 foreign directors and 4 Thai directors. The 4 director have completed Director Certification Program (DCP) and 4 directors have completed Director Accreditation Program (DAP) from the Thai Institute of Directors Association (IOD).

The 8 Directors have financial experience more than 10 years. In addition, the Audit Committee which consists of 2 Independent Directors has completed the Audit Committee Program from the Thai (IOD). For the new Audit Committee are planning to train the Audit Committee Program in 2018.

In 2017, there are several courses that directors attended as followings.

Name	Training/Seminar	Institute
Assist. Prof. Dr. Rojanasak Chomvilailuk	<ul style="list-style-type: none"> The Audit Committee's Role in Compliance and Ethical Culture Oversight 	Thai Institute of Directors
Mr. Somchai Sittichaisrichart	<ul style="list-style-type: none"> IOD Director Briefing Criminal Liabilities of Directors The Board's Role in CEO Succession Planning Digital Disruption and Future of Retail Business Change and How to Cope the Change How to Develop Risk Management Plan SET Listed Companies and Opportunities in CLMV Countries Digital Disruption into a Winning Business Advantage 	Thai Institute of Directors Thai Institute of Directors Thai Institute of Directors KPMG Stock Exchange of Thailand Stock Exchange of Thailand Stock Exchange of Thailand Omega World Class Research Institute

Director Remuneration

Definition of Independent Director

- (1) Holds not more than 1% of all shares with voting rights of the Company, the Parent Company, a Subsidiary, an Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority, including shares held by anyone who is affiliated with them.
- (2) Not be a director who is involved in the management of work, an employee, a staff, an advisor receiving a regular salary, and an Entity with Controlling Authority over the Company, the Parent Company, a Subsidiary, an Associated Company, a Joint Company, subsidiaries of the same tier or any juristic person that might be in conflict with the Company, both in the present and at least two years prior to taking the independent directorship.
- (3) Has no connection by blood or legal registration as father, mother, spouse, sibling, son/ daughter or spouse of son/ daughter of the Management, major shareholders, Entity with Controlling Authority or an individual who will be nominated as Director, Managements or Entity with Controlling Authority over the Company or the Subsidiary.
- (4) Has no business relationship with the Company, the Parent Company, a Subsidiary, an Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority in such a manner that may obstruct their exercise of independent discretion. Further, an Independent Director is not a Significant Shareholder or an Entity with Controlling Authority over a party with business relationship with the Company, the Parent Company, a Subsidiary, an Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority, either at the present time or within two years prior to his/her appointment as Independent Director.
- (5) Is not an Auditor of the Company, the Parent Company, a Subsidiary, an Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority, and, not a Significant Shareholder, an Entity with Controlling Authority or a partner to the audit office with which the auditors of the Parent Company, a Subsidiary, Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority are associated at the present time or have been within two years prior to his/her appointment as an Independent Director.
- (6) Is not a person rendering any professional service or a legal or financial consultant who is paid more than Two Million Baht in service fee per year by the Company, the Parent Company, a Subsidiary, an Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority, and, not a Significant Shareholder or an Entity with Controlling Authority over the Company or a partner to such professional service provider at the present time or within two years prior to his/ her appointment as an Independent Director.
- (7) Is not a Director who is appointed to be a nominee of a Director of the Company, a Major Shareholder or a shareholder who is connected to a Major Shareholder.
- (8) Do not engage in a business of the same or competitive to the Company, his/ her is not a significant partner to a partnership or Significant Shareholder or a Director of another company which is engaged in a business of the same nature as and which is significantly competitive to that of the Company or a Subsidiary.
- (9) Do not have any other characteristic which prevents him/ her from opinion freely on the operation of the Company.

- (10) Not Being the Director that the Board assign to decide in the operational performance of the Company, subsidiaries, associates, major shareholders or controlling parties
- (11) Not being the Directors of subsidiaries which are the listed company.
- (12) Expertise and has the strong knowledge to perform the duty of Audit Committee and advocate the time to perform the duty.
- (13) Not being the Director in listed company more than 5 companies because this can affect the performance of the Audit Committee.

Succession plan

The Board of Directors has delegated the Remuneration and Nomination Committee to be responsible for succession plan. The Remuneration and Nomination Committee assigned Managing Director to provide plan for substitution of main position which is being in the process of setting up criteria of knowledge and capability required for each job, and then consideration from the existing candidates with the knowledge assessment in order to know what skills they are ineligible, and then, the Company will provide training course or job rotation to get them more work experience. The Remuneration and Nomination Committee will consider and follow up the progressive of the succession plan every Remuneration and Nomination Committee meeting.

In 2017, the candidate of first line and second line of management was proposed and they have been assigned in management role, also in the intensive course in order to prepare to be the executive managements later.

Role of Company Secretary

The Board of Directors has appoint Mrs. Nattamon Chotvichien to be the Company Secretary since 2015. The responsibility are as followings:

1. Company Secretary : Have duties to do the Company secretary task, treat all activities according to the Regulation of the Office of the Securities and Exchange Commission and the additional duties by the Office of the Securities and Exchange Commission.
2. Secretary to the Board of Director : The old responsibility in coordinate to provide the Board meeting and the AGM preparation by coordinate with the Managing Director directly to determine the agenda and issue the invitation letter, including coordinate with all directors for such meeting, prepare the agenda documentation, record the minute of meeting, coordinate with related parties to clarify or provide information to the meeting on each agenda.
3. Operate according to the meeting resolution concerning the change of Company registry: In case of directors or shareholders have the resolution to change the Company registration; the Company Secretary will be responsible in operation to change the company registration according to the meeting's resolution.
4. Advice to the Board: to comply with the regulation of SEC and SET, including report information to the SEC and the SET within certain period as stated in principles.
5. Coordinate to prepare the Annual Report: coordinate with related departments in the Company to complete information for the Annual Report in accordance with the SEC and the SET's principles.
6. Serve as the share registrar for subsidiary company: serve as the share registrar for subsidiary company (only non-listed company) including notification to the Department of Business Development, the Ministry of Commerce.
7. Coordinate with Investor Relation Department: to oversee the information disclosure in accordance with the rules and regulations of SET.

Internal Auditing and Controls

The Board has organized the effective internal audit and internal control system in all function including the compliance of the related law and regulation, finance, operations and property control to use in company's business appropriately. The Audit Committee, in cooperation with the Internal Audit Department, determined the internal auditing covering 8 areas: 1) Sales 2) Account Receivable and Crediting 3) Inventory 4) Procurement and Import 5) Trade Account Payable/Expense 6) Maintenance and Services 7) Fixed Asset 8) Finance and Accounting. The Audit Committee has monthly reviewed with Internal Audit Department to ensure that an operational process and audit guidelines are effective and efficient, auditing results are accurate by concerning the advantage of shareholders. In 2016, the Audit Committee has provided an internal audit quality assessment by internal independent auditor from EY. The results of this assessment are reviewed to improve the quality of internal audit process to be more effective.

Corporate Governance Participation

The Company develops and improves a participation system for the shareholders and all stakeholders to take part in Corporate Governance with transparent of information disclosure, provides the opportunity for customer to send the suggestion and complaint through complain@sisthai.com and independentdirector@sisthai.com. For investors, it is available via email investorinfo@sisthai.com. The Company provides working team to consider every complaints and suggestion with the effective recording system in order to follow up every suggestion.

Conflict of interest

The Directors' structure is independent from the operation. With 3 of 8 are independent directors (37.5%), 4 of 8 are representative of major shareholders (50.0%), 1 of 8 are representative of Executive Directors (12.5%), it is independent in operation and carefully check any transactions that may occur conflicts of interest, including stipulate the policy to control and monitor the Managements and all employees in disclosure of internal information as followings:

1. The Boards has recognized and audited any transactions that may concern as conflicts of interest and related transaction, including compliance with the regulation of the Stock Exchange of Thailand with same price and condition as the transaction with third parties. The Company disclosed that in the Annual Report as well as in 56-1.
2. At the Board of Directors meetings, if any of Directors has conflicts of interest concerning with any agenda, he will leave the meeting before it commences for independent discussion.
3. The Company has governance and monitor in usage of inside information and stipulated the Managements have the responsibility to reporting the change of securities holding to SEC under the Securities and Exchange Act B.E.2535. All employees are prohibited to disclose all inside information to outside person or not related person because the Company has operated the business with disclosure of information to all employees throughout. In addition, since the Company always discloses all the information concerning to its operation to the employees, thus, the Company warned all employees to stop their share trading at the end of each quarter till the Company submitted its operating results to the SET. From 2014 onwards, Directors and Managements have to inform the Board of Director 1 business day in advance for the buying and selling the Company's securities before trade date

Business Code of Conduct

The Company recognizes the importance of good corporate governance and believes that good governance will benefit the Company in the long term and build trust with shareholders, investors and other stakeholders. The Company takes a commitment to the stakeholder under far and wide vision, transparency and sincerity including respect for the rule of law. Thus, the Company has established business code of conduct as a guideline for directors, managements and employees and disclosed in the Company's website and set to be one of the subjects for orientation. Employees will be supervised by their supervisor to ensure that they follow to the code of conduct.

Anti-Corruption

The Company strongly realizes that fraud and corruption can affect and generate the damage for the Company both in operation and reputation. Therefore, the Company defines the Anti-Corruption policy and determines its practices in order to solve any form of fraud and corruption proactively as below:

- The workflow is designed to provide the cross functional check between related department.
- Emphasizes and provide the Anti-Corruption concept as the organizational culture.
- Provide the whistleblower for fraud and corruption which is able to contact directly to the management at complain@sisthai.com this already has been indicated on the Company's website. This channel is likely to be used by stakeholders which there was some complaints about the general problems previously. Moreover, there is the direct channel of whistleblower to inform about fraud and corruption to the Audit Committee at

Audit Committee

9 Pakin Building 9th Floor Room no. 901, Ratchadaphisek Road

Dindaeng, Dindaeng, Bangkok 10400

Tel: 02-0203219 Email: independentdirector@sisthai.com

- Provide the whistleblower and consultancy for employee of the company and the subsidiary.

(1) Executives or Head of Department that is reliable

(2) Human Resource Manager

(3) Internal Audit Manager

(4) Company Secretary

(5) Audit Committee

- There is the prohibition that it is not allowed the management and employees to accept, receive any gifts or other benefits which is higher than 3,000 Baht from other parties, except in accepted traditional period such as New Year. Apart from this, it is necessary to inform the boss or the Company to process according to the code of conducts transparently. In case of travelling or training package receiving from other parties, it has to be informed to the Company to further allocate this fairly.
- The Company agrees that the inappropriate advantage or power is not acceptable and it is prohibited such as proposing or promising to give any benefits in order to gain inappropriate advantage.
- The Company defines the policy and procedure for the reimbursement clearly and appropriately in order to protect fraud and corruption. There is a General Affair Department which respond for review and check any reimbursement in order to ensure the

compliance of those transactions. Also, the Company emphasizes to the employees that the reimbursement is to reimburse the actual expense, that is not to be the revenue for employees.

- The Donation has to comply with the policy and it shall be transparency and accountability which is not the corruption.
- The company is neutral for politics. Also, the company realized in the important of democracy and the right of employee in democracy.
- There is the procedure for manage the complains which is disclose in anti-corruption policy which Audit Committee is the head to manage the complains.
- There is a confidential policy for complains as well as the procedure for protect complainants, in the event that complainants tend to be not safe.
- The Company agrees that fraud and corruption are the critical offense. There will be the committee to consider every case of fraud and corruption. Besides, the punishment of involving in fraud and corruption is ranging from admonition, disbursement, dismiss from the position as well as prosecution. Nevertheless, the procedure to manage and investigate fraud and corruption case is defined systematically to ensure the transparent and the appropriateness.

Vision and Mission

The Board of Directors has established the corporate vision and mission and disseminated to employees, stakeholders for recognition which it has been reviewed and approved every 5 years. Following to the principles of good corporate governance, the Company has revised mission and vision as one part of vision as following:

Old Version	New Version
<ul style="list-style-type: none"> ○ To be the leading of IT business in Thailand with sustainability and ethics. ○ Promote technology adoption and provide high quality products that is able to influence the effectiveness of Thai entrepreneur. ○ Maintain the sustainable growth and benefits to shareholders. ○ Promote employee to be professional which provide excellent services to customers. ○ To be successful together with customers, suppliers and employee. 	<p>Vision To be the leading company in Indo-China region of information technology businesses by collaborating and coordinating to obtain mutually exclusive wealth.</p> <p>Mission The company promise to be</p> <ul style="list-style-type: none"> ○ Good citizen of society and society's wealth contributor ○ Professional, determinant, honest and trusted company for our shareholders' maximize wealth ○ Provider of high quality and high valued goods and services for our customers ○ Strong and trusted collaborator for our suppliers and all supporters. ○ A warm and happy family, trusting and respecting human being's honor and endless potentials, supports and enhances our employee for our jointed success and maximized wealth. <p>Long Term Goal To become Thailand's leading IT company with sustainable and continuous growth, transparent and socially responsible business operations and superior stakeholder value.</p>

Relationship with Investors

The Board recognizes the importance of information disclosure for both financial statements and other information with accuracy, transparency and punctuality. The Company provides section of “Investor Relations” in the company's website name www.sisthai.com to disclosure information in this website and communicates with the interested investors in particular. In addition, any suggestion or inquiry can be sent through via email or by telephone. The Company provides the opportunity to visit the company and inquiry of company's operation from individual investors, institutional investors, analysts, and the press when they are requested. In 2017, direct and indirect communication can be summarized as followings:

- Emails and Telephone	22 times
- Interviewed on earnings with the press	3 times
- Company visit by institution investor	5 times
- Company visit by individual investor	3 times
- Opportunity Day	1 times

Audit Fee

In 2017, total audit fee from KPMG Phoomchai Audit Co., Ltd are 2,150,000 Baht exclude out of pocket expenses. Details are as following:

Description	SiS Distribution (Thailand)	Qool Distribution (Thailand)	SiS Venture	Total
Yearly audit fee	925,000	395,000	110,000	1,430,000
Quarterly audit fee	525,000	75,000	30,000	630,000
Package fee	90,000	-	-	90,000
Total Audit Fee	1,540,000	470,000	140,000	2,150,000
Non-Auditing fee	-	-	-	-
Total	1,540,000	470,000	140,000	2,150,000

The Explanation for Not Compliances

In 2017, the Company still has not complied with some code of conducts as following

Practices which have not comply	Explanation
1. The Chairman should be the Independent Director.	The Chairman is non-executive director, which is the major shareholders of the company. However, the responsibility and duty of the chairman has been defined clearly which emphasized on benefits of stakeholders. Besides, the company provide the independent directors to define the meeting agenda together with the managing director in order to maintain the good corporate governance.
2. The Appointment of an independent directors shall not exceed 9 years from the first date of appointment.	The existing independent directors of the Company are skilled, expertise, competent and experienced with the company's business, also their performances are efficient and effective. To change independent directors may affect the continuity. In 2017, there was the independent director that retired by rotation rule. The Board of Directors considered that the independent director would be express his opinion independently which would be in

Practices which have not comply	Explanation
	accordance with the regulations. The Board of Directors then proposed to re elect this director to be his position. His profile was disclosed in advance before the meeting.
3. Boards should include a majority of independent Directors	The Company is still a small listed company. To mark up the number of independent directors to 50% will be too high burden when compare to the size of the Company.
4. Remuneration Committee should include a majority of independent directors as 50%.	It is in process of consideration on independent director structure in Remuneration and Nomination Committee due to the change in independent director in 2017.
4. Nomination Committee should include a majority of independent directors as 50%.	It is in process of consideration on independent director structure in Remuneration and Nomination Committee due to the change in independent director in 2017.

Related Transactions

The Company has adopted the Related Transaction Policy to set forth the policies and procedures to review and approval from the Board of Directors prior to transaction done. Related transactions for 2017 which may be conflict of interests as follows:

Related Parties	Type of transaction and Relationship	Amount (Thousand Baht)	
		2017	2016
<p>Nippon Pack Trading Company Limited</p> <p><u>Relationship</u> Subsidiary Company held 49% of Issued and paid-up share capital.</p>	<p>The related transaction between the Company and Nippon Pack Trading Company Limited as follows:</p> <ul style="list-style-type: none"> Charge the technical support service and equipment to Nippon Pack Trading Company Limited Account Receivable brought forward Account Receivable carried forward <p><u>Pricing and Condition</u> Pricing and Condition of sales and services in the Related Transaction are the market price and normal condition treated as other parties.</p> <p><u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that Pricing and Condition of sales and services in the Related Transaction are the market price and normal condition that be treated as other parties.</p> <ul style="list-style-type: none"> Charge interest for the loan which is to be working capital to Nippon Pack Trading Company Limited. Other Receivable brought forward Other Receivable carried forward Allowance for doubtful account <ul style="list-style-type: none"> Loan balance brought forward Allowance for doubtful account Share of loss exceeds its interest in associated <ul style="list-style-type: none"> Loan balance brought forward Allowance for doubtful account Share of loss exceeds its interest in associated <p><u>Lending and Interest Rate</u> Loan to related parties is to use as the working capital which is due within 1 year with the interest rate of 5.25% which is not below than the finance cost of loan from financial institutions of the Company.</p> <p><u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that loan to this related parties is for the necessity of their business and the interest rate is not below than the finance cost of loan from financial institutions of the Company.</p>	<p>1,407</p> <p>556</p> <p>533</p> <p>1,286</p> <p>860</p> <p>2,146</p> <p>(2,146)</p> <p>=</p> <p>24,500</p> <p>(10,163)</p> <p>(14,337)</p> <p>=</p> <p>24,500</p> <p>(10,163)</p> <p>(14,337)</p> <p>=</p>	<p>1,680</p> <p>316</p> <p>556</p> <p>1,277</p> <p>414</p> <p>860</p> <p>=</p> <p>860</p> <p>14,700</p> <p>-</p> <p>(3,177)</p> <p>11,523</p> <p>24,500</p> <p>(10,163)</p> <p>(14,337)</p> <p>=</p>
<p>Wiko Mobile (Thailand) Company Limited</p> <p><u>Relationship</u> Subsidiary Company held 45% of Issued and paid-up share capital</p>	<p>The related transaction between the Company and Wiko Mobile (Thailand) Company Limited as follows:</p> <ul style="list-style-type: none"> Sell goods to Wiko Mobile (Thailand) Company Limited to use as the operational assets Purchase goods from Wiko Mobile (Thailand) Company Limited to distribute to our dealers Service income from Wiko Mobile (Thailand) Company Limited Marketing support and Other incomes from Wiko Mobile (Thailand) Company Limited 	<p>1,545</p> <p>1,933,648</p> <p>9,982</p> <p>8,376</p>	<p>2,314</p> <p>1,261,460</p> <p>8,312</p> <p>17,745</p>

Related Parties	Type of transaction and Relationship	Amount (Thousand Baht)	
		2017	2016
	<ul style="list-style-type: none"> • Trade Account Receivable brought forward • Trade Account Receivable carried forward • Other Receivable brought forward • Other Receivable carried forward • Other Current Payable carried forward <p><u>Pricing and Condition</u> Pricing and Condition in the Related Transaction is the market price and normal condition treated as other parties.</p> <p><u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that Pricing and Condition of sales, purchases and services in the Related Transaction is the market price and normal condition that be treated as other parties.</p> <ul style="list-style-type: none"> • Charge interest for the loan which is to be working capital to Wiko Mobile (Thailand) Company Limited • Loan balance brought forward • Share of loss exceeds its interest in associated <p><u>Lending and Interest Rate</u> Loan to related parties is to use as the working capital which is due within 2 years with the interest rate of 3.03 - 3.15% which is not below than the finance cost of loan from financial institutions of the Company</p> <p><u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that loan to this related parties is for the necessity of their business and the interest rate is not below than the finance cost of loan from financial institutions of the Company.</p>	- 29,606 20 7,995 13,222	920 - 29,036 20 -
	<ul style="list-style-type: none"> • Loan balance carried forward • Share of loss exceeds its interest in associated 	1,767 64,000 (14,218) <u>49,782</u> 36,500 - <u>36,500</u>	2,176 73,259 (28,286) <u>44,973</u> 64,000 (14,218) <u>49,782</u>
SiS International Holdings Limited	<p>The Company has got the suggestions, consulting, introducing and sourcing new IT manufacturers, negotiating with financial institutions including with shared services of management from SiS International Holdings Limited. Its fee that has to be paid as the contractually agreed price.</p> <ul style="list-style-type: none"> • Other Payables brought forward • Other Payables carried forward <p><u>Pricing and Condition</u> From 2004 onwards, the fee that has to be paid is 0.0625% of the monthly turnover.</p> <p><u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that its fee was paid as the contractually agreed price. The Audit Committee has noted that the rate was same as the prior year which was lower than the rate requested from companies from other company networks. The Audit Committee thus deemed this rate to be appropriate.</p>	12,534 2,053 2,209	11,492 1,711 2,053

Remarks:

In 2002, the company paid a management fee at a rate of 0.25% of total sales.

In 2003, the company paid a management fee at a rate of 0.125% of total sales.

From 2004, the company paid a management fee at a rate of 0.0625% of total sales.

Corporate Social Responsibilities

The Company realizes its duties for corporate social responsibilities together with its business operations by focusing on improvement of quality of life of its stakeholders and society to better. The Company has initiated three major project such as social, educational and environmental project. In 2017, the Company continued to operate in all three areas.

Social and Community Projects

Car Insurance to Delivery Truck Drivers

The Company has implemented a car insurance scheme for delivery truck drivers who have been subcontractor of the Company since 2014 to reduce the burden in case of an accident on the road. Although delivery truck drivers are not our employees, the Company realizes the importance of those people and wishes them to have a better quality of life.

The initiative of this project comes from the Company considered delivery truck drivers to be part of its family and community. Because improving the quality of their life is necessary, the Company started with a hearing about any concerns about their quality of life. The first concern was all expenses that may occur when accidents happen. Because their vehicles are owned by them no car insurance cover. When an accident happens, such burdens are directly incurred, so the Company opened an opportunity for delivery truck drivers to join this car insurance scheme which is subsidized for all insurance costs. Nowadays, all truck drivers participate in this scheme.

Educational Projects

SiS Technical Project

SiS Technical Project is initiated from the realization of the importance of social responsibility together with educational promote. The Company has launched this project from 2016 and has continuity plans. In 2017, the company recruit the bilateral exchange vocational students and provide technical skills training with a higher compensation than the minimum wage. This enhances their knowledge through direct working experience. The participating students will get integrated ideas, proactive problem solving skills, teamwork skill, a positive attitude towards their professional as well as earn money and improve their quality of life. This is an important youth in society.



The Company provides engineering teams as mentors. The participating students will be able to perform in after sales and services jobs, checking, analyzing of IT equipment and smartphones, repairing and recording data in the system, etc. Moreover, the participating students can learn from real problems by pointing out of problems in each process and being encouraged to express their opinion and to proactively solve problems.

In 2017, five students participated in the project, representing 2,184 technical working hours per person, totaling 10,920 technical working hours. The company believes that the SiS Technical Project will be a part of the development of the education, community and the youth to be well-equipped with knowledge, capability to society and IT industry.

Technology for Nation

Technology for Nation is the project of gadgets donation to school or university both public and private. This is because technology is significant factor to improve the education to be more effective. In 2017, the donation plan has been continue, the company provides the IT equipment to use as the equipment for engineering to 4 universities totally 31.5 Million Baht, namely Chiang Mai University, Utaradit Rajabhat University, Nakhon Phanom University and Rajamangala University of Technology Isan in Edutech Tomorrow events, held by Lanna Computer Company Limited.



Environmental Projects

Green Logistics

Green Logistics is a logistic management that reduce the environmental footprint in all activities and now became significant trends in the global. The Company has implemented this new technology and logistic management and believes that green logistics will be part of reducing air pollution and global warming to society.

In 2016, the Company has initiated and invested in green logistics by focusing a transportation process to reduce air pollution and optimize shipping to customers by deploying Sky Frog Logistic Management Software to our truck.

Sky Frog is a Windows Mobile and cloud based software service. It has special features that help to calculate fuel economy routes and timing and also monitor vehicles with Global Positioning System (GPS). It connects to Sky Frog's Cloud Computing Service so that Headquarters can instantly detect the route in real time and users can monitor the speed of their vehicles through speed meters as well



Currently, billing process also affect the environment in many ways such as waste of paper and carbon emission from driving. The company realized these effect then invest in E Billing System which the system that allow vendors and suppliers bill to the company via website www.sisthai.com. This has been adopt in 2017, also the company promoted to stop the conservative billing and launch on E Billing in order to reduce the use of paper to conserve the water and forest, also reduce carbon dioxide from driving.

Electronic waste is the effects from over using Technology these days. Without good management, it leads to environmental effects in terms of resource depletion and the toxic leakage that are harmful to humans and the environment. The Company, as an entrepreneur in the IT and Electronic Industry, saw these impacts, and then cooperated with Total Access Communication Public

**สารเคมีอันตราย
ในมือถือ**

ตะกั่ว
ทำลายเซลล์ประสาทหู
ทำลายเซลล์เม็ดเลือดแดง

สังกะสีแคดเมียม
ทำให้เกิดมะเร็งปอด
ทำลายเซลล์ไต
ทำลายไขกระดูก

สารหนู
ทำให้เกิดมะเร็งปอด
ทำให้เกิดมะเร็งผิวหนัง
ทำให้เกิดมะเร็งเม็ดเลือดขาว

ไนโตรเจนไดออกไซด์
ทำให้เกิดโรคหอบหืด
ทำลายเซลล์ปอด
ทำลายเซลล์เม็ดเลือดแดง

โบรมีน
ทำลายต่อมไทรอยด์
ทำลายระบบสืบพันธุ์
ทำลายเซลล์เม็ดเลือดแดง

คาร์บอนมอนอกไซด์
ทำให้เกิดโรคหัวใจและหลอดเลือด
ทำลายเซลล์ปอด

ปรอท
ทำลายเซลล์สมอง
ทำลายเซลล์ไต

สารเคมีอันตรายอื่น ๆ
ทำให้เกิดโรคหอบหืด
ทำให้เกิดโรคภูมิแพ้
ทำให้เกิดโรคผิวหนัง

จัดทำโดย: กรมอนามัย กระทรวงสาธารณสุข

ช่องทางกาารทิ้งมือถือใช้แล้ว

ทิ้ง

DSD

SIS

ประโยชน์จากการนำมือถือใช้แล้วมาทิ้งในจุดทิ้งไว้

- ส่งมอบมือถือให้ศูนย์รับซื้อ
- ส่งมือถือไปร้านซ่อม
- นำมือถือไปทิ้งตามถังขยะ

ศูนย์รับซื้อมือถือ

ร้านซ่อมมือถือ

ถังขยะ

CO₂

ศูนย์รับซื้อมือถือ

ร้านซ่อมมือถือ

ถังขยะ

CO₂

ศูนย์รับซื้อมือถือ

ร้านซ่อมมือถือ

ถังขยะ

CO₂

The Company aims to be a part of reducing domestic energy consumption. Therefore, the Company has initiated a project of using LED bulbs instead of traditional bulbs at Head Office and Romklao warehouse since 2014 onwards. The principal advantage of switching to use an LED bulb is longer service life. From our tests, it can be used for up to 60,000 – 100,000 hours with no brightness reduction in comparison to fluorescent bulbs that having a lifetime of 10,000 hours only.



Report from Audit Committee

Dear Valued Shareholders

The Audit Committee of SiS Distribution (Thailand) Public Company Limited consists of 3 independent directors; Assist. Prof. Dr. Rojanasak Chomvilailuk, as the Chairman of Audit Committee, Mr. Suwit Chindasangaun and Mr. Somchai Sirivichayakul as the audit committees. All audit committees are qualified with respect to the Audit Committee Charter requirements that conform to the regulations and best guidance of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). All audit committees are appointed by the Board of Directors in the ordinary meeting. The audit committees are in the position by 3 years period.

To ensure that the Company had effective, efficient, and sufficient corporate governance, the Audit Committee had independently practiced under the Charter of Audit Committee with the scope of duties, responsibilities, and authorities, for their reviews, audits, and monitors on the company's operations and performance, assigned by the Board of Directors. With respect to all activities of the Audit Committee, the committees had functioned to achieve the goals and objectives for maximized profits of all shareholders fairly and equally, without any conflict of interests. Furthermore, there was an adequate and appropriate internal control system to ensure that executives officiate with honesty, integrity and responsibility in accordance with the Company policies.

In the fiscal year of 2017, the Audit Committee had regularly arranged 13 monthly meetings, all members attend all meetings. Also Audit Committee set up the meetings with Executive Directors, Internal Auditors, relevant operators, and the Auditor to consider and discuss the relevant important matters to enhance the effectiveness and the efficiency of the Audit Committee's auditing and monitoring the Company performance. Moreover, there were arranged meetings with Auditor and Non-Executive Directors without Executive Directors. In particular, the details of Audit Committee's meetings as following:

- 1. Reviewing the interim and financial statements of the year 2017** These reviews consist of the interim and year ended financial statements; the consolidated and separate statements of financial position as at 31 December 2017 and quarterly, the consolidated and separate statements of comprehensive income, change in equity, statements of cash flow for the year then ended and quarterly period, condensed notes and notes to financial statements financial statements for the year ended that were reviewed and audited by the Auditor and also disclosed for the significant issues. Furthermore, the Audit Committee inquired the Executive Directors and Auditor to discuss the particular matters of financial reports in terms of accuracy, sufficiency, precise, increase and decrease of financial transactions, disclosure and risks. Moreover, the meeting with Auditor without the Executives to ensure the accuracy, precisely, consistency and compliance of the company's financial statements. In specific, Audit Committee agreed with Auditor that financial statements were prepared according to the generally Accepted Accounting Principles (GAAP).
- 2. Reviewing the operational information and internal control system** In order to evaluate the sufficiency, effectiveness and appropriateness of the internal control in accordance with the requirements of The Securities and Exchange Commission (SEC), and according to the results of internal auditing under the approved audit plan which cover important work processes asset management, and sufficient disclosure. It was

agreed that the Company had the appropriate processes and procedures of asset management and transparent disclosure sufficiently. There was no significant weakness on the internal control that could affect the company performance.

3. **Reviewing the Internal Audit** The Audit Committee reviewed the Internal Audit Department regarding its missions, duties, authorities, manpower, training, development plan, budget and the independence of the Internal Audit Department. Also, the Audit Committee had reviewed the audit plan for the year 2017 and approved the audit plan for the year 2018. Moreover, the Audit Committee reviewed and approved the Internal Audit Charter in order to be up to date and relevant to the risk management. The Audit Committee agreed that the company has the appropriate and sufficient internal audit function under the independence and it is the proactive internal audit which can enhance the value to the Company and promote the sustainability to the company.

Moreover, the Audit Committee encouraged the knowledge development to the internal audit and agreed that the human resource of internal audit are well developed to ensure the effectiveness and performance.

4. **Review Risk Management** The Audit Committee has reviewed the risk management quarterly together with management. Also, the Internal Audit has been assigned monitor the risks which are significant in order to report the Audit Committee in every meeting, especially risk from account receivables, the risk from technology shift affected the inventories and the risk from foreign exchange rate.

The Audit Committee agreed that the Company has the effective risk management which is proactively, suitable for the current economics and situations. In 2017, the Company has provide the risk management according to the COSO 2013 Risk Management Framework which comprises of the objectives alignment, risk identifications, risk assessment and monitoring.

5. **Reviewing and monitoring the compliant practices with the SEC's regulations, Security Act, relevant business laws, and the SET's good-practice direction for a listed company.** The Audit Committee agreed that there was no any matter in terms of overrules practices of the Company with respect to the relevant regulations, Act, and any regulators' guidance directions.

6. **Reviewing and providing opinions on related transactions and/ or conflict of interest transactions** to ensure that the Company's and subsidiaries' relevant transactions are reasonable, fair, and consistent with laws, rules, and regulations regulated by SET and SEC by focusing on benefits of all shareholders.

The Audit Committee had opinion that all related transactions of the Company and subsidiaries were normal commercial deals which supported the normal business transactions, reasonable, fair, and highly beneficial to all shareholders. Furthermore, there were sufficient and appropriate disclosures.

7. **Considering an appointment of the Auditor and propose the Auditor's fees of the year 2018** to the Board of Directors' agreement for the approval of the Annual General Meeting (AGM) 2018. The Audit Committee reviewed, selected and proposed the Company's Auditor for the Year 2018. The review and evaluation processes include the previous year auditing fee based on the basis of sufficient knowledge, experience, independence, and appropriateness. Thus, the Audit Committee proposed the board to appoint the Auditors as in the below list, and to approve the fees for the Auditors as shown. List of Auditors is Mr. Vichart Lokatekrawee CPA 4451 or Ms. Satida

Ratanurak CPA 4753 or Ms. Siriwan Nitdamrong CPA 5906 of EY Office Limited with the fees as 1.78 Million Baht .

- 8. Reviewing good corporate governance** including business ethics to ensure the transparency and sufficient disclosure complied with the regulations of Securities and Exchange Commission (SEC) and Stock Exchange of Thailand (SET). The Audit Committee had reviewed the business/corporate practices in terms of the transparent and sufficient information disclosure to comply with the regulations and rules of the SET and the SEC. The Audit Committee encouraged the Management to follow the code of conducts of good corporate governance defined by the Company. The assessment of corporate governance showed that the Company's governance practices have continuously been improved. In the year 2017, the Company was evaluated as the Excellent-Performance listed company in terms of corporate governance practices in 2 Awards.

I. The Excellent Corporate Governance Award which the award was initiated and jointly provided by The Thai Institute of Directors Association (IOD), The Stock Exchange of Thailand (SET), Securities and Exchange Commission of Thailand (SEC).

II. 98.5 from 100 points in the arrangement of the Annual General Meeting of Shareholders award. The Award was assessed by The Thai Investors Association, and The Thai-Listed Company Association.

Besides, the Audit Committee reviewed the compliance of code of conducts as well as the corporate governance policy, it was founded that management and employees at all levels were on their duties and operates their job responsibilities accordingly and appropriately. The Company has been certified as the certified company of Thailand's Private Sector Collective Action Coalition Against Corruption in on 22 January 2016. The Audit Committee agreed that the Company has the good corporate governance which is able to enhance the sustainability growth of the Company. In order that, the Audit Committee will continuously support the internal audit together with the corporate governance to ensure the good corporate governance and the compliance.

- 9. Review Fraud and Corruption** the Audit Committee has supported the internal control in fraud and corruption. The management has emphasized that the fraud and corruption is zero tolerance and provide the anti- corruption as the organizational culture. Moreover, the Company provide the whistle blower both internally and externally and provide the standard to manage those complains. In 2017, the Audit Committee did not receive any fraud and corruption complains as well as the action against the Code of Conduct.

For the audit and monitoring, the Audit Committee assigned the internal audit to audit and report the fraud and Corruption quarterly. The Audit Committee has reviewed the report and the internal control for fraud and corruption proactively. The Audit Committee agreed that the Company has the sufficient internal control for fraud and corruption.

- 10. Conducting self- assessment of the Audit Committee.** The Audit Committee conducted a self-assessment with the results of satisfaction by considering the Audit Committee's Charter and the accepted standard benchmarks of the good practices for the effectiveness improvement. The Audit Committee agreed that the performance of Audit Committee according to the result of assessment is satisfied and the role and

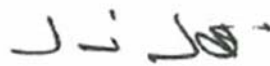
responsibilities according to the Charter has been completed. Furthermore, the Audit Committee has developed the skill and knowledge continuously.

- 11. The internal audit assessment** to ensure the performance of internal audit and internal audit work in order to maintain the vital benefits to the shareholders. In 2016, the Audit Committee provide the internal audit assessment by the independent internal auditor from EY Office. In 2017, the result of evaluation has been consider to improve the internal audit performance to be more effective.

Besides, there was the significant change in major shareholders in the voluntary offer (common share) by Thai Alliance Company Limited. However, the Audit Committee provide the independent financial advisor in order to provide the independent opinion to shareholders, especially the minor shareholders. Apart from the opinion of the independent financial advisor, the audit committee provided the opinion to the Board as well as shareholders and disclose publicly.

After the voluntary offer, group of SiS technology (Thailand) company hold the share as 64.11 percent which increased from 47.29 percent. Also, there was the change in the Board as well as the Chairman. The chairman who is the independent director and the member of audit committee resigned from the Board due to the change of major shareholders and 1 executive director resigned from the position due to retirement. However, the Board has appointed the new Chairman and nominate 1 director to replace the vacancy.

In conclusion, the Audit Committee perform the duty, in accordance with the Audit Committee Charter with the experiences and expertise under the independence in order to maintain the benefit to the shareholders equally as well as stakeholders. The Audit Committee agreed that the company has prepared the financial statements under the Generally Accepted Accounting Standard and Financial Reporting Standard, moreover the disclosure is appropriate and sufficient. For the internal control and Compliance, the Company align the effective internal control, efficient risk management and have a good corporate governance with the compliance of regulations which enhance the sustainable of the Company.



Assist. Prof. Dr. Rojanasak Chomvilailuk
Chairman of Audit Committee
March 2, 2018



Responsibility Report of Board of Directors for Financial Report

Dear Valued Shareholders

The Board of Directors is responsible for the consolidated financial statements of SiS Distribution (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of SiS Distribution (Thailand) Public Company Limited. The aforementioned financial statements are prepared in accordance with Thai Financial Report Standards. The financial statements are prepared under appropriated accounting policies and applied consistently by using careful judgement and the best estimation. Important information is adequately and transparently disclosed in the notes to financial statements for the company's shareholders and investors.

The Board of Directors provides good corporate governance and maintains the risk management system and internal controls to ensure that accounting records are accurate, reliable, free from material misstatement, timely and adequate to protect the company's assets as well as to prevent fraud and significant irregular operations.

The Board of Directors has appointed an Audit Committee comprising independent directors to be responsible for reviewing the reliability and correctness of financial reports as well as evaluating the effectiveness of internal control system and internal audit. The audit committee's comments on these issues are presented in the audit committee report included in this annual report.

The Board of Directors considers that the internal control system and the internal audit of the company provide credibility and reliability to the consolidated financial statements of SiS Distribution (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of SiS Distribution (Thailand) Public Company Limited for the year ended December 31, 2017. The Board of Directors also believes that the financial position, financial results and cash flows, audited by the independent auditors are fairly presented in all material respects with Thai Financial Reporting Standards.



Mr. Somchai Sittichaisrichart
Managing Director
March 2, 2018



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เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

Independent Auditor's Report

To the shareholders of SiS Distribution (Thailand) Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of SiS Distribution (Thailand) Public Company Limited and its subsidiaries (the "Group") and of SiS Distribution (Thailand) Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2017, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate 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 my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventory	
Refer to note 3(g) and note 8 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
The Group's business is highly competitive with fast technological developments which affect the recoverable value of inventories. Management's judgement is required in establishing the allowance for decline in value in respect of obsolete and slow moving inventories. Therefore, I focused this area in my audit.	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Inquiring the management who is responsible in this area to obtain an understanding of the Group's and the Company's policy and procedure in estimating the allowance for decline in value of inventory. - Assessment of the Group's and the Company's compliance with their policy. - Assessment of the reasonableness of the inventory aging report by using KPMG's information technology specialist to test, on a sample test basis, whether the inventory items in the report were categorised in appropriate aging bracket and I test aging of inventory with relating supporting document on a sample basis. - Reasonableness testing on methodology used for calculating the allowance for obsolescence by challenging the assumptions used and comparing with historical experience, sale plan as well as sampling recalculate of the inventory report and also performing test on a sample basis of net realisable value of inventories by investigating the latest sales documents and comparing the cost of inventories against expected net realisable value; and - Consideration of the adequacy of disclosures in relation to inventory in accordance with Thai Financial Reporting Standards.

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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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



In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 and the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 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 and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. 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 I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated 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.

(Pornthip Rimdusit)
Certified Public Accountant
Registration No. 5565

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2018

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents	5	206,976	147,870	158,561	106,493
Trade accounts receivable	4, 6	2,737,433	2,361,380	2,459,818	2,218,802
Other current receivables	4, 7	318,696	272,811	120,121	88,765
Short-term loans to related parties	4	36,500	-	57,500	20,000
Current portion of long-term loans to related party	4	-	49,782	-	64,000
Inventories	8	2,077,655	1,718,131	1,906,562	1,620,801
Other current assets		-	5,443	-	5,348
Total current assets		5,377,260	4,555,417	4,702,562	4,124,209
Non-current assets					
Investments in associates	9	20,221	-	-	-
Investments in subsidiaries	10	-	-	171,958	171,958
Equipment	12	94,655	107,156	93,906	106,863
Intangible assets	13	22,062	29,592	22,062	29,592
Deferred tax assets	14	232,155	254,450	220,195	222,622
Other non-current assets		13,196	11,725	13,196	11,725
Total non-current assets		382,289	402,923	521,317	542,760
Total assets		5,759,549	4,958,340	5,223,879	4,666,969

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Current liabilities					
Short-term loans from financial institutions	15	1,640,261	1,219,222	1,306,558	1,017,705
Trade accounts payable	4, 16	1,708,744	1,683,714	1,640,373	1,586,602
Other current payables	4, 17	474,639	277,139	409,350	267,871
Income tax payable		3,458	37	-	-
Other current liabilities		20,295	21,175	19,353	20,703
Total current liabilities		3,847,397	3,201,287	3,375,634	2,892,881
Non-current liabilities					
Provision for cost of assets dismantlement		3,960	3,960	3,960	3,960
Non-current provisions for employee benefits	18	42,437	43,970	42,437	43,970
Total non-current liabilities		46,397	47,930	46,397	47,930
Total liabilities		3,893,794	3,249,217	3,422,031	2,940,811
Equity					
Share capital	19				
Authorised share capital		350,199	350,199	350,199	350,199
Issued and paid-up share capital		350,199	350,199	350,199	350,199
Share premium	19	435,415	435,415	435,415	435,415
Retained earnings					
Appropriated					
Legal reserve	20	35,020	35,020	35,020	35,020
Unappropriated		1,045,121	888,489	981,214	905,524
Total equity		1,865,755	1,709,123	1,801,848	1,726,158
Total liabilities and equity		5,759,549	4,958,340	5,223,879	4,666,969

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Revenue					
Revenue from sale of goods	4	20,036,721	18,374,515	16,612,281	15,599,991
Revenue from rendering of services		56,464	60,344	16,218	34,185
Other income	4, 22	62,935	59,610	98,841	94,033
Gain on exchange rate		-	232	-	596
Total income		20,156,120	18,494,701	16,727,340	15,728,805
Expenses					
Cost of sale of goods	4, 24	18,959,930	17,437,296	15,656,282	14,794,494
Cost of rendering of services		27,946	29,822	19,318	27,157
Selling expenses	24	382,711	359,249	372,074	350,916
Administrative expenses	4, 24	366,823	313,894	347,433	309,844
Loss on exchange rate		23,981	-	23,919	-
Finance costs		44,167	50,218	38,571	41,592
Total expenses		19,805,558	18,190,479	16,457,597	15,524,003
Share of profit of associates	9	34,439	2,908	-	-
Profit before income tax expense		385,001	307,130	269,743	204,802
Tax expense	25	(88,199)	(79,685)	(53,883)	(57,067)
Profit for the year		296,802	227,445	215,860	147,735
Profit attributable to					
Owners of the parent		296,802	227,445	215,860	147,735
Profit for the year		296,802	227,445	215,860	147,735
Basic earnings per share (in Baht)	26	0.85	0.65	0.62	0.42

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2017	2016	2017	2016
	(in thousand Baht)			
Profit for the year	296,802	227,445	215,860	147,735
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Losses on remeasurements of defined benefit plans	(114)	-	(114)	-
Income tax relating to items that will not be reclassified	23	-	23	-
Other comprehensive expense for the year, net of tax	(91)	-	(91)	-
Total comprehensive income for the year	296,711	227,445	215,769	147,735
Total comprehensive income attributable to				
Owners of parent	296,711	227,445	215,769	147,735
Total comprehensive income for the year	296,711	227,445	215,769	147,735

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements				
				Retained earnings		
	Note	Issued and paid-up share capital	Shared premium	Legal reserve (in thousand Baht)	Unappropriated	Total shareholders equity
Year ended 31 December 2016						
Balance at 1 January 2016		350,199	435,415	35,020	766,104	1,586,738
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the parent</i>						
Dividends	27	-	-	-	(105,060)	(105,060)
<i>Total distributions to owners of the parent</i>		-	-	-	(105,060)	(105,060)
Comprehensive income for the year						
Profit		-	-	-	227,445	227,445
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	227,445	227,445
Balance at 31 December 2016		350,199	435,415	35,020	888,489	1,709,123

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements					
			Retained earnings		
	Issued and paid-up share capital	Shared premium	Legal reserve	Unappropriated	Total shareholders equity
Note					
	(in thousand Baht)				
Year ended 31 December 2017					
Balance at 1 January 2017	350,199	435,415	35,020	888,489	1,709,123
Transactions with owners, recorded directly in equity					
Distributions to owners of the parent					
Dividends	27	-	-	(140,079)	(140,079)
Total distributions to owners of the parent		-	-	(140,079)	(140,079)
Comprehensive income for the year					
Profit		-	-	296,802	296,802
Other comprehensive income		-	-	(91)	(91)
Total comprehensive income for the year		-	-	296,711	296,711
Balance at 31 December 2017	350,199	435,415	35,020	1,045,121	1,865,755

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	Issued and paid-up share capital	Shared premium	Separate financial statements		Total equity
				Retained earnings	Unappropriated	
				Legal reserve (in thousand Baht)		
Year ended 31 December 2016						
Balance at 1 January 2016		350,199	435,415	35,020	862,849	1,683,483
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the parent</i>						
Dividends	27	-	-	-	(105,060)	(105,060)
<i>Total distributions to owners of the parent</i>		-	-	-	(105,060)	(105,060)
Comprehensive income for the year						
Profit		-	-	-	147,735	147,735
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	147,735	147,735
Balance at 31 December 2016		350,199	435,415	35,020	905,524	1,726,158

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of changes in equity

Separate financial statements						
			Retained earnings			
	Note	Issued and paid-up share capital	Shared premium	Legal reserve (in thousand Baht)	Unappropriated	Total equity
Year ended 31 December 2017						
Balance at 1 January 2017		350,199	435,415	35,020	905,524	1,726,158
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the parent</i>						
Dividends	27	-	-	-	(140,079)	(140,079)
<i>Total distributions to owners of the parent</i>		-	-	-	(140,079)	(140,079)
Comprehensive income for the year						
Profit		-	-	-	215,860	215,860
Other comprehensive income		-	-	-	(91)	(91)
Total comprehensive income for the year		-	-	-	215,769	215,769
Balance at 31 December 2017		350,199	435,415	35,020	981,214	1,801,848

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	Note	2017	2016	2017	2016
		(in thousand Baht)			
Cash flows from operating activities					
Profit for the year		296,802	227,445	215,860	147,735
<i>Adjustments to reconcile profit to cash receipts (payment)</i>					
Tax expense	25	88,199	79,685	53,883	57,067
Finance costs		44,167	50,218	38,571	41,592
Depreciation	12	30,245	31,248	30,046	31,126
Amortisation of intangible assets	13	6,025	5,804	6,025	5,804
Unrealised loss on exchange		189	813	137	812
Gain on disposal of equipment		(30)	(354)	(33)	(354)
Share of profit of associates		(34,439)	(2,908)	-	-
Impairment losses on investment in subsidiary	10	-	-	-	9,800
(Reversal of) bad and doubtful debts expense		37,259	(4,243)	34,851	(12,813)
(Reversal of) losses on decline in value of inventories	8	(28,611)	68,020	(23,988)	61,251
Non-current provisions for employee benefits	18	8,053	6,985	8,053	6,985
Interest income		(13,627)	(8,808)	(12,505)	(8,887)
		434,232	453,905	350,900	340,118
Changes in operating assets and liabilities					
Trade accounts receivable		(384,975)	(352,826)	(249,675)	(349,718)
Other current receivables		(55,735)	298,419	(35,971)	277,894
Inventories		(330,913)	(462,946)	(261,773)	(400,435)
Other current assets		5,443	(2,018)	5,348	(2,315)
Other non-current assets		(1,471)	(18)	(1,471)	(36)
Trade accounts payable		24,699	437,836	53,440	378,517
Other current payables		199,550	15,981	142,928	20,565
Other current liabilities		(880)	3,200	(1,350)	3,342
Net cash generated from (used in) operating		(110,050)	391,533	2,376	267,932
Non-current provisions for employee benefits paid	18	(9,700)	(1,550)	(9,700)	(1,550)
Taxes paid		(79,207)	(79,497)	(72,816)	(79,479)
Net cash from (used in) operating activities		(198,957)	310,486	(80,140)	186,903

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Cash flows from investing activities					
Acquisition of equipment		(18,004)	(26,789)	(17,328)	(26,553)
Proceeds from sale of equipment		290	1,014	272	1,014
Acquisition of intangible assets		(250)	(874)	(250)	(874)
Interest received		12,030	8,829	12,505	9,639
Proceeds from repayment of short-term loans to related parties	4	11,500	-	11,500	127,000
Payments of short-term loans to related parties	4	-	(9,800)	(1,000)	(10,000)
Proceeds from repayment of long-term loans to related parties	4	16,000	9,259	16,000	9,259
Net cash from (used in) investing activities		21,566	(18,361)	21,699	109,485
Cash flows from financing activities					
Interest paid		(44,463)	(49,902)	(38,265)	(41,234)
Increase (decrease) in short-term loans from financial institutions		421,039	(38,783)	288,853	(75,300)
Dividends paid to owners of the Company	27	(140,079)	(105,060)	(140,079)	(105,060)
Net cash from (used in) financing activities		236,497	(193,745)	110,509	(221,594)
Net increase in cash and cash equivalents		59,106	98,380	52,068	74,794
Cash and cash equivalents at 1 January		147,870	49,490	106,493	31,699
Cash and cash equivalents at 31 December	5	206,976	147,870	158,561	106,493

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

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SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 21 February 2018.

1 General information

SiS Distribution (Thailand) Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office at 9 Pakin Building, 9th Floor, Room No. 901, Ratchadaphisek Road, Din Daeng, Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand on 21 June 2004.

The Company’s major shareholders during the financial year were SiS Technologies (Thailand) Pte. Ltd. (47.29% shareholding) which was incorporated in Singapore and Thai Alliance Co., Ltd. (16.82% shareholding) which was incorporated in Thailand.

The principal activities of the Company are trading in computer component, smartphone, office automation equipment, service and rental of computers and accessories. Details of the Company’s subsidiaries as at 31 December 2017 and 2016 are given in notes 4 and 10.

2 Basis of preparation of financial statements

(a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements.

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Derivative financial instruments	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in note 3 (n)

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 8	Estimation of allowance for decline in value of inventory;
Note 18	Measurement of defined benefit obligations: key actuarial assumptions; and
Note 28	Valuation of financial instruments

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the group’s interests in associate.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

Interests in equity - accounted investees

The Group’s interests in equity-accounted investees was interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity - accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

(b) *Foreign currency*

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in profit or loss.

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from operational activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(d) *Hedging*

Fair value hedges

Where a derivative financial instrument hedges the changes in fair value of a recognised asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in the profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

(e) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

(f) Trade accounts receivable and other current receivables

Trade accounts receivable and other current receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is based on management's assessment of loss which may arise from the outstanding accounts receivable. Such assessment is provided by considering the accounts receivable outstanding over 3 months, for which allowance for doubtful accounts is set at the rate of 100%, together with the analysis of payment histories, future expectations of customer payment and the local economic conditions. Bad debts are written off when incurred.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase or other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Group sets an allowance for the decline in value of obsolete and defective stock by management reviewing.

(h) Investment

Investment in subsidiaries and associates

Investment in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Equity securities

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average applied to the carrying value of the total holding of the investment.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

(i) *Equipment*

Recognition and measurement

Owned assets

Equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit and loss on a straight-line basis over the estimated useful lives of each component of an item of equipment. The estimated useful lives are as follows:

Vehicles	5 years
Furniture & fixtures	5 years
Computer & office equipment	3 and 5 years
Leasehold improvements	3, 5, 10 and 12 years

No depreciation is provided on asset under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) *Intangible assets*

Software licences

Software licences that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2017

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of software licences from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are 5 and 10 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

(l) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(m) *Trade accounts payable and other current payables*

Trade accounts payable and other current payables are stated at cost.

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(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs, the probable return of goods or the continuing management involvement with the goods.

Revenue from services is recognised when services are rendered.

Interest income

Interest income is recognised in profit or loss as it accrues.

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(p) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration.

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

(q) Operating leases

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

Contingent rentals are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

(r) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) *Earnings per share*

The Group presents basic earnings per share. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(t) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and tax assets and liabilities.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and associate are described in notes 9 and 10. Relationship with other related parties were as follows:

Name of the entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thailand Singapore	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
SiS International Holdings Ltd.	Bermuda	Ultimate parent of the Group and some common directors

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Name of the entities	Country of incorporation/ nationality	Nature of relationships
SiS Technologies (Thailand) Pte. Ltd.	Singapore	Under the same control of the ultimate parent company
Thai Alliance Co., Ltd.	Thailand	Under the same control of the ultimate parent company
Alliance & Link Corporation Co., Ltd.	Thailand	15% shareholding by the subsidiary company
Click Connect Co., Ltd.	Thailand	15% shareholding by the subsidiary company
Hardware House International Co., Ltd.	Thailand	Indirect shareholding by the subsidiary company

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from sale of goods	Market price plus actual related expenses
Revenue from rendering of services	Contractually agreed price
Management income/expense	Contractually agreed price
Purchase of goods	Actual cost plus actual related expenses
Interest income	Reference from interest rate of financial institution
Other income	Actual cost plus margin

Significant transactions for the years ended 31 December with related parties are summarised as follows:

	Consolidated financial statements		Separate financial statements	
Year ended 31 December	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Management fee	12,534	11,492	10,383	9,750
Subsidiaries				
Sale of goods	-	-	4,045	9,218
Purchase of goods	-	-	14,391	2,810
Management income	-	-	40,735	46,253
Interest income	-	-	580	1,561
Associates				
Sale of goods	1,545	2,314	1,545	1,270
Purchase of goods	1,933,648	1,261,460	-	-
Revenue from rendering of services	11,389	9,992	-	-
Other income	8,376	17,745	5,426	11,432
Interest income	3,053	3,453	1,740	2,175
Key management				
Key management personnel compensation				
Short-term employee benefit	69,665	51,081	63,684	46,584
Other long-term benefits	2,224	1,646	2,000	1,440
Total key management personnel compensation	71,889	52,727	65,684	48,024

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Balances as at 31 December with related parties are as follows:

<i>Trade accounts receivable</i>	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Associate				
Nippon Pack Trading Co., Ltd.	533	556	-	-
Wiko Mobile (Thailand) Co., Ltd.	29,606	-	-	-
Other related party				
Hardware House International Co., Ltd.	46,223	46,223	46,223	46,223
	76,362	46,779	46,223	46,223
Less allowance for doubtful accounts	(46,223)	(46,223)	(46,223)	(46,223)
Net	30,139	556	-	-
Other current receivables				
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiary				
Qool distribution (Thailand) Co., Ltd.	-	-	4,598	3,660
Associates				
Nippon Pack Trading Co., Ltd.	2,146	860	-	-
Wiko Mobile (Thailand) Co., Ltd.	7,995	20	166	20
Other related party				
Hardware House International Co., Ltd.	557,087	557,087	541,542	541,542
	567,228	557,967	546,306	545,222
Less allowance for doubtful accounts	(559,233)	(557,087)	(541,542)	(541,542)
Net	7,995	880	4,764	3,680

The Company and its subsidiary (Qool Distribution (Thailand) Co., Ltd.) have an agreement on consignment with a related party (Hardware House International Co., Ltd.) which has notified the call for return all consignment from the related party in November 2012 because of the default of the terms of the agreement for consignment. The Company and its subsidiary are in the process to reclaim those losses from the related party. As at 31 December 2017 and 2016, the receivable from the loss of consignment amounted to approximately Baht 557.09 million in the consolidated financial statements and Baht 541.54 million in the separate financial statements, respectively. The Company is undertaking litigation proceedings, therefore, pending the outcome of these proceedings, the Company and its subsidiary has estimated the allowance for doubtful account, amounted to Baht 557.09 million and 541.54 million, respectively.

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<i>Loans to related parties</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016	2017	2016
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loans						
Subsidiary						
SiS Venture Co., Ltd.	2.35	3.00 - 3.25	-	-	21,000	20,000
Associates						
Nippon Pack Trading Co., Ltd.	5.25	5.25	24,500	24,500	-	-
Wiko Mobile (Thailand) Co., Ltd.	3.03	-	36,500	-	36,500	-
			<u>61,000</u>	<u>24,500</u>	<u>36,500</u>	<u>-</u>
Less allowance for doubtful debt			(10,163)	(10,163)	-	-
Less share of loss exceeds its interest in associates (note 9)			(14,337)	(14,337)	-	-
Short-term loans, net			<u>36,500</u>	<u>-</u>	<u>57,500</u>	<u>20,000</u>
Long-term loans						
Associate						
Wiko Mobile (Thailand) Co., Ltd.	-	3.03 - 3.15	-	64,000	-	64,000
Less share of loss exceeds its interest in associates (note 9)			-	(14,218)	-	-
Long-term loans, net			<u>-</u>	<u>49,782</u>	<u>-</u>	<u>64,000</u>

Movements during the years ended 31 December of loans to related parties were as follows:

<i>Short-term loans</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiary				
At 1 January	-	-	20,000	137,000
Increased	-	-	1,000	10,000
Decreased	-	-	-	(127,000)
At 31 December	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>20,000</u>
Associates				
At 1 January	24,500	14,700	-	-
Increase	-	9,800	-	-
Decrease	(11,500)	-	(11,500)	-
Reclassification	48,000	-	48,000	-
At 31 December	<u>61,000</u>	<u>24,500</u>	<u>36,500</u>	<u>-</u>

Short-term loans to related parties were due on demand.

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<i>Long-term loans</i>	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Associate				
At 1 January	64,000	73,259	64,000	73,259
Decrease	(16,000)	(9,259)	(16,000)	(9,259)
Reclassification	(48,000)	-	(48,000)	-
At 31 December	-	64,000	-	64,000

During the year 2015, the Company entered into an unsecured long-term loan agreement with its associated company (Wiko Mobile (Thailand) Co., Ltd.) for principal amounting to Baht 73 million which due date is on December 2017. On due date, the Company renew the agreement for the remaining principal of Baht 48 million as short-term loan which due date is on December 2018.

<i>Trade accounts payable</i>	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Associate				
Wiko Mobile (Thailand) Co., Ltd.	-	57,104	-	-
Other related party				
Alliance & Link Corporation Co., Ltd.	86	86	86	86
Total	86	57,190	86	86

<i>Other current payables</i>	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Ultimate parent company				
SiS International Holdings Ltd.	2,209	2,053	1,674	1,789
Associate				
Wiko Mobile (Thailand) Co., Ltd.	13,222	-	-	-
Total	15,431	2,053	1,674	1,789

Significant agreements with related parties

Management income

The Company has an agreement with a subsidiary (Qool Distribution (Thailand) Co., Ltd.) for sharing the combined staff and assets cost. The parties agreed to enter into new agreement effective from 1 January 2017 to change the monthly rate of management fee to Baht 0.50 million per month plus 1% of the net sales of the subsidiary for each month. The agreement is in force for an indefinite period of time and may be terminated by either party giving to the other notice in writing.

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Administrative support agreement

On 30 December 2015, the Company entered into an administrative service agreement with Wiko Mobile (Thailand) Co., Ltd. to provide certain administrative supports. Under the terms of the agreement, the Company is committed to pay monthly administrative service fee at the rate as specified in the agreement. The agreement is in force for an indefinite period of time and may be terminated by either party giving to the other notice in writing not less than 30 days.

Management fee

In 2004, the Company entered into an agreement with SiS International Holdings Ltd. to share cost of management staff. The term of the agreement is from 1 January 2004 onward, and the monthly rate of management fee is 0.0625% of each month's sales. The agreement is in force for an indefinite period of time and may be terminated by either party giving to the other notice in writing.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Cash on hand	165	165	165	165
Cash at banks - current accounts	(2,531)	(7,919)	(3,146)	(8,060)
Cash at banks - savings accounts	209,342	155,624	161,542	114,388
Total	206,976	147,870	158,561	106,493

6 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	4	76,362	46,779	46,223	46,223
Other parties		2,809,031	2,587,359	2,558,950	2,442,462
		2,885,393	2,634,138	2,605,173	2,488,685
Less allowance for doubtful accounts		(147,960)	(272,758)	(145,355)	(269,883)
Net		2,737,433	2,361,380	2,459,818	2,218,802
(Reversal of) bad and doubtful debts expenses for the year		9,114	(14,406)	8,852	(12,813)

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Aging analysis for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	30,139	128	-	-
Overdue:				
Less than 3 months	-	428	-	-
Over 12 months	46,223	46,223	46,223	46,223
	<u>76,362</u>	<u>46,779</u>	<u>46,223</u>	<u>46,223</u>
<i>Less allowance for doubtful accounts</i>	<u>(46,223)</u>	<u>(46,223)</u>	<u>(46,223)</u>	<u>(46,223)</u>
	30,139	556	-	-
Other parties				
Within credit terms	2,321,095	1,957,914	2,093,149	1,849,228
Overdue:				
Less than 3 months	386,032	402,087	365,378	368,695
3-6 months	4,863	5,019	4,863	4,844
6-12 months	23,555	8,042	23,555	8,042
Over 12 months	73,486	214,297	72,005	211,653
	<u>2,809,031</u>	<u>2,587,359</u>	<u>2,558,950</u>	<u>2,442,462</u>
<i>Less allowance for doubtful accounts</i>	<u>(101,737)</u>	<u>(226,535)</u>	<u>(99,132)</u>	<u>(223,660)</u>
	2,707,294	2,360,824	2,459,818	2,218,802
Total	2,737,433	2,361,380	2,459,818	2,218,802

The normal credit term granted by the Group is ranging from 30 days to 90 days.

7 Other current receivables

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	4				
Other receivables		10,141	880	166	20
Receivable from losses of consignment		557,087	557,087	541,542	541,542
Accrued income		-	-	4,598	3,660
		<u>567,228</u>	<u>557,967</u>	<u>546,306</u>	<u>545,222</u>
<i>Less allowance for doubtful accounts</i>		<u>(559,233)</u>	<u>(557,087)</u>	<u>(541,542)</u>	<u>(541,542)</u>
		7,995	880	4,764	3,680

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	Consolidated financial statements		Separate financial statements	
Note	2017	2016	2017	2016
	(in thousand Baht)			
Other parties				
Other receivables	47,963	50,959	47,963	50,959
Receivable from				
Revenue Department	185,170	153,944	15,301	9,942
Accrued income	86,151	22,881	58,832	7,383
Prepaid expenses	12,419	9,723	11,995	7,366
Others	4,997	34,424	7,265	9,435
	<u>336,700</u>	<u>271,931</u>	<u>141,356</u>	<u>85,085</u>
Less allowance for doubtful accounts	<u>(25,999)</u>	<u>-</u>	<u>(25,999)</u>	<u>-</u>
	<u>310,701</u>	<u>271,931</u>	<u>115,357</u>	<u>85,085</u>
Total	<u>318,696</u>	<u>272,811</u>	<u>120,121</u>	<u>88,765</u>
Doubtful debts expenses for the year	<u>28,145</u>	<u>-</u>	<u>25,999</u>	<u>-</u>

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Finished goods	2,062,254	1,568,999	1,883,627	1,459,539
Work in progress	569	712	529	645
Goods in transit	<u>173,385</u>	<u>365,604</u>	<u>173,385</u>	<u>365,604</u>
	<u>2,236,208</u>	<u>1,935,315</u>	<u>2,057,541</u>	<u>1,825,788</u>
Less allowance for decline in value of inventories	<u>(158,553)</u>	<u>(217,184)</u>	<u>(150,979)</u>	<u>(204,987)</u>
Net	<u>2,077,655</u>	<u>1,718,131</u>	<u>1,906,562</u>	<u>1,620,801</u>

9 Investments in associates

	Consolidated financial statements	
	2017	2016
	(in thousand Baht)	
At 1 January	-	-
Share of profit of associates	<u>20,221</u>	<u>-</u>
At 31 December	<u>20,221</u>	<u>-</u>

The Group's accumulated share of loss of investments in associates exceeded the carrying amount of that investment. The excess loss is adjusted to loan to associates. Future reversals of loss are first be applied to the loan to the extent that such loss is previously applied against that loan and subsequently recognised in investments in associates.

The Group recognised share of profit on investments in Wiko Mobile (Thailand) Co., Ltd. in the consolidated statement of income for the year ended 31 December 2017 amounted Baht 34.4 million by reversed share of loss in loan amounted Baht 14.2 million and recognised share of profit of associates amounted Baht 20.2 million.

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Investments in associates as at 31 December 2017 and 2016, and dividend income for the years then ended, were as follows:

		Consolidated financial statements									
	Type of business	Ownership interest		Paid-up capital		Cost method		Equity method		Dividend income	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		(%)						(in thousand Baht)			
<i>Associates</i>											
Nippon Pack Trading Co., Ltd.	Trading and service	49.00	49.00	20,000	20,000	9,800	9,800	-	-	-	-
Wiko Mobile (Thailand) Co., Ltd.	Trading	45.00	45.00	100,000	100,000	45,000	45,000	20,221	-	-	-
Total				120,000	120,000	54,800	54,800	20,221	-	-	-

None of the Group's associates are publicly listed and consequently do not have published price quotations

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The following table summarises the financial information of the associates as included in their own financial statements and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	Nippon Pack Trading Co., Ltd.		Wiko Mobile (Thailand) Co., Ltd.	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Revenue	1,620	11,719	2,071,075	1,269,013
Profit (loss) from continuing operations	(37,439)	(22,808)	76,117	24,209
Other comprehensive income	-	-	-	-
Total comprehensive income	(37,439)	(22,808)	76,117	24,209
Total comprehensive income (45% hold)			34,252	13,963
Total comprehensive income (49% hold)	(18,345)	(11,176)		
Elimination of unrealised profit on downstream sales	20	16	187	105
Share of loss which not recognised	18,325	-	-	-
Group's share of total comprehensive income	-	(11,160)	34,439	14,068
Current assets	6,503	11,026	345,809	227,852
Non-current assets	-	13,909	14,789	16,006
Current liabilities	(87,277)	(68,577)	(315,255)	(128,546)
Non-current liabilities	(966)	(659)	-	(146,086)
Net assets (liabilities)	(81,740)	(44,301)	45,343	(30,774)
Group's share of net assets (liabilities) (45% hold)			20,404	(13,848)
Group's share of net liabilities (49% hold)	(40,052)	(21,707)		
Elimination of unrealised profit on downstream sales	301	281	(183)	(370)
Differences between amount paid and carrying amount of interest in associate	7,089	7,089	-	-
Share of loss which recognised in loan	14,337	14,337	-	14,218
Share of loss which not recognised	18,325	-	-	-
Carrying amount of investments in associates	-	-	20,221	-

10 Investments in subsidiaries

	Separate financial statements	
	2017	2016
	<i>(in thousand Baht)</i>	
At 1 January	171,958	181,758
Allowance for impairment	-	(9,800)
At 31 December	171,958	171,958

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Investments in subsidiaries as at 31 December 2017 and 2016, and dividend income from those investments for the years then ended, were as follows:

		Separated financial statements											
	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost-net		Dividend income	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		(%)											
		(in thousand Baht)											
Subsidiaries													
SiS Venture Co., Ltd.	Holding Investment	99.99	99.99	120,000	120,000	120,000	120,000	69,401	69,401	50,599	50,599	-	-
Qool Distribution (Thailand) Co., Ltd.	Trading	99.99	99.99	200,000	200,000	199,994	199,994	78,635	78,635	121,359	121,359	-	-
Total				320,000	320,000	319,994	319,994	148,036	148,036	171,958	171,958	-	-

All subsidiaries were incorporated in Thailand.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

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For the year ended 31 December 2017

11 Other long-term investments

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Other long-term investments				
Other non-marketable equity security	59,601	59,601	-	-
Less allowance for impairment	(59,601)	(59,601)	-	-
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Other long-term investments were investments in ordinary shares of Alliance & Link Corporation Co., Ltd. at 15% and Click Connect Co., Ltd. at 15% of authorised share capital, by the Company's subsidiary (SiS Venture Co., Ltd.).

In 2011, SiS Venture Co., Ltd. set up allowance for impairment in the value of long-term investment in Alliance & Link Corporation Co., Ltd. Baht 51.0 million.

In 2015, SiS Venture Co., Ltd. set up allowance for impairment in the value of long-term investment in Click Connect Co., Ltd. Baht 8.6 million.

12 Equipment

	Consolidated financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment	Leasehold improvements	Assets under installation	Total
	(in thousand Baht)					
Cost						
At 1 January 2016	7,473	14,435	187,251	66,405	-	275,564
Additions	-	706	25,468	115	500	26,789
Disposals	(1,012)	-	(574)	-	-	(1,586)
Transfers	-	-	-	500	(500)	-
At 31 December 2016 and 1 January 2017	6,461	15,141	212,145	67,020	-	300,767
Additions	-	86	17,918	-	-	18,004
Disposals	-	-	(1,968)	-	-	(1,968)
At 31 December 2017	6,461	15,227	228,095	67,020	-	316,803
Depreciation						
At 1 January 2016	6,886	8,180	120,932	27,291	-	163,289
Depreciation charge for the year	70	1,307	23,604	6,267	-	31,248
Disposals	(495)	-	(431)	-	-	(926)
At 31 December 2016 and 1 January 2017	6,461	9,487	144,105	33,558	-	193,611
Depreciation charge for the year	-	1,128	23,461	5,656	-	30,245
Disposals	-	-	(1,708)	-	-	(1,708)
At 31 December 2017	6,461	10,615	165,858	39,214	-	222,148

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Consolidated financial statements

	Vehicles	Furniture & fixtures	Computer & office equipment (in thousand Baht)	Leasehold improvements	Assets under installation	Total
Net book value						
At 1 January 2016						
Owned assets	587	6,255	66,319	39,114	-	112,275
	587	6,255	66,319	39,114	-	112,275
At 31 December 2016 and 1 January 2017						
Owned assets	-	5,654	68,040	33,462	-	107,156
	-	5,654	68,040	33,462	-	107,156
At 31 December 2017						
Owned assets	-	4,612	62,237	27,806	-	94,655
	-	4,612	62,237	27,806	-	94,655

The gross amount of the Group's fully depreciated equipment that was still in use as at 31 December 2017 amounted to Baht 113.9 million (2016: Baht 100.8 million).

Separate financial statements

	Vehicles	Furniture & fixtures	Computer & office equipment (in thousand Baht)	Leasehold improvements	Assets under installation	Total
Cost						
At 1 January 2016	7,473	14,435	186,825	66,405	-	275,138
Additions	-	706	25,232	115	500	26,553
Disposals	(1,012)	-	(574)	-	-	(1,586)
Transfers	-	-	-	500	(500)	-
At 31 December 2016 and 1 January 2017	6,461	15,141	211,483	67,020	-	300,105
Additions	-	86	17,242	-	-	17,328
Disposals	-	-	(1,733)	-	-	(1,733)
At 31 December 2017	6,461	15,227	226,992	67,020	-	315,700
Depreciation						
At 1 January 2016	6,886	8,180	120,685	27,291	-	163,042
Depreciation charge for the year	70	1,307	23,482	6,267	-	31,126
Disposals	(495)	-	(431)	-	-	(926)
At 31 December 2016 and 1 January 2017	6,461	9,487	143,736	33,558	-	193,242
Depreciation charge for the year	-	1,128	23,262	5,656	-	30,046
Disposals	-	-	(1,494)	-	-	(1,494)
At 31 December 2017	6,461	10,615	165,504	39,214	-	221,794

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Notes to the financial statements

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			Separate financial statements			
	Vehicles	Furniture & fixtures	Computer & office equipment (in thousand Baht)	Leasehold improvements	Assets under installation	Total
Net book value						
At 1 January 2016						
Owned assets	587	6,255	66,140	39,114	-	112,096
	587	6,255	66,140	39,114	-	112,096
At 31 December 2016 and 1 January 2017						
Owned assets	-	5,654	67,747	33,462	-	106,863
	-	5,654	67,747	33,462	-	106,863
At 31 December 2017						
Owned assets	-	4,612	61,488	27,806	-	93,906
	-	4,612	61,488	27,806	-	93,906

The gross amount of the Company's fully depreciated equipment that was still in use as at 31 December 2017 amounted to Baht 113.9 million (2016: Baht 100.6 million).

13 Intangible assets

	Consolidated financial statements/ Separate financial statements		
	Software licences	Software licences in progress (in thousand Baht)	Total
Cost			
At 1 January 2016	56,841	3,905	60,746
Additions	874	-	874
Transfers	250	(250)	-
At 31 December 2016 and 1 January 2017	57,965	3,655	61,620
Additions	250	-	250
Decrease	-	(1,755)	(1,755)
Transfers	1,900	(1,900)	-
At 31 December 2017	60,115	-	60,115
Amortisation			
At 1 January 2016	26,224	-	26,224
Amortisation charge for the year	5,804	-	5,804
At 31 December 2016 and 1 January 2017	32,028	-	32,028
Amortisation charge for the year	6,025	-	6,025
At 31 December 2017	38,053	-	38,053
Net book value			
At 1 January 2016	30,617	3,905	34,522
At 31 December 2016 and 1 January 2017	25,937	3,655	29,592
At 31 December 2017	22,062	-	22,602

The gross amount of the Group's and the Company's fully amortised intangible assets that was still in use as at 31 December 2017 amounted to Baht 1.7 million (2016: Baht 1.7 million).

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14 Deferred tax assets

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidate financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Deferred tax assets	232,155	255,538	220,195	223,692
Deferred tax liabilities	-	(1,088)	-	(1,070)
Net deferred tax assets	232,155	254,450	220,195	222,622

Movements in total deferred tax assets and liabilities during the year were as follows:

	Consolidated financial statements (Charged) Credited to:			
	At 1 January 2017	Profit or loss (Note 25) <i>(in thousand Baht)</i>	Other comprehensive income	At 31 December 2017
<i>Deferred tax assets</i>				
Trade accounts receivable and other current receivables (<i>allowance for doubtful accounts</i>)	149,202	(17,077)	-	132,125
Inventories (<i>allowance for decline in value</i>)	43,437	(11,727)	-	31,710
Accrued marketing expenses	28,145	29,712	-	57,857
Loss carry forward	24,800	(24,800)	-	-
Non-current provision for employee benefits	8,794	(330)	23	8,487
Fair value change of forward exchange contracts	-	444	-	444
Others	1,160	372	-	1,532
Total	255,538	(23,406)	23	232,155
<i>Deferred tax liabilities</i>				
Fair value change of forward exchange contracts	(1,088)	1,088	-	-
Total	(1,088)	1,088	-	-
Net	254,450	(22,318)	23	232,155

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Notes to the financial statements

For the year ended 31 December 2017

Consolidated financial statements				
(Charged)/ Credited to:				
	At 1 January 2016	Profit or loss (Note 25) (in thousand Baht)	Other comprehensive income	At 31 December 2016
Deferred tax assets				
Trade accounts receivable and other current receivables (<i>allowance for doubtful accounts</i>)	158,132	(8,930)	-	149,202
Inventories (<i>allowance for decline in value</i>)	29,833	13,604	-	43,437
Accrued marketing expenses	26,768	1,377	-	28,145
Loss carry forward	47,367	(22,567)	-	24,800
Non-current provision for employee benefits	7,707	1,087	-	8,794
Others	9,935	(8,775)	-	1,160
Total	279,742	(24,204)	-	255,538
Deferred tax liabilities				
Fair value change of forward exchange contracts	(685)	(403)	-	(1,088)
Allowance for purchased return	(7,885)	7,885	-	-
Total	(8,570)	7,482	-	(1,088)
Net	271,172	(16,722)	-	254,450
Separate financial statements				
(Charged) /Credited to:				
	At 1 January 2017	Profit or loss (Note 25) (in thousand Baht)	Other comprehensive income	At 31 December 2017
Deferred tax assets				
Trade accounts receivable and other current receivables (<i>allowance for doubtful accounts</i>)	146,032	(17,118)	-	128,914
Inventories (<i>allowance for decline in value</i>)	40,997	(10,801)	-	30,196
Accrued marketing expenses	26,728	23,904	-	50,632
Non-current provision for employee benefits	8,794	(330)	23	8,487
Fair value change of forward exchange contracts	-	444	-	444
Others	1,141	381	-	1,522
Total	223,692	(3,520)	23	220,195
Deferred tax liabilities				
Fair value change of forward exchange contracts	(1,070)	1,070	-	-
Total	(1,070)	1,070	-	-
Net	222,622	(2,450)	23	220,195

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		Separate financial statements (Charged) /Credited to:		
	At 1 January 2016	Profit or loss (Note 25) (in thousand Baht)	Other comprehensive income	At 31 December 2016
Deferred tax assets				
Trade accounts receivable and other current receivables (<i>allowance for doubtful accounts</i>)	154,642	(8,610)	-	146,032
Inventories (<i>allowance for decline in value</i>)	28,747	12,250	-	40,997
Accrued marketing expenses	24,320	2,408	-	26,728
Non-current provision for employee benefits	7,707	1,087	-	8,794
Others	9,856	(8,715)	-	1,141
Total	225,272	(1,580)	-	223,692
Deferred tax liabilities				
Fair value change of forward exchange contracts	(606)	(464)	-	(1,070)
Allowance for purchased return	(7,885)	7,885	-	-
Total	(8,491)	7,421	-	(1,070)
Net	216,781	5,841	-	222,622

15 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Current - unsecured				
Trust receipts	1,350,261	1,019,222	1,206,558	917,705
Short-term loans from financial institutions	290,000	200,000	100,000	100,000
Total	1,640,261	1,219,222	1,306,558	1,017,705

Under the term of the loan agreements, the Company has to comply with all terms and conditions which were specified in the agreements such as maintaining the debt to equity ratio, etc.

The trust receipts bore interest at rates from 2.00% - 2.25% per annum (2016: 2.20% - 2.49% per annum) for the Group and rates from 2.00% - 2.25% per annum (2016: 2.20% - 2.49% per annum) for the Company.

Short-term loans from financial institutions bore interest at rates from 2.27% - 2.30% per annum (2016: 2.40% - 2.80% per annum) for the Group and rate 2.30% per annum (2016: 2.40% per annum) for the Company.

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16 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in thousand Baht)			
Related parties	4	86	57,190	86	86
Other parties		1,708,658	1,626,524	1,640,287	1,586,516
Total		1,708,744	1,683,714	1,640,373	1,586,602

17 Other current payables

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in thousand Baht)			
Related parties	4				
Accrued expenses		15,431	2,053	1,674	1,789
Other parties					
Accrued marketing expenses		289,283	140,727	253,167	133,638
Accrued employee benefit expenses		82,218	73,867	82,218	73,867
Other payables		37,229	25,379	35,333	23,991
Advance received		24,679	12,000	24,254	11,836
Payable for intangible assets		9,820	11,575	9,820	11,575
Payable to Revenue Department		12,645	8,859	-	8,859
Others		3,334	2,679	2,884	2,316
		459,208	275,086	407,676	266,082
Total		474,639	277,139	409,350	267,871

18 Non-current provisions for employee benefits

The Group operates defined benefit plans based on the requirement of Thai Labour Protection Act B. E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

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Movements in the present value of the defined benefit obligations are detailed as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	43,970	38,535	43,970	38,535
Included in profit or loss:				
Current service costs	6,527	5,690	6,527	5,690
Past service cost	15	-	15	-
Interest on obligation	1,511	1,295	1,511	1,295
Included in other comprehensive income				
Actuarial loss	114	-	114	-
Others				
Benefits paid	(9,700)	(1,550)	(9,700)	(1,550)
Defined benefit obligations at 31 December	42,437	43,970	42,437	43,970

Actuarial gains and losses recognised in other comprehensive income arising from

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Demographic assumptions	(455)	-	(455)	-
Financial assumptions	8,658	-	8,658	-
Experience adjustment	(8,089)	-	(8,089)	-
Total	114	-	114	-

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(%)</i>			
Discount rate	2.39	3.36	2.39	3.36
Future salary growth	6.00	5.23	6.00	5.23
Employee turnover rate	0 - 27	0 - 33	0 - 27	0 - 33

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2017, the weighted-average duration of the defined benefit obligations were 10.44 years (2016: 9.42 years).

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
At 31 December 2017	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(3,964)	4,643	(3,964)	4,643
Future salary growth (1% movement)	4,427	(3,873)	4,427	(3,873)
Turnover rate (1% movement)	(4,252)	1,727	(4,252)	1,727
Life expectancy (1 year movement)	221	(219)	221	(219)
At 31 December 2016				
Discount rate (1% movement)	(3,674)	3,954	(3,674)	3,954
Future salary growth (1% movement)	3,862	(3,628)	3,862	(3,628)
Life expectancy (1 year movement)	324	(322)	324	(322)

19 Share capital

	Par value per share (in Baht)	Number	2017 Amount (thousand shares / thousand Baht)	2016 Number	Amount
Authorised					
At 1 January					
- ordinary shares	1	350,199	350,199	350,199	350,199
At 31 December					
- ordinary shares	1	<u>350,199</u>	<u>350,199</u>	<u>350,199</u>	<u>350,199</u>
Issued and fully paid-up					
At 1 January					
- ordinary shares	1	350,199	350,199	350,199	350,199
At 31 December					
- ordinary shares	1	<u>350,199</u>	<u>350,199</u>	<u>350,199</u>	<u>350,199</u>

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

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20 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity.

21 Operating segments

The Group has four reportable segments, as described below, which are the Group’s strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group’s reportable segments.

- Segment 1 Commercial products
- Segment 2 Consumer products
- Segment 3 Value added products
- Segment 4 Phones

None of other operations meets the quantitative thresholds for determining reportable segments.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group’s CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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Information about reportable segments:

	Consolidated financial statements													
	Segment 1		Segment 2		Segment 3		Segment 4		Total reportable segments		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(in million Baht)													
External revenues	6,178	5,145	7,445	6,523	2,414	2,511	3,111	2,818	19,148	16,997	889	1,378	20,037	18,375
Total revenues	6,178	5,145	7,445	6,523	2,414	2,511	3,111	2,818	19,148	16,997	889	1,378	20,037	18,375
Segment gross profit	251	221	376	322	197	247	119	92	943	882	134	55	1,077	937
Segment assets as at 31 December	433	426	1,195	916	199	149	143	104	1,970	1,595	108	123	2,078	1,718

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Notes to the financial statements

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Reconciliation of reportable segment profit or loss and assets

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
Gross profit or loss		
Total profit for reportable segments	943	882
Other segment's profit	134	55
	<u>1,077</u>	<u>937</u>
Unallocated amounts:		
- Other income	119	120
- Other corporate expenses	(801)	(703)
- Finance cost	(44)	(50)
- Share of profit of associates	34	3
Consolidated profit before income tax	<u>385</u>	<u>307</u>
Assets		
Total assets for reportable segments	1,970	1,595
Other segment's assets	108	123
Other unallocated amounts	3,682	3,240
Consolidated total assets	<u>5,760</u>	<u>4,958</u>

Geographical segments

The Group is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Major customer

The Group has no major customer.

22 Other income

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Management income	4	-	-	40,735	46,253
Income from marketing refund		34,881	30,891	34,281	22,291
Income from administrative service		8,343	11,432	5,393	11,432
Interest income		13,627	8,808	12,505	8,887
Others		6,084	8,479	5,927	5,170
Total		<u>62,935</u>	<u>59,610</u>	<u>98,841</u>	<u>94,033</u>

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23 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Wages and salaries	361,061	304,836	361,061	304,836
Pension costs - defined contribution plans	9,409	8,105	9,409	8,105
Pension costs - defined benefit plans	8,053	6,985	8,053	6,985
Others	18,493	15,367	18,493	15,367
Total	397,016	335,293	397,016	335,293

The Group has established a contributory provident fund for its employees. Membership of the fund is on a voluntary basis. Contributions are made monthly by the employees at the rate of 3% and 5% of their basic salaries and by the Group at the rate of 3% and 5% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

24 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Included in cost of sales of goods</i>				
Changes in inventories	(300,893)	(462,946)	(231,753)	(400,435)
Purchase	19,289,434	17,832,222	15,912,023	15,133,678
Allowance for decline in value of inventory (reversal)	(28,611)	68,020	(23,988)	61,251
Total	18,959,930	17,437,296	15,656,282	14,794,494
<i>Included in selling expenses</i>				
Advertising and marketing expenses	119,924	133,786	114,038	128,891
Transportation expenses	41,518	34,593	36,767	31,155
Employee benefit expenses	217,755	186,598	217,755	186,598
Others	3,514	4,272	3,514	4,272
Total	382,711	359,249	372,074	350,916

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	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in thousand Baht)			
Included in administrative expenses				
Employee benefit expenses	163,527	135,681	163,527	135,681
Tax penalties	9,058	41,777	-	41,777
Depreciation and amortisation	36,270	37,052	36,071	36,930
Rental expense	38,855	36,769	38,855	36,769
(Reversal of) bad debts and doubtful accounts	37,259	(4,243)	34,851	(12,813)
Management fee	12,534	11,491	10,383	9,750
Impairment losses on investment	-	-	-	9,800
Service charge	9,882	4,480	9,881	4,480
Others	59,438	50,887	53,865	47,470
Total	366,823	313,894	347,433	309,844

25 Tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		(in thousand Baht)			
Current tax expense					
Current year		57,849	61,303	51,433	61,248
Under provided in prior year		8,032	1,660	-	1,660
		65,881	62,963	51,433	62,908
Deferred tax expense					
Movements in temporary differences	14	22,318	16,722	2,450	(5,841)
		22,318	16,722	2,450	(5,841)
Total		88,199	79,685	53,883	57,067

Reconciliation of effective tax rate

		Consolidated financial statements			
		2017	2016		
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	
Profit before income tax		385,001		307,130	
Income tax using the Thai corporation tax rate	20.0	77,000	20.0	61,426	
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		3,167		8,692	
Derecognition of previously recognised deductible temporary differences		-		7,907	
Under provided in prior year		8,032		1,660	
Total	22.9	88,199	25.9	79,685	

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	Separate financial statements			
	2017	2016	2017	2016
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		269,743		204,802
Income tax using the Thai corporation tax rate	20.0	53,949	20.0	40,960
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(66)		9,227
Derecognition of previously recognised deductible temporary differences		-		5,220
Under provided in prior year		-		1,660
Total	19.9	53,883	27.9	57,067

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

26 Basic earnings per share

The calculation of basic earnings per share for years ended 31 December 2017 and 2016 were based on the profit for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(thousand Baht / thousand shares)			
Profit attributable to equity holders of the Company (Basic)	296,802	227,445	215,860	147,735
Number of ordinary shares outstanding	350,199	350,199	350,199	350,199
Basic earnings per share (in Baht)	0.85	0.65	0.62	0.42

27 Dividends

At the annual general meeting of the shareholders of the Company held on 21 April 2017, the shareholders passed the resolution to approved the appropriation of dividend from the profit for the year ended 31 December 2016 for 350.20 million ordinary shares at the rate of Baht 0.25 per share and the special rate of Baht 0.15 per share in totalling rate of Baht 0.40 per share, totalling Baht 140.08 million. The dividend was paid on 19 May 2017.

At the annual general meeting of the shareholders of the Company held on 22 April 2016, the shareholders passed the resolution to approved the appropriation of dividend from the profit for the year ended 31 December 2015 for 350.20 million ordinary shares at the rate of Baht 0.30 per share, totalling Baht 105.06 million. The dividend was paid on 19 May 2016.

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28 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings (note 15). Most of the interest rates of financial assets and liabilities of the Group are floating rates, which are based on market rates such as the interest prime rate of commercial banks, saving interest rate or other benchmark floating rates.

The effective interest rates of interest-bearing financial liabilities as at 31 December 2017 and 2016 and the periods in which those liabilities mature or re-price were as follows:

Consolidated financial statements					
	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2017					
Current					
Trust receipts	2.00 - 2.25	1,350	-	-	1,350
Short-term loans from financial institutions	2.27 - 2.30	290	-	-	290
Total		1,640	-	-	1,640
2016					
Current					
Trust receipts	2.20 - 2.49	1,019	-	-	1,019
Short-term loans from financial institutions	2.40 - 2.80	200	-	-	200
Total		1,219	-	-	1,219

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	Effective interest rates (% per annum)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in million Baht)	After 5 years	
2017					
Current					
Trust receipts	2.00 - 2.25	1,207	-	-	1,207
Short-term loans from financial institutions	2.30	100	-	-	100
Total		1,307	-	-	1,307
2016					
Current					
Trust receipts	2.20 - 2.49	918	-	-	918
Short-term loans from financial institutions	2.40	100	-	-	100
Total		1,018	-	-	1,018

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales in foreign currencies, for the subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
United States Dollars				
Trade accounts payable	(278)	(427)	(278)	(427)
Gross balance sheet exposure	(278)	(427)	(278)	(427)
Forward contracts	266	451	266	445
Swap contracts	59	21	59	21
Net exposure	47	45	47	39

Credit risk

Credit risk is the risk arising from failure of customers or counterparties to meet their contractual obligations, which may eventually cause financial losses. The Group has determined a risk management policy through analysis of the customer and counterparties' financial status, and also by defining the rules for credit approval and debt collection period. In addition, the Group has policy to take out risk insurance for uncollectability of accounts receivable.

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Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2017					
Financial assets/Financial liabilities measured at fair value					
Forward contracts	(1,797)	-	(1,797)	-	(1,797)
Swap contracts	(425)	-	(425)	-	(425)
31 December 2016					
Financial assets/Financial liabilities measured at fair value					
Forward contracts	5,444	-	5,444	-	5,444
Swap contracts	(1)	-	(1)	-	(1)
		Separate financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2017					
Financial assets/Financial liabilities measured at fair value					
Forward contracts	(1,797)	-	(1,797)	-	(1,797)
Swap contracts	(425)	-	(425)	-	(425)
31 December 2016					
Financial assets/Financial liabilities measured at fair value					
Forward contracts	5,350	-	5,350	-	5,350
Swap contracts	(1)	-	(1)	-	(1)

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	Consolidated financial statements		Separate financial statements	
	Fair value	Carrying amount (in thousand Baht)	Fair value	Carrying amount
Financial asset not measured at fair value				
31 December 2016				
Long-term loans to related party	<u>49,686</u>	<u>49,782</u>	<u>63,904</u>	<u>64,000</u>

The Group determines Level 2 fair values for forward contracts rate and swap contracts rate are based on counterparties' quotes. Fair value of the instrument reflect the credit risk and include adjustment to take account of the credit risk.

29 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<i>(in million Baht)</i>				
Future minimum lease payments under non-cancellable operating leases				
Within one year	38	13	38	13
After one year but within five years	50	2	50	2
Total	<u>88</u>	<u>15</u>	<u>88</u>	<u>15</u>
Other commitments				
Unutilised credits facilities	4,686	4,773	4,485	4,572
Forward contracts	266	451	266	445
Swap contracts	59	21	59	21
Bank guarantee	14	183	14	165
Total	<u>5,025</u>	<u>5,428</u>	<u>4,824</u>	<u>5,203</u>

Lease and service agreements

The Group had commitments for building, warehouse and equipment lease contracts with terms of 1-3 years.

Forward contracts

As at 31 December 2017, the Company had forward contract facilities with banks in the amount of USD 105.2 million, equivalent to Baht 3,454.3 million (2016: USD 126.1 million equivalent to Baht 4,540.6 million).

As at 31 December 2017, the Group had forward contract facilities with banks in the amount of USD 112.8 million, equivalent to Baht 3,704.3 million (2016: USD 133.1 million equivalent to Baht 4,790.6 million).

As at 31 December 2017, the Company had purchased forward contracts in the amount of USD 8.1 million, equivalent to Baht 265.6 million. The contracts are due in July 2018 (2016: USD 12.6 million, equivalent to Baht 445.5 million, the contracts were due in July 2017).

As at 31 December 2017, the Group had purchased forward contracts in the amount of USD 8.1 million, equivalent to Baht 265.6 million. The contracts are due in July 2018 (2016: USD 12.7 million, equivalent to Baht 450.8 million, the contracts were due in July 2017).

Swap contracts

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As at 31 December 2017, the Group had purchased swap contracts in the amount of USD 1.8 million, equivalent to Baht 59.1 million. The contracts are due in May 2018 (2016: USD 0.6 million, equivalent to Baht 21 million which the contracts were due in March 2017).

30 Events after the reporting period

At the Board of Directors' meeting held on 21 February 2018, the Board approved to propose for approval of cash dividend at the rate of Baht 0.45 per share, approximately amount to Baht 157.59 million, to the annual general meeting of the shareholders of the Company. The dividends will be paid subject to general shareholders' meeting approval.

31 Reclassification of accounts

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	2016					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass. (in thousand Baht)	Before reclass.	Reclass.	After reclass.
Statement of financial position as at 31 December 2016						
Trade accounts receivable	2,412,339	(50,959)	2,361,380	2,269,761	(50,959)	2,218,802
Other current receivables	221,852	50,959	272,811	37,806	50,959	88,765
		<u>-</u>			<u>-</u>	
Statement of income For the year ended 31 December 2016						
Selling expenses	193,441	165,808	359,249	185,108	165,808	350,916
Administrative expenses	479,702	(165,808)	313,894	475,652	(165,808)	309,844
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.



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