

An abstract geometric network diagram composed of interconnected nodes and lines, spanning the right side of the page. The nodes are represented by small circles, and the lines are thin, connecting the nodes in a complex, web-like structure. The diagram is divided into three distinct color zones: a blue zone at the top, a teal zone in the middle, and a green zone at the bottom, with the lines and nodes transitioning in color accordingly.

Annual Report **2019**

www.sisthai.com

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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.

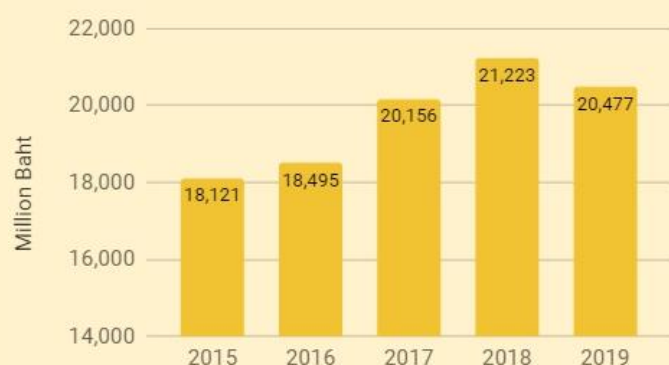
Long term goal

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

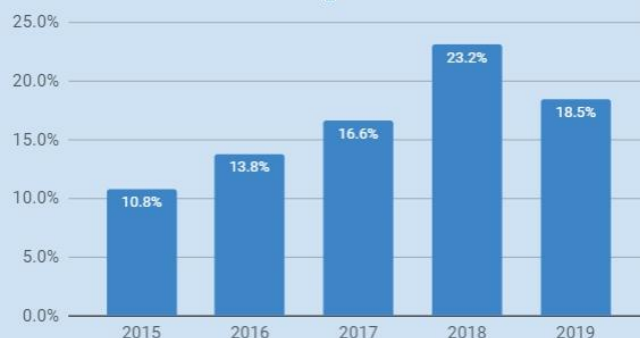
Total Revenues

Total revenues of the Company were 20,477 Million Baht, a decrease of 746 Million Baht or 3.5% from last year. The Company has 4 Business Units that have own separate result reports. All Business Units have revenue growth except Phone Business Unit, whose revenue declined by 2,333 Million Baht (or 44.7%) from last year.



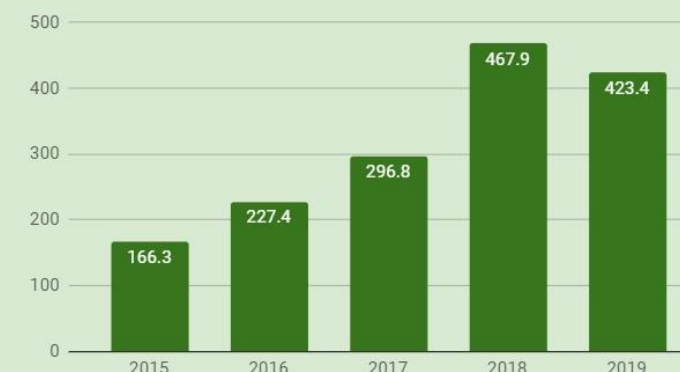
Return on Equity

Return on Equity of the Company was 18.5% in 2019, increased from 2,176 Million Baht in 2018 to 2,401 Million Baht in 2019 and net profit of the Company was 423.4 Million Baht.



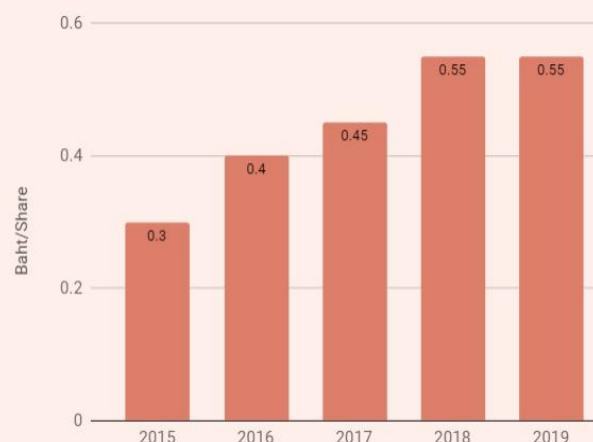
Net Profit

The gross margin of the Company was 1,438 Million Baht or 6.5% in 2019, increased from 6.1% in 2018. The Company have additional recorded long - term employee benefit liabilities of 18.8 Million Baht by the labor law and shared of loss from investment in associated company of 6.9 Million Baht while shared of gain from investment in associated company of 35.1 Million Baht in 2018. Net profit of the Company was 423.4 Million Baht, a decrease of 44.5 Million Baht (or 9.5%) from last year.



Dividend

The Board of Directors has resolved to propose the Annual General Meeting of Shareholders to approve the dividend payment of 0.55 Baht per share, totaling 192.6 Million Baht or 45.5% of Net Profit and 7.0% of dividend yield by using the closing price of Board Meeting date (February 17, 2020, Closing price at 7.85 Baht) as a calculation base.



Summary of Financial Statements

		2015	2016	2017	2018	2019
Operating Results						
Total Revenue	(M.Baht)	18,121	18,495	20,156	21,223	20,477
<i>Revenue Growth Rate</i>		<i>-1.2%</i>	<i>2.1%</i>	<i>9.0%</i>	<i>5.3%</i>	<i>-3.5%</i>
Profit before financial cost, income tax and share						
gain (loss) of investments in associates	(M.Baht)	385	357	429	584	583
<i>Profit before financial cost, income tax and share</i>						
<i>gain (loss) of investments in associates Growth Rate</i>		<i>19.2%</i>	<i>-7.3%</i>	<i>20.1%</i>	<i>36.2%</i>	<i>-0.3%</i>
Net Profit	(M.Baht)	166	227	297	468	423
<i>Net Profit Growth Rate</i>		<i>-9.6%</i>	<i>36.7%</i>	<i>30.5%</i>	<i>57.7%</i>	<i>-9.5%</i>
Financial Position						
Total Assets	(M.Baht)	4,428	4,958	5,760	6,201	7,149
Total Debt	(M.Baht)	2,841	3,249	3,894	4,025	4,747
Equity	(M.Baht)	1,587	1,709	1,866	2,176	2,401
Financial Ratio						
Gross Profit Margin		5.4%	5.3%	5.5%	6.1%	6.5%
Net Profit Margin		0.9%	1.2%	1.5%	2.2%	2.1%
Return on Assets		3.5%	4.9%	5.5%	7.8%	7.8%
Return on Equity		10.8%	13.8%	16.6%	23.2%	18.5%
Current Ratio	(Times)	1.4	1.4	1.4	1.4	1.4
Quick Ratio	(Times)	0.8	0.8	0.8	0.8	0.8
Debt to Equity	(Times)	1.8	1.9	2.1	1.9	2.0
Interest Bearing Debt to Equity	(Times)	0.8	0.7	0.9	0.8	0.9
Financial Figure per Share						
Earnings Per Share	(Baht)	0.5	0.7	0.9	1.3	1.21
Book Value Per Share	(Baht)	4.5	4.9	5.3	6.2	6.9
Dividend Per Share	(Baht)	0.30	0.40	0.45	0.55	0.55

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 in order to approve the dividend payment at 0.55 Baht per Share on the Company's performance of the year 2019.

Message from the Board

In 2019, the Company got assessed “excellent” in the corporate governance rating, which is the highest score, by the Thai Institute of Directors (IOD) that operates under the support of the Stock Exchange of Thailand. The Company is one of 193 companies from a total of 677 companies that scored higher than 90 out of 100, reflecting the corporate governance development that aligns with the direction regulated by the Organization for Economic Co-operation and Development (OECD) and the Stock Exchange of Thailand.

With regards to the operating performance in 2019, the Company got evaluated as the number one distributor by several partners; Top Consumer Distributor 2019 and Top Commercial Distributor 2019 from Lenovo, Best Distributor Installed Base FY 19 from Hewlett Packard Enterprise, The Best Distributor of FY2019 in Storage Product Group from Dell EMC and Top Client Solutions Group Commercial Distributor Category from Dell Technologies, etc. These recognitions serve to affirm our capabilities in expanding the market for suppliers.

In 2019, four business units have been reported separately. Most business units are grown noticeably except phone business which its revenue decrease 2,333 Million Baht (decrease 44.7 percent) due to the higher competitive rather than last year. As mentioned, the total revenue then is 20,477 Million Baht which reduced 746 Million Baht (reduce 3.5 percent). For the net profit, it is 1,438 Million Baht or increases 35 Million Baht from the previous year. However, there have been the employee benefits that be reserved higher than previous year as 18.8 Million Baht caused from the Labour Protection ACT B.E. 2562. Also, there is loss sharing as 6.9 Million Baht from Wiko Mobile (Thailand) Company Limited, associates which had been shared the profit last year. To solve the drop of phone business, the company has brought the Xiaomi products both phone and IOT to sell in Thailand. Xiaomi is the top manufacturer from China which gains the market share of smartphones as the fourth of the world. The company started to launch Xiaomi Phone through phone business unit and Xiaomi IOT through consumer business unit in the fourth quarter of 2019. This also would help Thai people to buy the high quality products in economy prices.

For cloud business unit which provide cloud infrastructure under the name of SiS Cloud Service since the late of 2017, it have been grown steadily. At the end of 2020, there is more than 100 customers including the top insurance company, the mass rapid transportation company and the big real estate company. It tends to be increase steadily. It is believed that cloud services would help to improve the efficiency of computers and information technology systems and it would become the important business unit of the company in the near future. Although, the total revenue and the net profit of the company dropped in 2019 but the company could gain more customers. The company have more than 6,000 customers in 2019 and there were more than 3,000 customers who bought out products each month. This growth number of customers would be the positives things that would influence the expansion of the company’s business.

The Board of Directors would like to extend gratitude to shareholders, partners, customers, staff members, relevant stakeholders, including financial institutes who have been supportive of the Company's operations all along. We are determined to operate the business under the principle of sustainable development and good governance to encourage and develop the use of technology in Thailand, and to continuously align with the Company's vision.



A blue ink signature of Mr. Somchai Sittichaisrichart.

Mr. Somchai Sittichaisrichart
Managing Director
February 24, 2020



A black ink signature of Mr. Lim Kiah Meng.

Mr. Lim Kiah Meng
Chairman
February 24, 2020

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 6,000 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.com
Complain/Suggest Fraud and Corruption : indenpendentdirector@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. Satida Ratananurak, Certified Public Accountant No. 4753,
EY Office Limited
Lake Ratchada Office Complex Tower, 33 rd Floor, 193/136-137 Ratchaphisek
Road, Klong Tan Nuea, Klong Toey, Bangkok 10110
Telephone: +662264 9090 Fax: +662264 0789

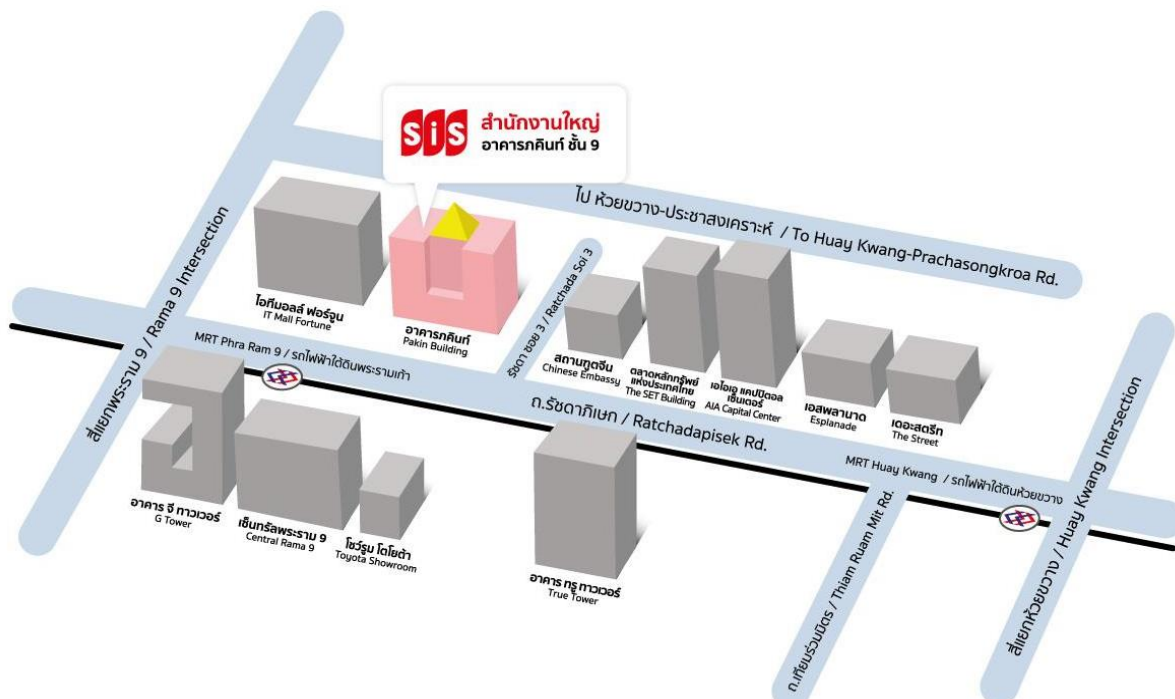
Independent Director who respond for the minority shareholders : Email : indenpendentdirector@sisthai.com

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 อาคารคันทัน 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:

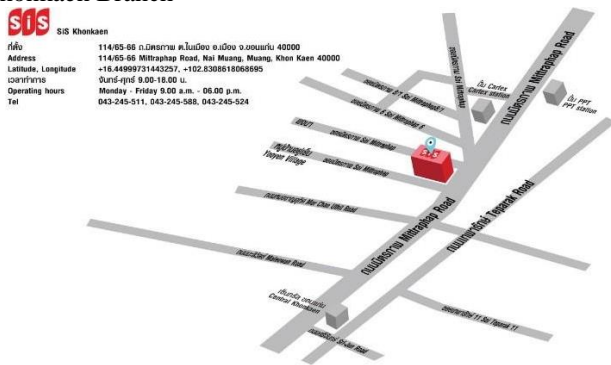
Chiangmai Branch



Hatyai Branch



Khonkaen Branch



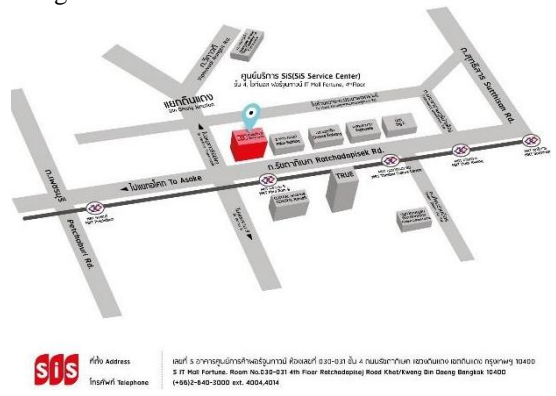
Ubonratchathani Branch



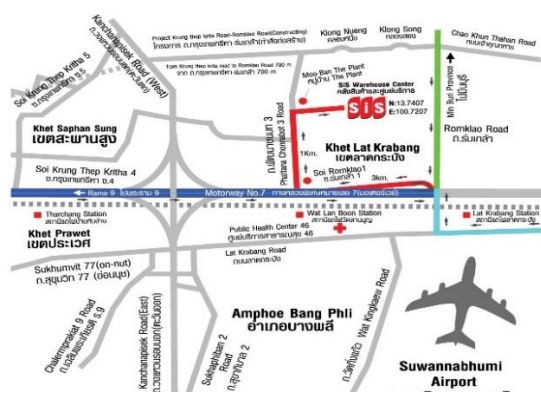
Phuket Branch



Bangkok - Fortune Town

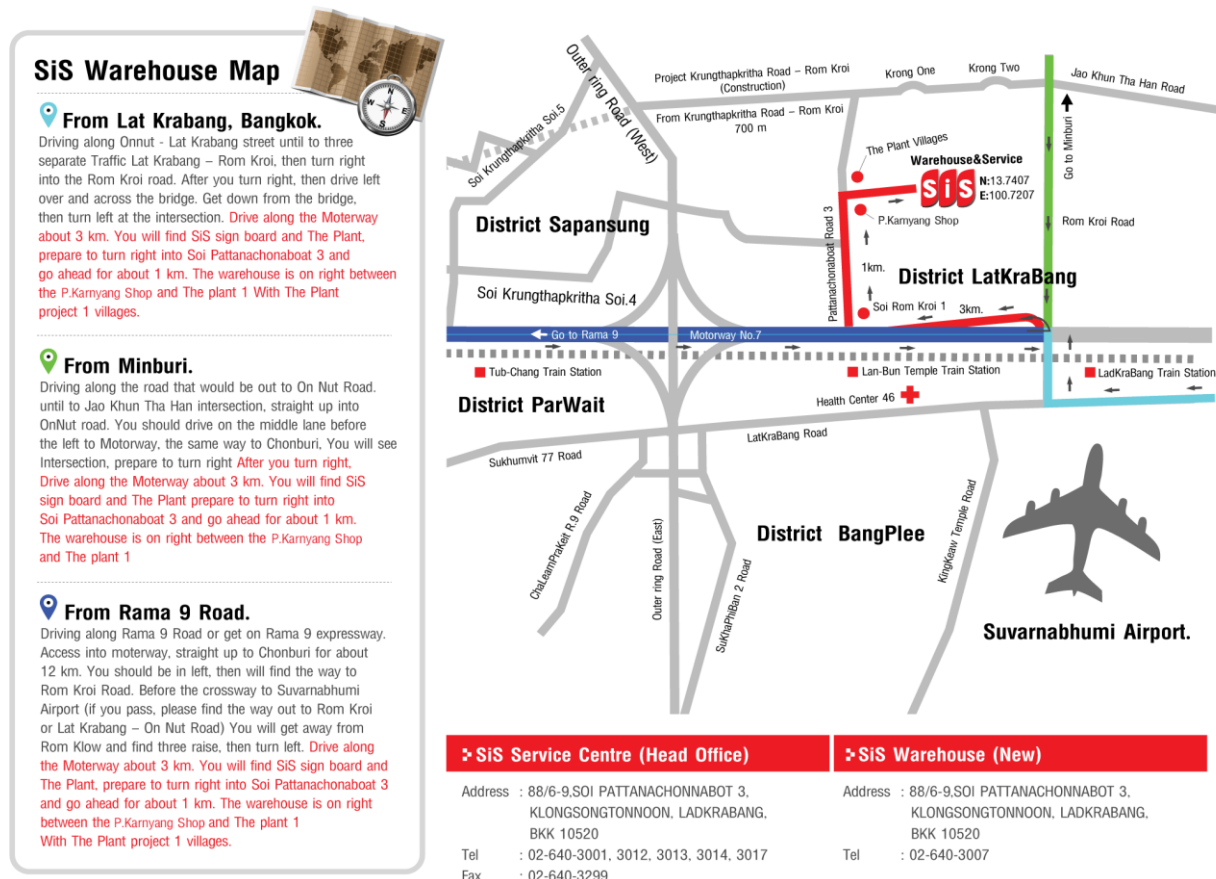
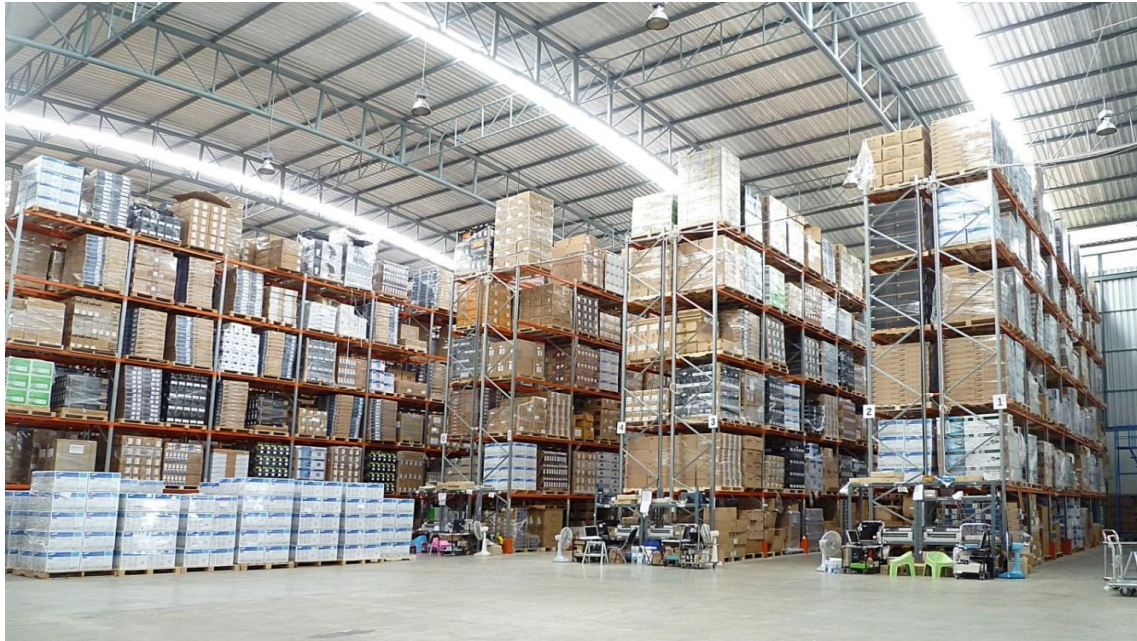


Bangkok - Romklao

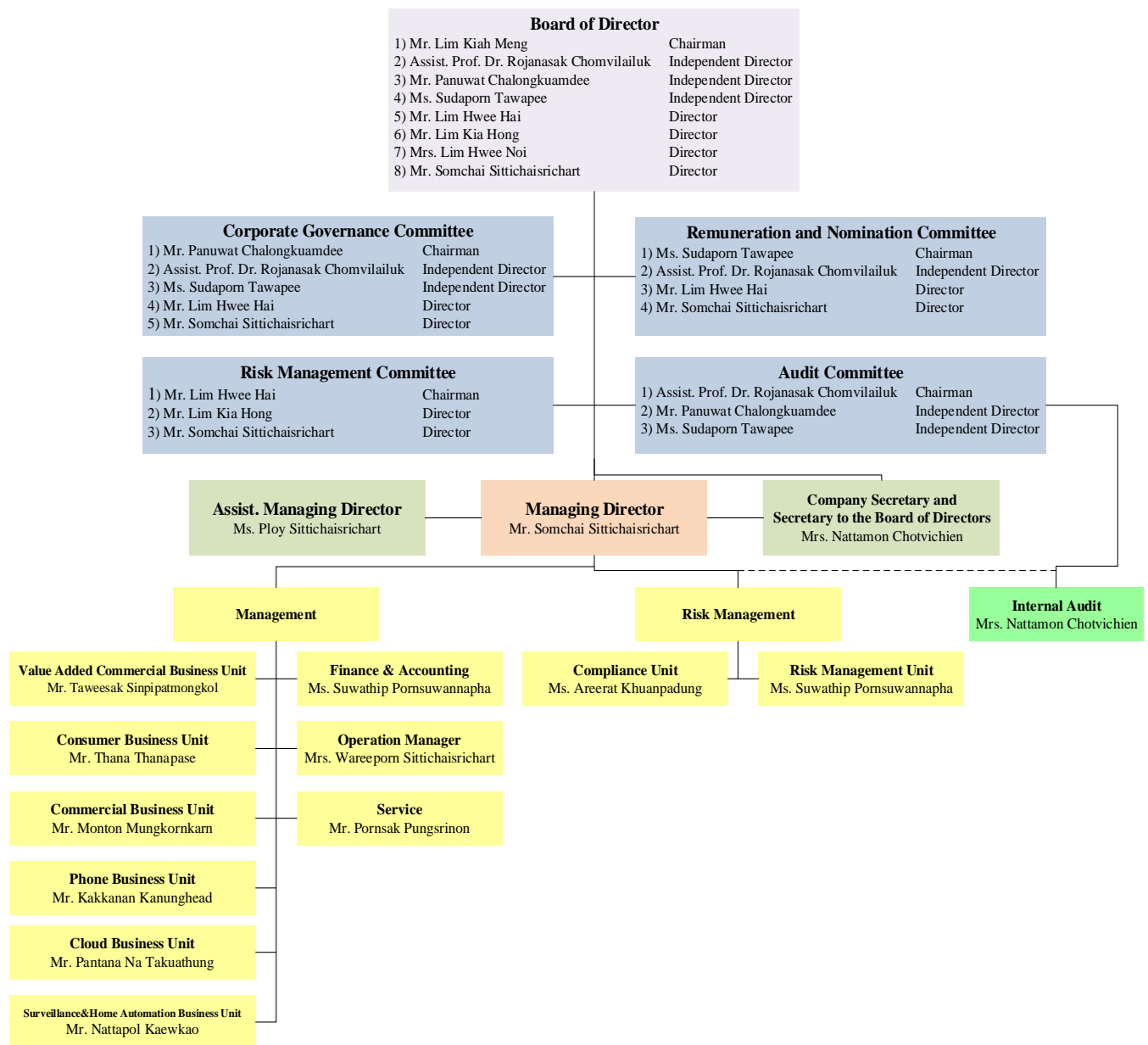


Main Warehouse

The Company has 2 main warehouses, total area of 13,000 square meters. The Company uses the SAP ECC6 Warehouse Management Application to manage and control the inventory system in order to eliminate errors or mistakes in delivering. The barcode and serial number of all products will be scanned before delivering. Also, the IP Cameras have been set up in order to maintain security and investigate back in case of any failure caused.



Organizational Structure



Board of Directors



From left to right

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

Mr. Lim Kiah Meng

Age 66 Years **Nationality** Singapore

Position

- Chairman

Type of Director

- Non – Executive Director

Date and Number of Year of Directorship

- 26 April 2013 - 7 Years

Education

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

Training from IOD

- Directors Accreditation Program (DAP)

Shareholding (31 Dec 19)

- 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.

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 (Thailand) 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)



Mr. Lim Hwee Hai

Age 70 Years **Nationality** Singapore

Position

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

Type of Director

- Non – Executive Director

Date and Number of Year of Directorship

- 12 June 2000 – 19 Years

Education

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

Training from IOD

- Director Accreditation Program (DAP)
- Director Certification Program (DCP)

Shareholding (31 Dec 19)

- 244,687 shares, equal to 0.07% of total shares with voting right
- 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.

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	Director, Qool Distribution (Thailand) 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)



Mr. Lim Kia Hong

Age 63 Years **Nationality** Singapore

Position

- Risk Management Committee

Type of Director

- Non – Executive Director

Date and Number of Year of Directorship

- 12 June 2000 - 19 Years

Education

- Bachelor of Business Administration, University of Washington, USA

Training from IOD

- Director Accreditation Program (DAP)

Shareholding (31 Dec 19)

- 241,875 shares, equal to 0.07% of total shares with voting right
- 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.

Working Experience/Directorship or Management in Other Businesses

Working Experience

2018 – Present Risk Management Committee, SiS Distribution (Thailand) PCL.

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 (Thailand) 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)



Mrs. Lim Hwee Noi

Age 70 Years **Nationality** Singapore

Position

- Authorized Director

Type of Director

- Non – Executive Director

Date and Number of Year of Directorship

- 15 December 2017 – 2 Years

Education

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

Training from IOD

- Director Accreditation Program (DAP)

Shareholding (31 Dec 18)

- 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.

Working Experience/Directorship or Management in Other Businesses

Working Experience

2017 – Present Director, SiS Distribution (Thailand) PCL.

1983 – Present Executive Director, 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.

2017 – Present Director, Qool Distribution (Thailand) 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)



Assist. Prof. Dr. Rojanasak Chomvilailuk

Age 58 Years Nationality Thai

Position

- Chairman of Audit Committee
- Remuneration and Nomination Committee
- Corporate Governance Committee

Type of Director

- Independent Director

Date and Number of Year of Independent Directorship

- 9 February 2004 – 16 Years

Education

- Doctor of Philosophy in Marketing & Management, Charles Sturt University

Training from IOD

- DCP Series : How to develop a winning digital strategy
- Audit Committee Program (ACP)
- Refresher Course DCP
- Directors Accreditation Program (DAP)
- Directors Certification Program (DCP)
- Finance for Non-Finance Director (FND)
- How to Develop a Risk Management Plan (HRP)
- Monitoring Fraud Risk Management (MFM)
- Monitoring the Internal Audit Function (MIA)
- Monitoring the System of Internal Control and Risk Management (MIR)
- Role of the Compensation Committee (RCC)
- Successful Formulation & Execution of Strategy (SFE)

Training

- Audit Committee : Experience, Problem and Best Practice
- CEO Relations : Balancing Trust and Oversight
- Certificate of Diploma
- Chartered Director Class
- Fellow Member of Thai Institute of Directors Association
- Improving Board Decisions
- Improving the Quality of Financial Reporting
- Monitoring the Quality of Financial Reporting
- 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 19)

- None

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
2012 – 2013	Association Dean, International College, The University of the Thai Chamber of Commerce
2013 – 2017	Independent Director / Audit Committee, 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



Mr. Panuwat Chalongkuamdee

Age 38 Years **Nationality** Thai

Position

- Chairman of Corporate Governance Committee
- Audit Committee

Type of Director

- Independent Director

Date and Number of Year of Directorship

- 21 February 2018 – 2 Years

Education

- LL.B. (First Class Honors), Chulalongkorn University

Training from IOD

- Directors Accreditation Program (DAP)

Training

- Chairman Forum 2019 : Successful Corporate Culture Change from Policy to Practices

Shareholding (31 Dec 19)

- None

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 – 2015 Associate at Weerawong, Chinnavat & Peangpanor

2004 – 2012 Associate at Clifford Chance (Thailand)



Ms. Sudaporn Tawapee

Age 49 Years **Nationality** Thai

Position

- Chairman of Remuneration and Nomination Committee
- Corporate Governance Committee
- Audit Committee

Type of Director

- Independent Director

Date and Number of Year of Directorship

- 12 November 2018 – 1 year

Education

- Bachelor of Accounting, major in accounting, Ramkhamhaeng University
- Master of Accounting, Chulalongkorn University
- Diploma Program in Taxation, The University of The Thai Chamber of Commerce
- Diploma Program in Auditing, Chulalongkorn University
- Certified Public Accountant (CPA) – Thailand
- Auditors Approved by the office of SEC

Training from IOD

- Directors Certification Program (DCP)

Shareholding (31 Dec 19)

- None

Working Experience/Directorship or Management in Other Businesses

Working Experience

2018 – Present Chairman of Remuneration and Nomination Committee, SiS Distribution (Thailand) PCL.
2018 – Present Independent Director and Audit Committee, SiS Distribution (Thailand) PCL.
2018 – Present Corporate Governance Committee, SiS Distribution (Thailand) PCL.
2018 – Present Partner at Bunchikij Company Limited
1992 – 2018 Senior Manager Auditor, Bunchikij Company Limited

Positions in Other Listed Companies

- None

Positions in Other Non-Listed Companies

2018– Present Partner at Bunchikij Company Limited



Mr. Somchai Sittichaisrichart

Age 60 Years **Nationality** Thai

Position

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

Type of Director

- Executive Director

Date and Number of Year of Directorship

- 17 June 1998 - 21 Years

Education

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

Training from IOD

- Director Certification Program (DCP)
- Directors Accreditation Program (DAP)
- Successful Formulation & Execution the Strategy (SFE)
- Chartered Director Class (CDC)
- HMS-How to Measure the Success of Corporate Strategy (HMS)
- Anti-Corruption for Executive Program (ACEP)
- How to Develop a Risk Management Plan (HRP)

Training

- CEO Succession and Effective Leadership Development
- IT Governance : A Strategic Path Forward
- What the Board Should Do in a Turnaround Situation
- Capital Market Leader Program (SEC/SASIN)
- Anti-Corruption in Thailand : Sustaining the Momentum
- Director Forum : Corporate Governance Code
- IOD Dinner Talk 2/2016 “Ten practical guidelines to improving board communication”

Shareholding (31 Dec 19)

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

Working Experience/Directorship or Management in Other Businesses

Working Experience

2015 – 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
2017 – 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 (Thailand) 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)



Management and Company Secretary



From left to right

- 1) Mrs. Nattamon Chotvichien (Company Secretary)
- 2) Mr. Thana Thanapase (Consumer Business Unit General Manager)
- 3) Mr. Taweesak Sinpipatmongkol (Value Added Commercial Business Unit General Manager)
- 4) Ms. Ploy Sittichaisrichart (Assistant Managing Director)
- 5) Mr. Kakkanan Kanunghead (Phone Business Unit General Manager)
- 6) Mr. Nattapol Kaewkao (Surveillance and Home Automation Business Unit)
- 7) Mr. Pantana Na Takuathung (Cloud Business Unit General Manager)
- 8) Mr. Monton Mungkornkarn (Commercial Business Unit General Manager)
- 9) Mrs. Wareeporn Sittichaisrichart (Operation Manager)
- 10) Ms. Suwathip Pornsuwannapha (Financial Controller)

Ms. Suwathip Pornsuwannapha

Age 50 Years **Nationality** Thai

Position

- Financial Controller

Education

- Master of Accounting, Chulalongkorn University

Training

- CVC กลยุทธ์การลงทุนรูปแบบใหม่ จุดประกาย Innovation ก้าวทันโลกธุรกิจ
- ผลกระทบของมาตรฐานรายงานทางการเงินใหม่เกี่ยวกับรายได้จากสัญญาที่ทำกับลูกค้า (IFRS 15) และสัญญาเช่า (IFRS 16) ที่มีต่อการจัดทำรายงานทางการเงินของบริษัทจดทะเบียน
- 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 Dec 19)

- 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.



Mrs. Wareeporn Sittichaisrichart

Age 60 Years **Nationality** Thai

Position

- Operation Manager

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 19)

- None

Working Experience

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



Ms. Ploy Sittichaisrichart

Age 33 Years **Nationality** Thai

Position

- Assistant Managing Director

Education

- Bachelor of Management, London School of Economics

Training from IOD

- Directors Certification Program (DCP)

Training

- TLCA Executive Development Program EDP

Shareholding (31 Dec 19)

- 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.



Mr. Thana Thanapase

Age 58 Years **Nationality** Thai

Position

- General Manager of Consumer Business Unit

Education

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

Training

- SiS-Chula Mini MBA, Chulalongkorn University
- The Coaching Clinic, Management and Psychology Institute

Shareholding (31 Dec 18)

- 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.



Mr. Monton Mungkornkarn

Age 56 Years **Nationality** Thai

Position

- General Manager of Commercial Business Unit

Education

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

Shareholding (31 Dec 19)

- 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)
1994 – 1997	Sales Manager, TN Nixdorf (Thailand)



Mr. Kakkanan Karnunghead

Age 58 Years **Nationality** Thai

Position

- General Manager of Phone Business Unit

Education

- Bachelor of Education, Silpakorn University

Shareholding (31 Dec 19)

- 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



Mr. Taweesak Sinpipatmongkol

Age 43 Years **Nationality** Thai

Position

- General Manager of Value Added Commercial Business Unit

Education

- Bachelor of Engineering, Assumption University

Training

- The Positive Leader program : Michigan Ross School of business, University of Michigan
- Leadership training : Dale Carnegie
- The 7 habits of highly effective people : ACIS

Shareholding (31 Dec 19)

- None

Working Experience

2019 – Present General Manager Value Added Commercial Business Unit,
SiS Distribution (Thailand) PCL.

2000 – 2019 Senior Vice President,
NetONE Network Solution Co., Ltd.



Mr. Pantana Na Takuathung

Age 34 Years **Nationality** Thai

Position

- General Manager of Cloud Business Unit

Education

- Bachelor of Engineering, Computer Engineering, Kasetsart University
- Master of Business Administration, Alliance Manchester Business School,
The University of Manchester, UK

Training

- The Frontline Leader: John Robert Powers

Shareholding (31 Dec 18)

- 72 shares

Working Experience

2018 – Present General Manager, Cloud Business Unit,
SiS Distribution (Thailand) PCL.

2017 – 2018 Assistant General Manager, Cloud Business Unit,
SiS Distribution (Thailand) PCL.

2010 – 2015 Technical Specialist,
SiS Distribution (Thailand) PCL.



Mr. Nattapol Kaewkao

Age 36 Years **Nationality** Thai

Position

- General Manager of Surveillance and Home Automation Business Unit

Education

- Master of Business Administration, Majored in marketing, Sripatum University

Training

- Leadership Program “The Sales Manager”, Institute of Business Consultant and Development
- Leadership Program “ The Frontline Leader”, John Robert Power

Shareholding (31 Dec 19)

- None

Working Experience

2019 – Present General Manager, Surveillance and Home Automation Business Unit, SiS Distribution (Thailand) PCL.

2018 – 2019 Assistant General Manager, Surveillance and Home Automation Business Unit, SiS Distribution (Thailand) PCL.

2010 – 2016 Product Sales & Marketing, SiS Distribution (Thailand) PCL.



Mrs. Nattamon Chotvichien

Age 35 Years **Nationality** Thai

Position

- Head of Internal Audit Department and Company Secretary

Education

- Bachelor of Accountancy, Kasetsart University
- Master of Science in Business System Integration (with SAP Technology), Brunel University, UK

Training

- 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 NPAs, Bunchikij Co., Ltd.
- Hedge Accounting and Deferred Tax, Bunchikij Co., Ltd.

Shareholding (31 Dec 19)

- None

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 2019, Directors, Management and Company Secretary bought and sold their securities as follows:

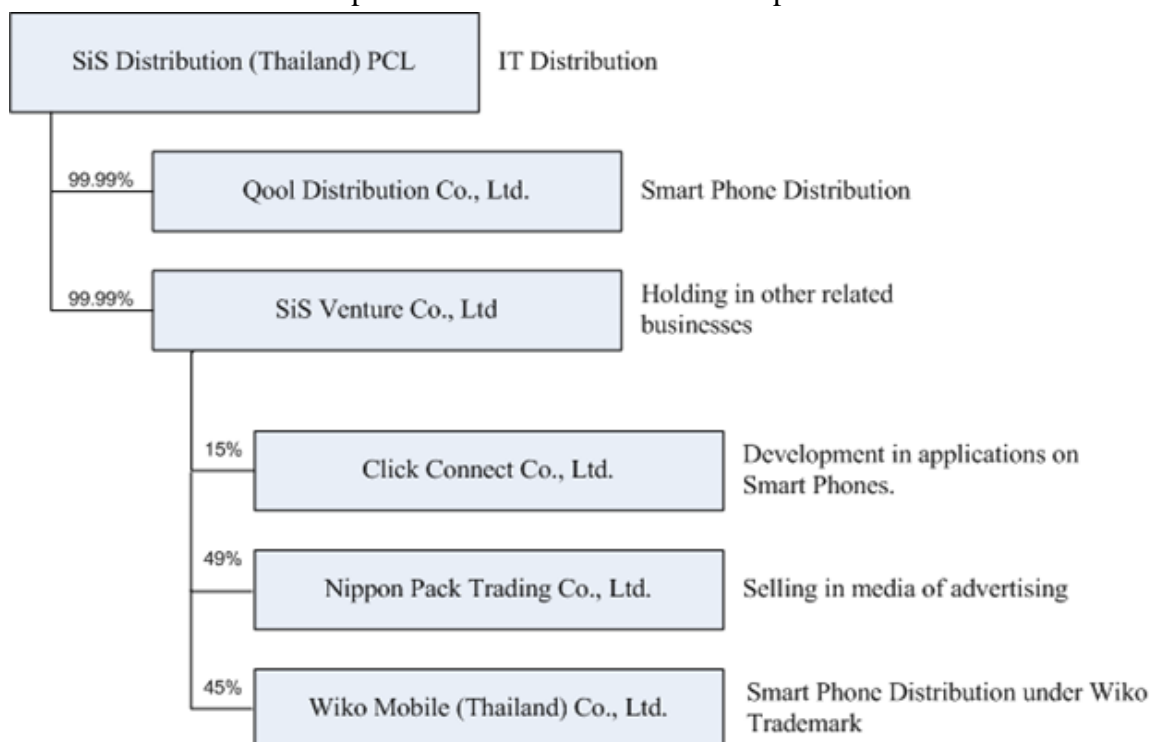
Name	No. of shares (Units) As of January 1, 2019	No. of shares (Units) Acquisition during 2019	No. of shares (Units) Disposition during 2019	No. of shares (Units) As of December 31, 2019
Directors				
Asst.Prof.Dr. Rojanasak Chomvilailuk	-	-	-	-
Mr.Panuwat Chalongkwamdee	-	-	-	-
Ms.Sudaporn Tawapee	-	-	-	-
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	-	-	-	-
Management and Company Secretary				
Ms.Suwathip Pornsuwannapha	758,096	-	-	758,096
Mrs.Wareeporn Sittichaisrichart	-	-	-	-
Ms.Ploy Sittichaisrichart	-	-	-	-
Mr.Thana Thanapase	-	-	-	-
Mr.Monton Mungkornkarn	-	-	-	-
Mr.Kakkanan Kanunghead	-	-	-	-
Mr.Pantana Na Takuathung	72	-	-	72
Mr.Nattapol Kaewkao	-	-	-	-
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	In the process of restructuring for Cloud business	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.



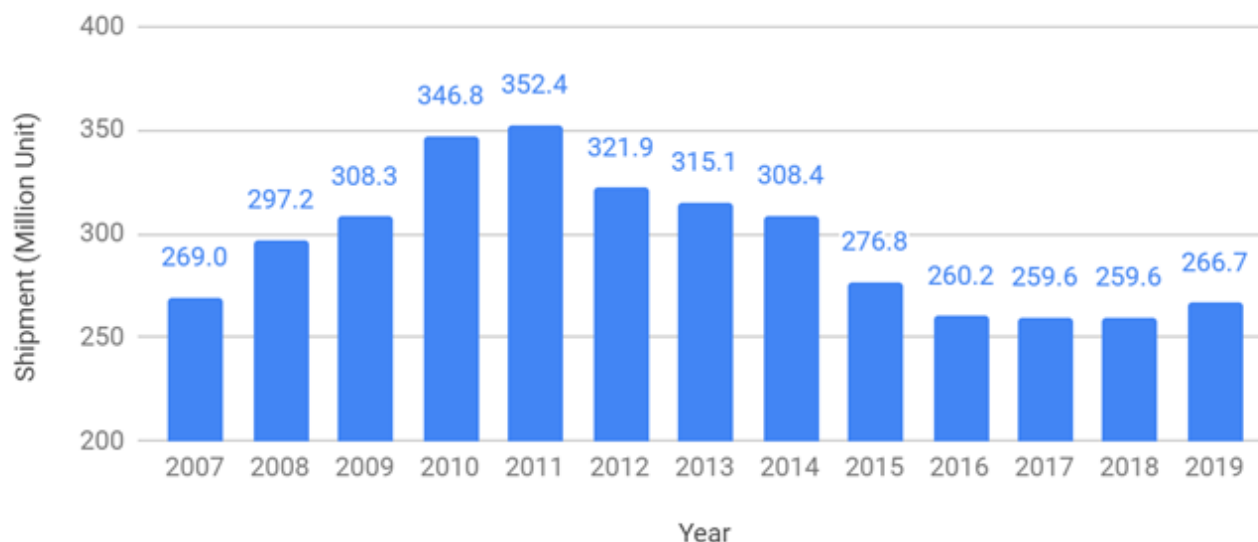
IT Outlook

The main devices used to access the industrial information are PC, smartphones and tablets, which are major products distributed by the Company. The market conditions for each product group in 2019 are as follows:

PC Market

International Data Corporation (IDC), a leading research company, reported a global survey on the PC market that 266.7 PCs were delivered in 2019, increasing to 2.7% from last year. The PC market just had its first year of growth after dropping for the 7th consecutive year and considered that 2018 is the lowest year for the PC industry, and it is expected that the number of PCs delivery in the next 2-3 years will be at this level.

Worldwide PC Shipment



The market share of each PC manufacturer in 2019 are as follows: ('000 units)

Vendor	2019		2018		2019/2018
	Shipments	Market Share	Shipments	Market Share	Growth
Lenovo	64,768	24.3%	59,857	23.1%	8.2%
HP Inc.	62,908	23.6%	60,000	23.1%	4.8%
Dell	46,545	17.5%	44,170	17.0%	5.4%
Apple	17,684	6.6%	18,083	7.0%	-2.2%
Acer	17,029	6.4%	17,853	6.9%	-4.6%
Others	57,756	21.7%	59,620	23.0%	-3.1%
Total	266,690	100.0%	259,583	100.0%	2.7%

Smartphone Market

The report produced by IDC suggested that smartphone shipments in 2019 totaled 1,371 million units worldwide, decreasing by 2.3% YoY, which is third consecutive year of falling shipments.

Worldwide Smartphone Shipment

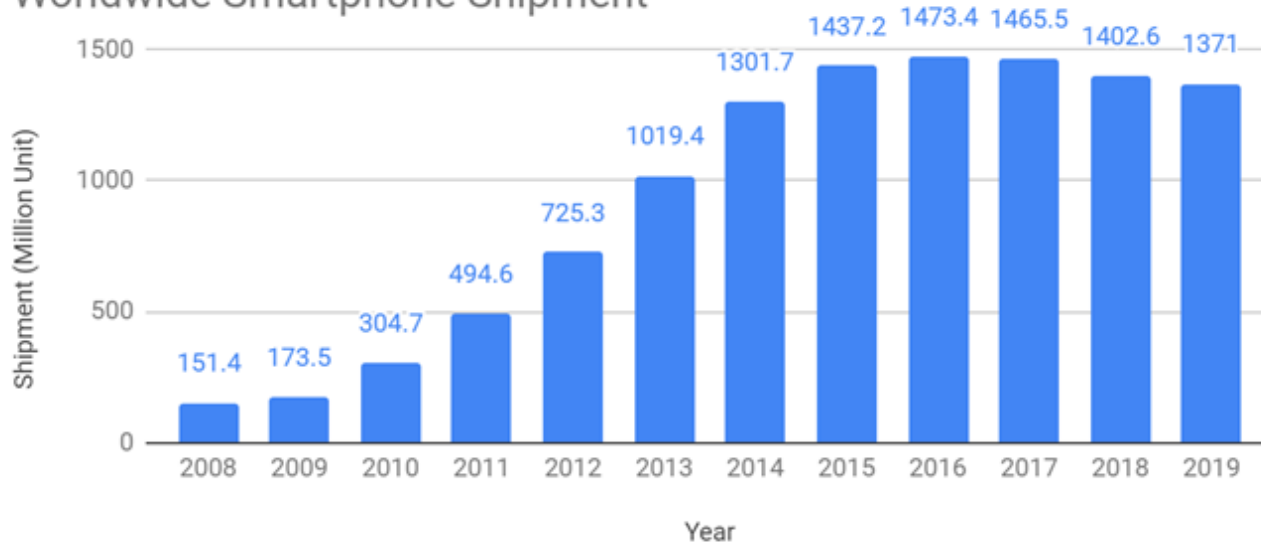


Table of market share in each brand in 2019 and 2018 surveyed by IDC

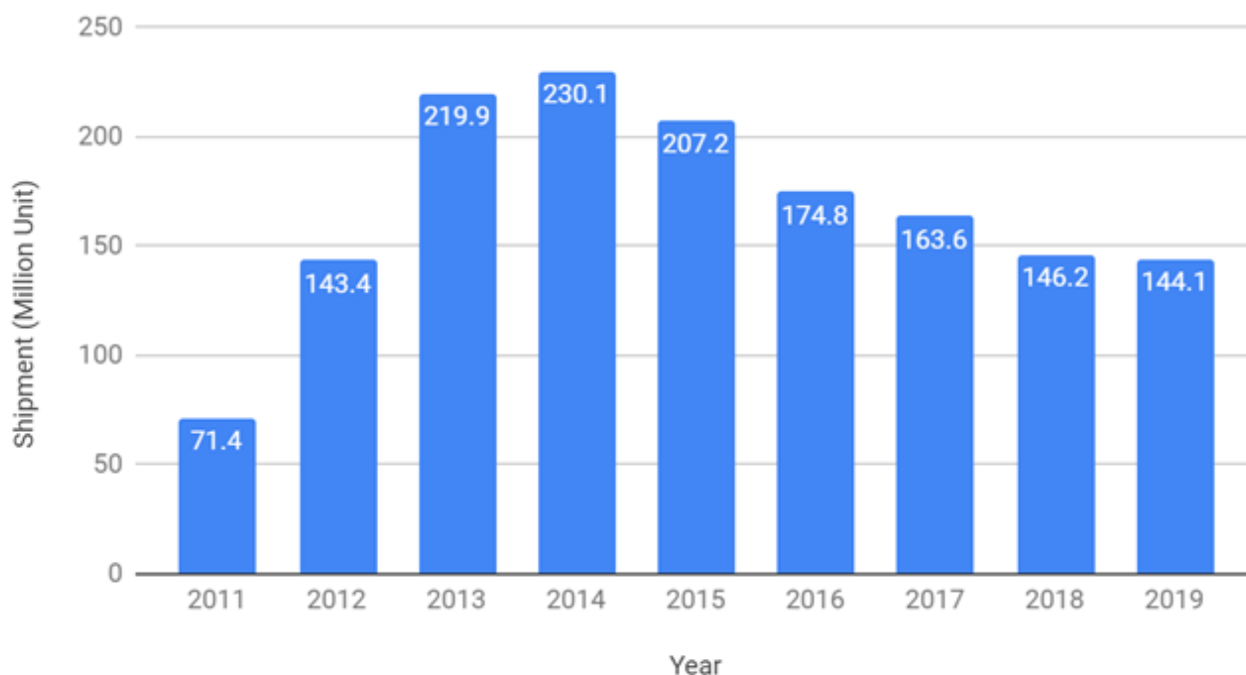
Company	2019		2018		Year-Over-Year
	Shipment Volumes	Market Share	Shipment Volumes	Market Share	Change
1. Samsung	295.7	21.60%	292.2	20.80%	1.20%
2. Huawei	240.6	17.60%	206.0	14.70%	16.80%
3. Apple	191.0	13.90%	208.8	14.90%	-8.50%
4. Xiaomi	125.6	9.20%	119.1	8.50%	5.50%
5. OPPO	114.3	8.30%	113.3	8.10%	0.90%
6. Others	403.6	29.40%	463.2	33.00%	-12.90%
Total	1371.0	100.00%	1402.6	100.00%	-2.30%

Remark : Shipment Volumes : Million Units

Tablet Market

The report produced by IDC suggested that Tablet shipments in 2019 shrank by 1.5% as worldwide shipments totaled 144.1 million units. The market has been receding for the 5th consecutive year. The major reason for the shrinkage is probably due to the fact that smartphones can replace tablets more effectively.

Worldwide Tablet Shipment



The market share in each brand in 2019 and 2018 surveyed by IDC

Vendor	2019		2018		Year-Over-Year Growth
	Shipments	Market Share	Shipments	Market Share	
1. Apple	49.9	34.60%	43.3	29.60%	15.20%
2. Samsung	21.7	15.10%	23.4	16.00%	-7.20%
3. Huawei	14.1	9.80%	14.6	10.00%	-3.50%
4. Amazon	13.0	9.00%	11.8	8.10%	9.90%
5. Lenovo	8.5	5.90%	8.8	6.00%	-4.20%
Others	37.0	25.70%	44.3	30.30%	-16.60%
Total	144.1	100.00%	146.2	100.00%	-1.50%

Business Characteristics, Competition and Market Share

Business Characteristics

The Company operates an IT distribution business, purchasing products/services from about 70 suppliers and distributing via different channels. In 2019, the Company sold products to about 7,000 customers, which include resellers who will then distribute products to individual, corporate customers and government institutes.

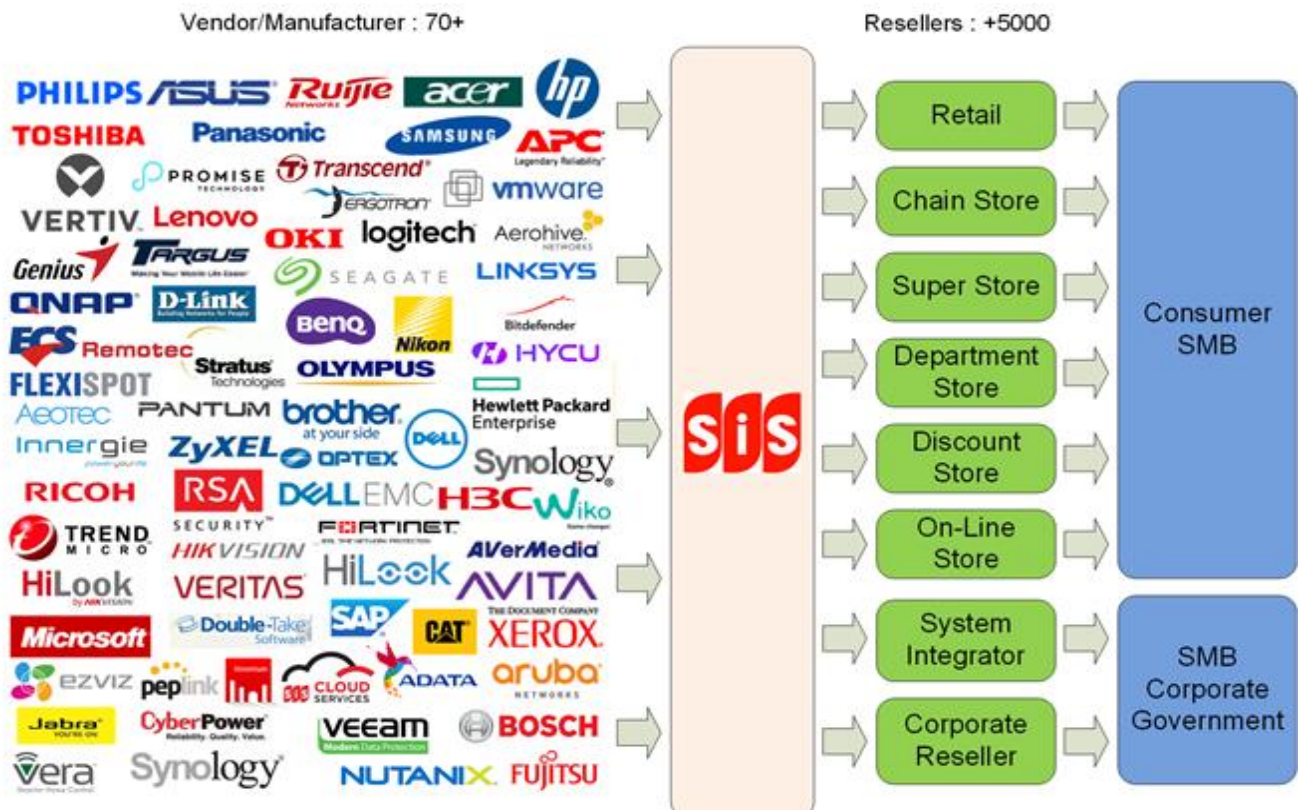
The majority of products are in the Information Technology (IT) group, covering several categories:

- 1) Products for personal/household use; computers, printers, tablets
- 2) Products used in businesses; computer servers, network systems, data storage systems, software and different types of connectors
- 3) Products used in the data center, e.g. massive data storage devices, security system and data back-up system
- 4) CCTV and photo storage devices
- 5) Smartphones
- 6) Cloud Service

Eighty percent of top sales came from the following 13 products (in alphabetical order) as Asus, Acer, Brother, Dell, Dell EMC, Hewlett Packard Enterprise, HP Inc, HikVision, Lenovo, Samsung, Vmware, and Wiko.

All customers who will then resell the products can be categorized into 2 groups:

- 1) Those who purchase and sell to buyers who are small companies or household e.g. both small and branches retail shop such as Advice IT, Infinite, Com7, Power Buy, J.I.B., IT City as well as online retailers such as Lazada and Shopee.
- 2) Those who resell products to corporate such as Metro Systems Corporation PCL, Data Pro Computer Systems Co., Ltd., Yip In Tsoi Co., Ltd. and BizCon Solutions Co., Ltd.



The Status of the Company and its Competition

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

The Company has continuously developed and expanded the business in terms of enlarging product portfolio according to new technology, increasing coverage of the distribution channels and operational effectiveness that is believed to generate the consistent and sustainable total revenue and net profit.



The Competency in Competition

The Company has developed the systems, expanding customer base, new business and enhancing competitive edge in the following dimensions:

1) Having a Comprehensive Customer Base

The Company has a comprehensive customer base, with over 6,000 customers served in 2019. In each month, there are over 3,000 customers purchased products from the Company, including retail customers who sold to household and corporate resellers. There are new entrepreneurs need to be customers on a continuous basis. Having a comprehensive customer base allows the Company to have stability in sales revenue and it is a key factor for the company to expand business with ease by sourcing and distributing more products to the existing customer.

2) Having a Diverse Product Portfolio

The Company has been trusted by global manufacturers to be the distributor of over 70 brands and has consistently been approached by new manufacturers to be their distributor. Having a diverse product portfolio has allowed the Company to source products to customers on a continuous basis.

In 2019, the Company has started distributorship for new products 1) Xiaomi – Top four of Smartphone manufacturer in the world and then expanding its business to IoT products. The Company is a distributor of both Xiaomi Smartphone and IoT products in Thailand and began selling in September 2019 2) Uniview – Top 3 CCTV in China 3) Maxhub – conference interactive panel.



Mi Air Purifier 2

Purifies room air in 10 minutes
High performance 310m³/h CADR



Mi Home Security Camera 360°

All-round protection in full high-definition video
1080P FHD | 360° vision | Infrared night vision | Motion detection | Network feature | Smart installation



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uniview

Better Security, Better World



3) Operation System and Organizational Culture

The Company incorporated the high-quality Enterprise Resource Planning (ERP) program to manage the operations, with continuous improvement and system development, for instance, SAP ECC6, Lotus Notes' electronic workflow system, and Avaya's call center system that allows employees to work systematically and can follow up with the progress effectively. Meanwhile, the Company has fostered the organizational culture towards a being learning-oriented organization, with continuous improvement on effectiveness, encouraging employees to have an entrepreneurial mindset and allowing the Company to have competitive ability and to initiate organizational changes to align with external changes rapidly.

4) Emphasis on Corporate Governance

The Company places great emphasis on and abides by the corporate governance principle, based on 5 directions 1) shareholders' rights 2) fair treatment towards all shareholders 3) awareness of stakeholders' roles 4) information disclosure and transparency and 5) the Board of Directors' responsibilities. From the corporate governance assessment conducted on listed companies by the IOD, the Company got assessed "excellent" in 2009-2013 and 2017-2019, which is the highest score, reflecting the Company's accountability on corporate governance and its role in generating consistent growth. In 2016, the Company was one of the 10 companies that received SET Awards as a listed company with outstanding corporate governance report.



From the corporate governance evaluation conducted on listed companies by the Thai Institute of Directors (IOD), whereby the criteria of the CGR have been added on to align with the ASEAN CG Scorecard project, the Company's rating in 2019 is "excellent", scoring in the range of 90-100, from a total score of 100.

5) Having High Quality Staff Members

The Company is known for its human resource development activities, with good staffing procedures from recruitment, selection, knowledge assessment together with the interview, background check from other sources, as well as continuous training; internally and externally, provision of overseas scholarships, remuneration policy that aligns with the Company's direction, acquisition of working tools for employees, advancement opportunities and growth, fair policy for all, staff involvement in decision making, disclosure of truthful information to employees, open internal communication, etc. The accumulation of these experiences and activities have produced quality and dedicated employees, serving as critical resources for further development.

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 2018, the Company had the third largest revenue and a market share of 21.5% 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	27.10%
2010	15,662	14,196	8,095	4,543	16,584	59,081	28.10%
2011	20,269	16,352	8,926	5,354	22,713	73,612	30.90%
2012	20,669	18,826	8,516	5,303	22,091	75,406	29.30%
2013	18,816	17,997	8,889	5,536	18,345	69,583	26.40%
2014	19,092	17,801	8,537	5,735	18,593	69,757	26.70%
2015	21,671	16,903	9,218	5,828	18,121	71,740	25.30%
2016	23,950	18,185	9,284	5,441	18,498	75,357	24.50%
2017	32,624	18,824	10,584	5,263	20,191	87,485	23.10%
2018	38,330	23,315	11,258	4,624	21,223	98,748	21.49%

Milestones of Operation in 2019

Seminars and Events

Throughout the year of 2019, 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:



SiS - CyberPower Day 2019 : Grande Center Point – 27 November 2019



Vmware's vSAN 6.7 Technical Enablement



Hikvision Partner Training:Nunee Grand Hotel - 25April 2019



SiS Solution Showcase 2019 : Nimman, Chiangmai - 28 May 2019



HPE Solution Day by SiS : Centara Grand Central World – 24 April 2019



HyperConverged Solution : Bangkok Chada Hotel – 19 November 2019



HikVision by SiS : Bazaar Hotel – 8 Feb 2019

HCI Solution Day : Kumpharya Hotel, Chiangmai – Dec 2019



SiS Solution Showcase : Pullman Hotel, Khonkaen – 18 Jun 2019

Some of awards and Assessments of the year 2019

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 677 listed companies in the year 2019, conducted by the Institute of Directors Association. Since 2001, the IOD with supporting by the Stock Exchange of Thailand has been continuously surveyed 17 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 2019 which conducted by the Thai Investors Association. The Company was one of 182 companies which received a score of 100 and the average score of all listed companies for 2019 was 93.7.



Awards from Suppliers

In 2019, the Company received the Suppliers’ awards as to be top distributor as follows:



Lenovo
Top Commercial Distributor 2019



Lenovo
Top Consumer Distributor 2019



Hewlett Packard Enterprise
Best Distributor Installed Base
FY2019



Dell Technologies
Top Client Solutions
Commercial Distributor Category



Dell EMC
Best Distributor 2019
Storage Product Group

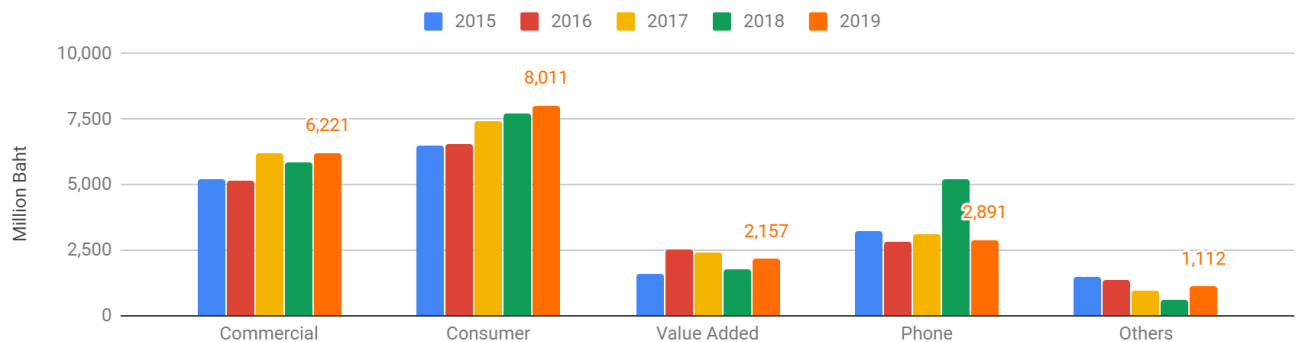


APC by Schneider Electric
2019 Best Performance Distributor
Active Reseller Coverage

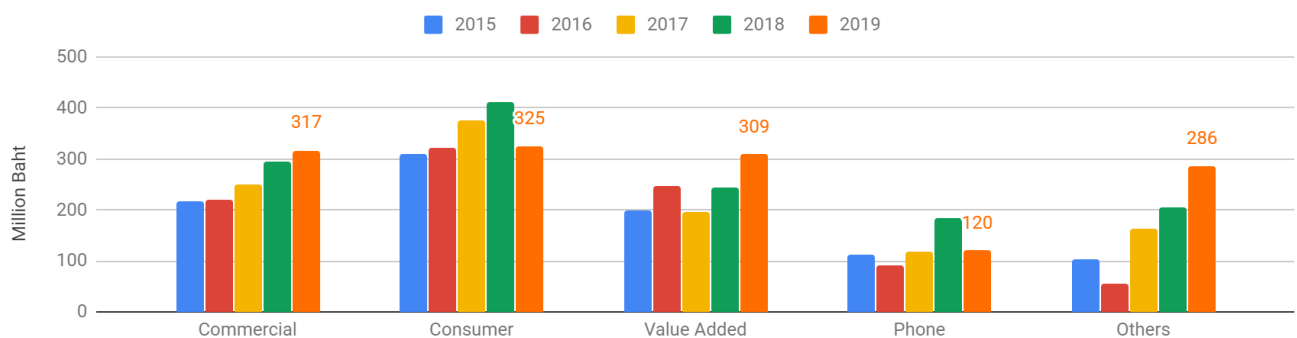
Revenue Structure

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



Gross Profit



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



Business PC: HPI, Lenovo, Dell, Acer



Storage: Qnap, Synology, HPE



Networking: HPE, Aruba, 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:

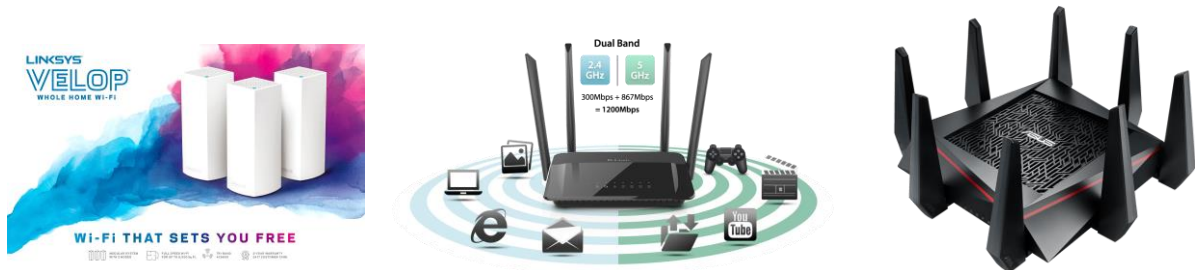
Printer: HP, Brother



Home PC: Asus, Lenovo, HP, Acer



Networking: LinkSys, D-Link, Asus, Zyxel, Tenda



Monitor: Samsung, Acer, Philips, BenQ



Xiaomi AIoT



Others: Adata, Strontium, Seagate, Qnap, Innergie



Value Added Business Unit

These are high technology products used in Data Center and required both pre-sales and after-sales services that the Company can sell after-sales services also. Main users are large enterprise for both private and government sectors. The major product categories are as follows:

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



Enterprise Storage: EMC, SUSE ceph



Enterprise Backup: Veritas, EMC, Veeam, HYCU



Security: Fortinet, TrendMicro, Sangfor, RSA



Other: SAP B1, Crystal Report, Sybase, Arista Networks



Phone Business Unit

This business unit distributes Samsung, Asus, and Wiko Smartphone. Excluding a distributor of Wiko, the Company has also invested with the manufacturer named Wiko Mobile (Thailand) Co., Ltd to manage Wiko product in Thailand and neighboring countries. Moreover, the Company started to be a distributor of Xiaomi Smartphone at the end of 2019.



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

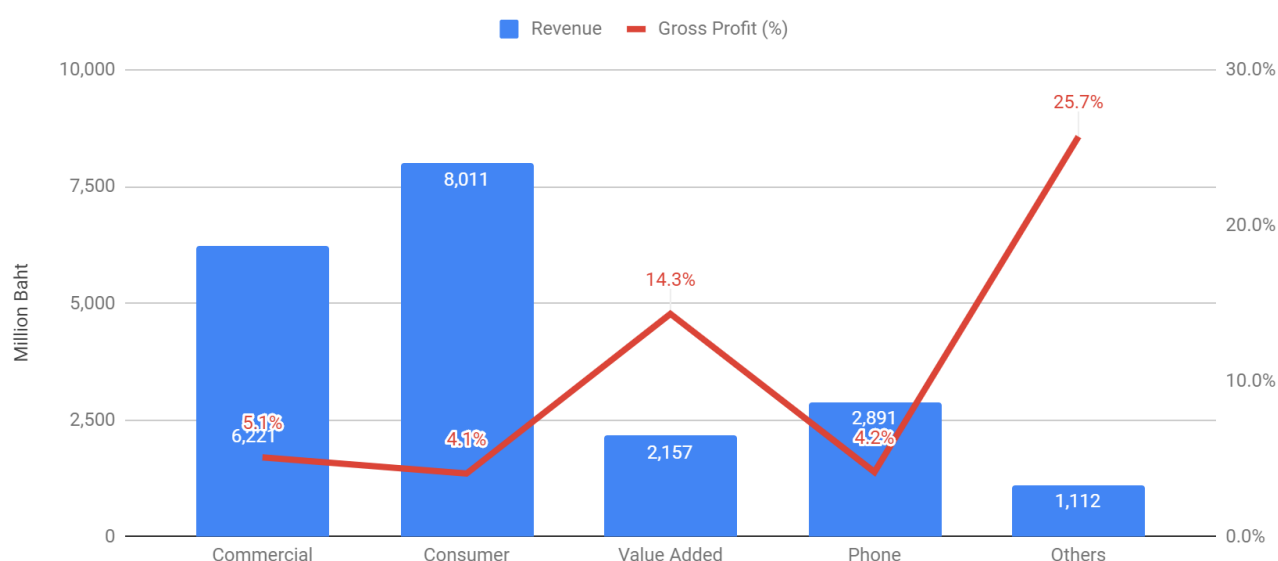
The Company has started to operate its business from the beginning of 2019 with three main capital structures as a working capital as follows: 1) Shareholder's equity of 2,176 Million Baht 2) Loans from financial institutions of 1,751 Million Baht and 3) Credit given by Trade Accounts Payable of 2,183 Million Baht. Most of funds were used into two areas as follows: 1) credit granted to customer and other receivables of 3,072 Million Baht and 2) purchasing goods for sale by having inventories on hand of 2,236 Million Baht.

Operating Performance

The total revenues of the Company for the year 2019 was 20,477 Million Baht, a decrease of 3.6% from the previous year. The Company has divided into business units and each business unit has focused in different products by having separate sales and product management team. The revenue and gross profit of each business units were as follows:

Business Unit	2017			2018			2019			Change	
	Revenues	Gross Profit	Gross Profit (%)	Revenues	Gross Profit	Gross Profit (%)	Revenues	Gross Profit	Gross Profit (%)	Revenues (%)	Gross Profit (%)
Commercial	6,177	251	4.1%	5,838	296	5.0%	6,221	317	5.1%	6.6%	7.1%
Consumer	7,445	376	5.0%	7,729	410	5.3%	8,011	325	4.1%	3.6%	-20.7%
Value Added	2,413	197	8.2%	1,764	243	13.8%	2,157	309	14.3%	22.3%	27.2%
Phone	3,112	119	3.8%	5,224	185	3.5%	2,891	120	4.2%	-44.7%	-35.1%
Others	946	163	17.2%	602	204	33.9%	1,112	286	25.7%	84.7%	40.2%
Total	20,093	1,106	5.5%	21,157	1,338	6.3%	20,392	1,357	6.7%	-3.6%	1.4%

Revenue and Gross Profit by Business Unit 2019



By Overall, the revenue of all Business Units have increased except Phone Business Unit. Phone Revenue decreased because products that the Company distributed are not able to compete in the market as well as the previous year, resulting in revenue falling by 44.7% (or down by 2,333 Million Baht) and gross profit decreased by 35.1% (or 65 Million Baht). However, revenues from other business units increased, as a result, overall revenues decreased by 3.6% (or 765 Million Baht) only.

The revenue and gross profit of Commercial Business Unit has increased slightly in line with the expansion of the business sector.

The revenue of Consumer Business Unit has increased by 3.6% but gross profit decreased by 20.7% (or down 85 Million Baht) due to two reasons as follows. In 2018, the Company had got rebate from Vendors which were pending from the previous years, resulting to the percentage of gross profit in 2018 improved to 5.3%. And in 2019, Market competition has increased due to market shrinking. The Company expected that market will be shrink in 2020 so the Company will source new products to increase sale volume more including IoT products from Xiaomi. The Company started selling Xiaomi in Q4 of 2019 and believed that it will be able to maintain our profitability or increase slightly in 2020.

The revenue and profit of Value Added Business Unit could be increased due to market expansion and the Company has more invested in this unit, especially, product line in data center group. These products have a new technology to replace a traditional Server/Storage and the Company is a distributor of leading manufacturers of this product group including Cyber Security product group that are very important to large organizations. From a good results of this investment, the Company continues to expand the investment in this segment to serve the customer's need in 2020 and believes that it could be growth.

For Phone Business Unit, it is only one business unit that its revenue has decreased because products that the Company distributed are not able to compete in the market as well as the previous year. To solve this problem, the Company has signed a distributor agreement with Xiaomi and started selling of Xiaomi Smartphones in Q4 of 2019. Xiaomi is the top four manufacturer in the world and has authorized the Company to be a main distributor. In 2020, the Company believes that its revenue will be increased from this segment.

For other products, it is a group of small products which the sales amount is still rather low, for instance, CCTV, Home Automation, Cloud service, and other new products which is in the process of market test.

Operating Profit

In 2019, the Company has gross profit from sales and services of 1,357 Million Baht, increased by 19 Million Baht from last year because the Company has extra expenses arising from the Labor Protection Act. B.E.2019. Thus, the Company has to reserve long-term employee benefit liabilities of 18.8 Million Baht more for the year. Moreover, the Company has to share the 6.9 Million Baht loss from investment with Wiko Mobile (Thailand) Company Limited while the Company had profit sharing of 35.1 Million Baht last year. As a result, the Company has a net profit of 423.4 Million Baht, decreased by 44.5 Million Baht (or down 9.5%) from last year.

Financial Position at the end of the year

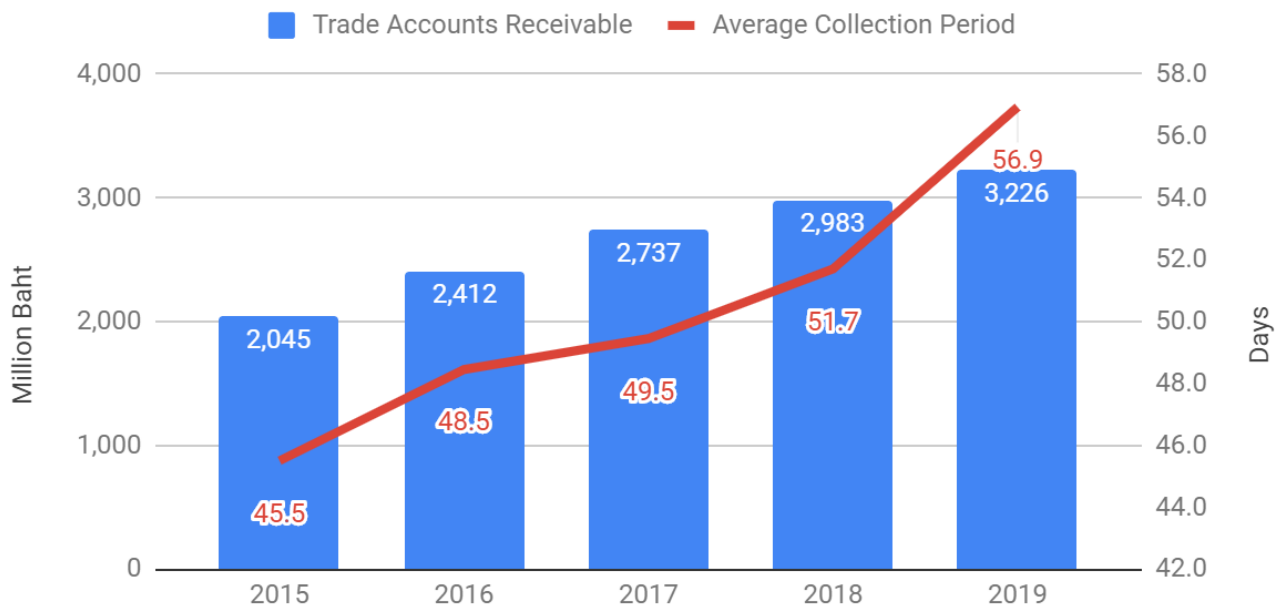
At the end of year 2019, three main capital structure were as follows:

- 1) Shareholders' equity was 2,401 Million Baht.
- 2) Loans from financial institutions was 2,166 Million Baht.
- 3) Credit given by Trade Accounts Payable was 2,447 Million Baht.

The Company used funds into two main areas as follows:

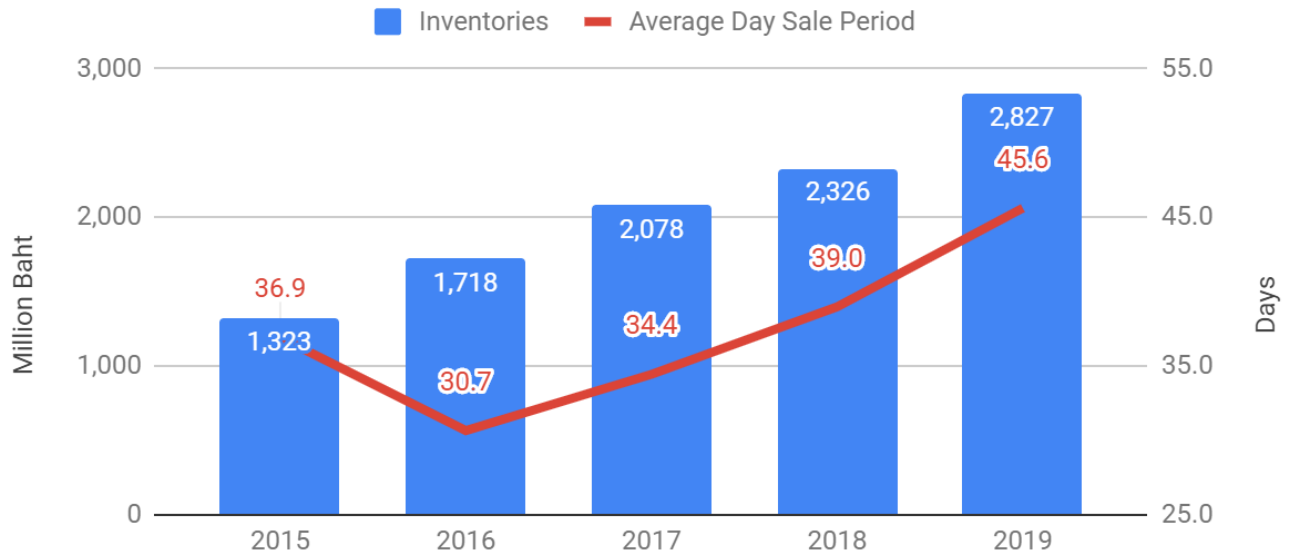
1. Credit granted to customers, Trade and Other Accounts Receivable of was 3,322 Million Baht.
2. Inventory was 2,827 Million Baht.

Trade Accounts Receivable



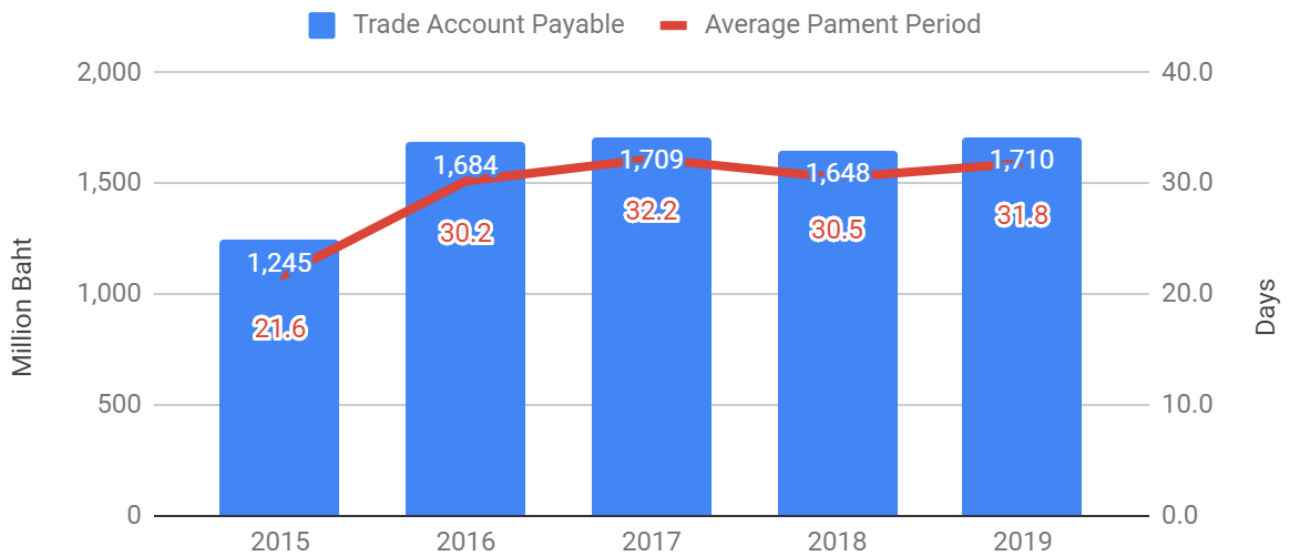
In 2019, Trade Accounts Receivable was 3,226 Million Baht. Average Collection Period was 56.9 days which was quite high and increased more than last year for 5 days. The main reason was because in the second half of the year, there were many project sales need longer credit than usual. The expected collections would be in the second quarter of 2020.

Inventories



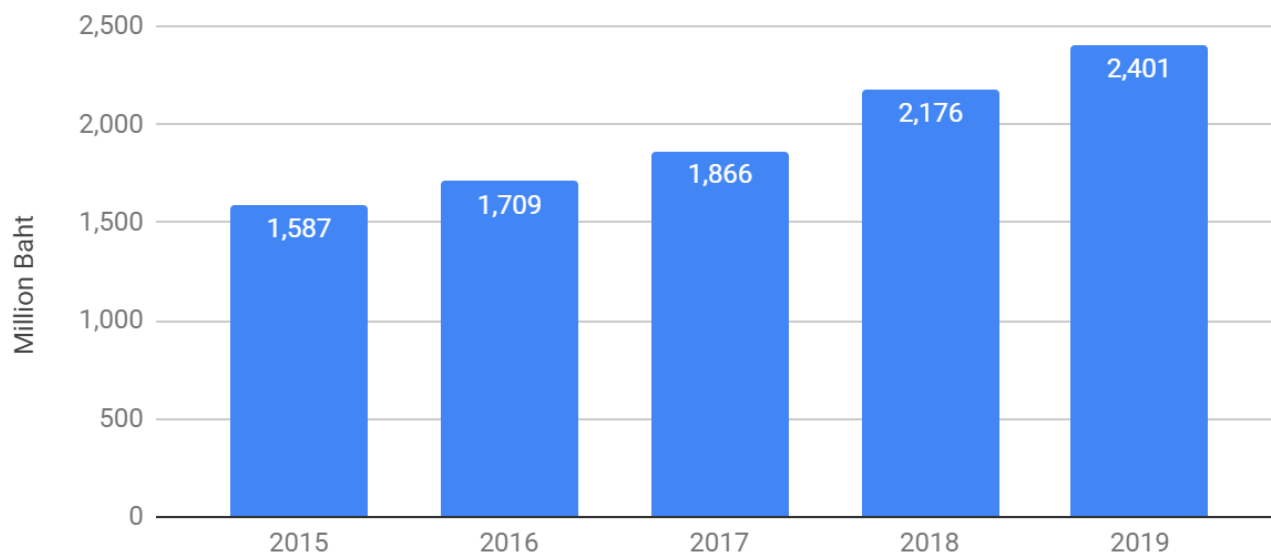
Inventories increased from 2,326 Million Baht in 2018 to 2,827 Million Baht in 2019 or was equivalent to Average Day Sale Period of 45.6 days. Inventory level was quite high because inventories for some projects amounting of 200 Million Baht were delay and will be delivered in quarter 1 of 2020 which expected to be finish at the end of Quarter 1 or the beginning of Quarter 2 of 2020 accordingly.

Trade Account Payable



Trade Account Payable increased from 1,648 Million Baht in 2018 to 1,710 Million Baht in 2019 or was equivalent to Average Payment Period of 31.8 days which was in a standard payment period given by suppliers as usual.

Shareholder's Equity



Shareholder's Equity in 2019 was 2,401 Million Baht, an increase of 255 Million Baht from last year.

Cash Flows

In 2019, the Company had a cash cycle of 70.8 days. The main items that increased cash flow from Operating Activities of the year 2019 were

- Profit for the year (after non-cash adjustments) 626 Million Baht
- Increase in Trade and other accounts payable 261 Million Baht

The main items that decreased cash flow from Operating Activities of the year 2019 were

- Increase in Trade and other accounts receivable 252 Million Baht
- Increase in Inventories 557 Million Baht
- Paid in Corporate Income Tax 119 Million Baht

Dividend Payment

In 2019, the Company had a basic earnings per share was 1.21 Baht. The Board of Directors' meeting approved to propose a dividend payment for the year 2019 from the total operating results at the rate of 0.55 Baht per share, same as last year then it will be proposed for approval from the Annual General Meeting of Shareholders for the year 2020.

If the dividend payment is approved by this Annual General Meeting of Shareholders, then the total dividend payment will be 192.6 Million Baht, equivalent to dividend payout of 45.5% or equivalent to 7.0% when compared with the closing price of February 17, 2020 (Baht 7.85) which was a Board Meeting date to propose dividend payment.

Report From Risk Management Committee

Dear Valued Shareholders,

The Board of Directors have emphasized on the necessary of the risk management in order to bring continuity and sustainability to the company as well as stakeholders. The Board of Directors then appoint the Risk Management Committee to play this role. The Risk Management Committee comprise of three directors who are the executive director and non executive directors namely, Mr.Lim Hwee Hai, the Chairman of Risk Management Committee, Mr. Lim Kia Hong, the member and Mr.Somchai Sittichaisrichart, the member.

The 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, Financial Controller, General Manager and representatives from all relevant departments, to jointly develop risk management plan, risk prevention measures, and risk resolution approaches in order to achieve the acceptable standard of Enterprise Risk Management and to comply with all policies.

In 2019, the Company continued to adopt the COSO Enterprise Risk Management 2013 practices. 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.

Furthermore, the Risk Management Committee has performed its duties under the Charter scopes of risk management responsibilities approved by the Board of Directors. In 2019, the Risk Management Committee held two meetings. Topics covered during these meetings include:

- Consider the criteria for impact scoring and likelihood scoring, also review the Company's risk appetite according to the ever-changing dynamic environment.
- Consider the critical risk which covered in six areas; strategic risks, financial risks, operational risks, reputation risks, compliance risks and fraud and corruption risks.
- Consider and improve the enterprise risk management plan which emphasize on reducing impact and likelihood by proactive actions.
- Monitor the enterprise risk management process to ensure effectiveness and compliance of the policies and strategies.
- Consider the COSO ERM 2017 in order to prepare to adopt and replace COSO ERM 2013 in the near future.
- Report the enterprise risk management to Audit Committee every six months, also report to the Board of Directors in term of enterprise risk management and its policy.

The Risk Management Committee disclosed the important risks that may affect business operation and all stakeholders in the Annual Report of the Company. Risk Management Committee still continue monitor and follow the activities as well as the execution in order to ensure compliance with Good Corporate Governance and the relevant law and regulations concerned by various regulatory agencies. Additionally, The risk of Covid-19 is significantly monitor in this time in order to reduce impact to the company and stakeholders as much as possible To summarize, Risk Management Committee is confident that our risk management and all relevant practices can enhance the continuity and sustainability of the company.



Mr. Lim Hwee Hai
Chairman of Risk
Management Committee
March 2, 2020



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. Also, it is able to help the company cope the rapid change in environment as well as the disruption.

The COSO Enterprise Risk Management Risk Management Framework (COSO ERM) has been adopted. The infrastructure, the responsibility, the strategies and the procedures of the Risk Management are defined. Also, the organizational culture has been promoted to influence employees aware of risk management.

For the responsibility, the Risk Management Committee has appointed 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 2019, 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 the technical consultancy solution together with products.
- Expand business related to data center. This is because this business tends to grow significantly due to the transformation of technology. Data center also needs professional services to fulfill the sale.
- 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. There are more than 130 customers in 2019.
- 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 2019. 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 30 – 60 days by product type. In case of products that have sale records, inventory level will be reduced to 30 days but for new coming products and unknown their demands, inventories level will be kept more but not over 60 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			
	2016	2017	2018	2019
Inventories (M. Baht)	1,718	2,078	2,326	2,837
Average Day Sale Period (Days)	30.6	34.4	39.0	45.6

- **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 mitigates this risk as followings:

- 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
- Promoting products that are not being in the big market but having profitable and few players to increase profit.

- Expand number of customers. The company has distributed products to over 5,000 dealers which the numbers has been increased every year.
- Structure the management 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 staffs to join with, but there is a shortage of IT people now due to the high demand in this field. To cope the disruption and rapid change in technology and the company's business that have to rely on IT professionals then this risk is classify as the important. The risk action plan are as follows:

- Provides continuously training to employees and promote the knowledge management which is help to rotate employees to other functions smoothly.
- Provided the appropriate compensation system to staff by varied to their abilities
- Separates sale department off marketing department which allows customers contact to two divisions, Sales Team and Marketing Team.
- Improve 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.
- 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 risk action plan are as follows:

- Define the unit for monitor all social media consistently.
- There is the crisis response structure to ensure the effectiveness of the crisis response.
- There is the Public Relations unit to disclose news and information

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.
- Regularly consult to the relevant authorities of the financial institutions on how much hedging contract should be taken which could be reached to 100% to cover this risk.

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:

- Review the financial status before granting credit to our dealers.
- Provide information system to especially monitor and follow up account receivables.
- The credit control department is independent from sales to ensure that the credits are considered independently.
- Purchase trade insurance covering some losses of debts

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, supplier selection policy and zero tolerance announcement. Also, there is the review on internal control every quarter and promote whistleblower. Besides the internal audit brought this issue to be one of audit matter in the annual audit plan.

Major Shareholders

As at December 31 2019, the Company had a total of 2,739 shareholders. The shareholders holding 80% of the total shares were owned by 16 persons as follows:

No.	Shareholders Name	Shareholding	% of Shares
1	SiS Technologies (Thailand) Pte. Ltd.	165,616,595	47.29%
2	Thai Alliance Co., Ltd.	58,893,875	16.82%
3	Mr.Chavalit Charaschotepinit	8,000,000	2.28%
4	Mr.Boonchai Tanchatchawal	6,255,400	1.79%
5	Mr.Chairat Tanchatchawal	4,864,000	1.39%
6	Thai NVDR Company Limited	4,752,966	1.36%
7	Mr.Vichien Srimuninnimit	4,522,000	1.29%
8	Mr. Pete Sittichaisrichart	4,430,000	1.26%
9	Synnex (Thailand) Public Company Limited	3,971,370	1.13%
10	Miss Lamduan Suwannarat	3,546,400	1.01%
11	UBS AG LONDON BRANCH	3,172,910	0.91%
12	Mrs. Ladda Tanchatchawal	3,000,000	0.86%
13	Mr.Thanakorn Pungsrinont	3,000,000	0.86%
14	Mrs.Suree Mana-anantakul	2,879,500	0.82%
15	Mr.Yuttana Likitkamjorn	2,494,000	0.71%
16	Mr.Kittipong Mana-anantakul	2,360,833	0.67%
Total Shares of Top 16 Major Shareholders		281,759,449	80.45%
Total Shares of Free float		68,439,206	19.55%
Total Shares		350,198,655	

Minority shareholders (as of December 30, 2019): There was 2,723 minority shareholders or 19.55% of total shareholders.

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; Miss Sudaporn Tawapee (Independent Director) as the Chairman of the Remuneration and Nomination Committee, Assist. Prof. Dr. Rojanasak Chomvilailuk (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 2019, there are 2 annual meetings which the Remuneration and Nomination Committee had attended to consider following aspects:

- To consider and evaluate the performance of the Company, and results of its operations by comparing goal and business plan of the year 2019 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 2019 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 2019 is set out in Annual Report 2019 individually. For remuneration policy of Board of Directors and Committees in 2019, the relevant schemes would be detailed in the Notice of Annual General Meeting of Shareholders.
- 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. 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.
- In the year 2020, there will be 3 directors that are retired by rotation, namely Asst.Prof.Dr. Rojanasak Chomvilailuk, Mr. Lim Kia Hong and Mr. Lim Hwee Hai. 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 26, to December 31, 2019 for the Board of Directors consideration and this will be proposed to the Annual General Meeting of Shareholders in 2020. 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.

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.



Miss Sudaporn Tawapee
Chairman of Remuneration and Nomination Committee
March 2, 2020



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 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 6 times a year shall receive an attendance fee of 15,000 Baht. The Chairman of the Audit Committee shall receive an attendance fee of 20,000 Baht.

Attendance Fee of the Remuneration and Nomination Committee

Remuneration and Nomination Committee attending the remuneration and nomination committee meetings that held twice a year 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 that held twice a year 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 that held twice a year 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 2019, the shareholders approved the total budget which is not over 8 Million Baht as the remuneration to directors. The actual payment was 5,832,187 Baht. Also, there will be proposed the remuneration of the year 2020 which is not over 8 Million Baht as same as last year to the

Annual General Meeting of the Shareholders in 2020 in order to approve this budget. Nevertheless, the remuneration of each director in 2019 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.Lim Kiah Meng - Chairman	432,000		198,000						630,000
Mr.Lim Kia Hong - Director - Risk Management Committee	216,000		132,000			44,000			392,000
Mr.Lim Hwee Hai - Director - Remuneration and Nomination Committee - Corporate Governance Committee - Chairman of Risk Management Committee	216,000		132,000		44,000	66,000	44,000		502,000
Mrs.Lim Hwee Noi - Director	216,000		132,000						348,000
Mr.Somchai Sittichaisrichart - Managing Director - Remuneration and Nomination Committee - Corporate Governance Committee - Risk Management Committee			110,000		22,000	44,000	44,000		220,000
Asst. Prof. Dr. Rojanasak Chomvilailuk - Independent Director - Chairman of Audit Committee - Corporate Governance Committee - Remuneration and Nomination Committee	216,000	390,000	132,000	120,000	55,000		44,000	603,750	1,560,750
Mr. Panuwat Chalongkumdee - Independent Director - Audit Committee - Chairman of Corporate Governance Committee	216,000	300,000	132,000	75,000			66,000	503,125	1,292,125
Ms. Sudaporn Tawapee - Independent Director - Audit Committee - Corporate Governance Committee - Chairman of Remuneration and Nomination Committee	216,000	300,000	132,000	90,000	55,000		44,000	50,315	887,312

Remuneration of Managing Director

The remuneration committee has defined the criteria of remuneration of Managing Director which comprised of Salary and bonus. For the salary is 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. Apart from this, Managing Director also received the attendance fee of the Board Directors as the same as other directors.

Management Remuneration

The Remuneration of Executives of the year 2019 was paid in form of salary, quarterly bonus and yearly bonus, totally 71.2 Million Baht. The list of Executives as below:

- | | |
|------------------------------------|---|
| 1) Mr. Somchai Sittichaisrichart | Managing Director |
| 2) Ms. Ploy Sittichaisrichart | Assistant Managing Director |
| 3) Ms. Wareeporn Sittichaisrichart | Operation Manager |
| 4) Ms. Suwathip Pornsuwannapha | Financial Controller |
| 5) Mr. Thana Thanapase | General Manager, Consumer Business Unit |
| 6) Mr. Kakkanan Kanunghead | General Manager, Phone Business Unit |
| 7) Mr. Monton Mungkornkarn | General Manager, Commercial Business Unit |
| 8) Mr. Pantana Na Takuathung | General Manager, Cloud Unit |
| 9) Mr. Nattapol Kaewkao | General Manager, Surveillance & Home Automation Business Unit |
| 10) Mr. Taweesak Sinpipatmongkol | General Manager, Value Added Commercial Business Unit |

Management Provident Fund

The contribution of the Provident fund of management in the year of 2019 was 2 Million 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 685 employees (exclusion of Management), they are classified as the company's employees of 569 person and the remaining is outsourcing employees of 116 person. This can illustrate as the figure in the table below:

Department	SiS	Outsource	Total
Sales (no. of employees)	260	65	325
Products/Marketing (no. of employees)	111	0	111
Accounting/Finance/Credit (no. of employees)	26	0	26
Warehouse (no. of employees)	27	44	71
Technical Support (no. of employees)	70	0	70
Service (no. of employees)	36	0	36
Others (no. of employees)	39	7	46
Total (no. of employees)	569	116	685

Provident Fund of Employee

The contribution of the Provident fund of 569 employees in the year of 2019 was 9.8 Million Baht (not 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 2019, the Company employs 4 sales trainers and 4 senior product managers who are responsible for product marketing training. Also, there are 2 staff taking care of in-house training and training course from outside, and another one staff taking care of E-learning. The development of E-learning system allows employees to study and relearn at all times. The employee can do the test through a smartphone or PC and it is considered to be a key performance indicator. Moreover, the Company also invited external speakers to educate sales staff to increase new vision, techniques, practice and continue to grow in their career path.

In addition, the Company has a knowledge sharing by inviting internal staff to be speakers to share their knowledge. Training will be organized in small class in order to have more benefit and self-practice. Moreover, 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 2019, the average hour of training was 25.1 hours a year per person.



Report from Corporate Governance Committee

Dear Valued Shareholders

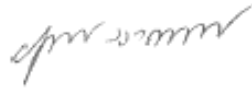
The Corporate Governance Committee is comprised of Mr. Panuwat Chalongkumdee as the Chairman of the Corporate Governance Committee, Mr. Lim Hwee Hai, Asst. Prof. Dr. Rojanasak Chomvilailuk, Ms. Sudaporn Tawapee and Mr. Somchai Sittichaisrichart as the Corporate Governance Committee members. They are responsible for devising the Company's corporate governance policy, assessing and reviewing the Code of Conduct, policies and good practices to align with corporate governance principles, and relevant laws, in order to improve the corporate governance system to be more effective as it will strengthen trust for all stakeholders.

In 2019, the Corporate Governance Committee held 2 meetings, with full attendance of committee members to follow up on the execution plan regarding corporate governance, anti-corruption, social responsibility and sustainable development, with the key takeaways as follows:

1. Reviewing the policy and practices in corporate governance and propose to the Board of Directors for approval of the policy and principles to align with the corporate governance objective required of listed companies 2017 regulated by the Stock Exchange of Thailand and the Securities and Exchange Commission and suggestions of the Thai Institute of Directors. In 2019, the committee has conducted the antitrust policy and the personal data protection policy in the code of conduct of the company.
2. Reviewing the Code of Conduct, anti-corruption policy and related policies, including corporate governance practices and social responsibility execution plan to ensure that the Company's operations in every function observes the corporate governance principles and aligns with good practices required of the regulatory bodies, meets the international standard and suits the current situation.
3. Following up on the corporate governance compliance and communicating the policy, anti-corruption and other relevant policies in an organization-wide manner. These topics are also incorporated in the Company's e-learning curriculum. The consulting unit should also be initiated to provide advices regarding corporate governance compliance.
4. Arranging for the performance evaluation 2019 for the Board of Directors and committees, as a group and individually, using the evaluation criteria guided by the Stock Exchange of Thailand and the Thai Institute of Directors. The results have been reported to the Board of Directors to consider for improvement to suit the changing business context most effectively.
5. Encouraging anti-corruption whereby the Corporate Governance Committee arranged for the inspection of the anti-corruption policy compliance on a consistent manner. The results must be reported to the Audit Committee and the Board of Directors twice a year. Furthermore, the Corporate Governance Committee ensured that the submission for the renewed certification and membership of the Thai Private Sector Collective Action Coalition against Corruption 2020 has been taken care of.

The Corporate Governance Committee is aware of the 5 pillars of good practices; shareholders' rights, equal treatment towards shareholders, stakeholders' roles, information disclosure and transparency, and the Board of Directors' responsibility. This policy is reviewed annually. The corporate governance compliance survey for listed companies 2018 conducted by the Thai IOD, the Stock Exchange of Thailand and the Securities and Exchange Commission reported the Company's rating as 'excellent' for the 2nd consecutive year, reflecting the awareness of the corporate governance significance. The Company will be improving continuously to operate the business under the principle of good governance and for sustainable growth in the long run.

Among the Covid-19 Epidemic, the corporate governance committee has assigned the management to consider related policies, operations, employee benefits, communication to stakeholders, company's performance and the confidence to shareholders in order to cope this situations



Mr. Panuwat Chalongkumdee
Chairman of Corporate Governance Committee
March 2, 2020



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 Sufficent 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. Sufficent 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 2019, the company held the annual general meeting at the Emerald Ratchada 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 2019, 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.1/2019, all directors and Accounting and Finance Manager and Company Secretary attend the meeting.
- In the Annual General Meeting of Shareholders No.1/2019, 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 use barcode in the voting card to speed up the registration process and to be accurate, transparent and able to examined for the vote counting process and having a voting summary report in each agenda. Chairman of the meeting will ask the Shareholder or Proxy that agree, disagree or abstain and keep the ballot as evidence.
- Shareholders could request for the confidential voting in the event that at least 5 shareholders request and the meeting approve this request.
- During the 2019 Annual General of Shareholders Meeting, the agenda was considered consequently without any changes. Also, there was no other extra agenda.
- The Company provides an opportunity for shareholders to ask questions and express their opinions on various agendas independently before any resolution and also set the last agenda for answering questions and fully comments.
- The 2019 minutes of meeting was disclosed on the company's website, published and submit to SET after the meeting was completed.
- The minutes of meeting was recorded accurately which consists of lists of directors and management attended the meeting, procedure of voting, result of voting and questions and suggestions from shareholders and proxy as well as the answer from directors and management in the meeting.
- 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.
- Directors and Management are required to inform the details of buying and selling the company's shares to the Board of Directors 1 business day in advance for the buying and selling the Company's securities before trade date including to notify the employees to stop their share trading at the end of each quarter till the Company submitted its operating results to the SET to avoid inside effect.

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 2020, the company provides the opportunity for shareholders, including the institutional shareholders to propose the meeting agenda and the candidates to be elect to be directors between November 26, 2019 to December 31, 2019. The opportunity was disclosed on the company websites and SET. The shareholders who have fully qualification under above criteria have to fill out the "Proposed Agenda for 2020 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 2019. In case of several shareholders combined propose an agenda, each of them must fill out the "Proposed Agenda for 2020 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 2019. 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 2020.

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. 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 2019. 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 2020. 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 by having the Board of directors as a role model in order to sustainable growth to the company and maximize benefits to shareholders. The respect of shareholders right and equitable treatment for shareholders has disclosed in the Rights of Shareholders and Equitable Treatment to Shareholders topic.

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, provides the authority 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:

2.1. Employee Safety, healthy and work environment

- 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 2019, there was no damage on properties and no casualties.

Year	Number of Accident	Results
2017	6	They were the minor accidents, occurred during the picking in the warehouse but there was no damage on properties and no casualties.
2018	2	They were the minor accidents, occurred during the picking in the warehouse but there was no damage on properties and no casualties.
2019	6	They were the minor accidents, occurred during the picking in the warehouse but there was no damage on properties and no casualties.

- 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.

- 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.



- 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 employee to keep the workplace clean regularly.

The Company provides annual health checkups 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.

- First Aid Kits



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

- 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.

2.2 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.

2.3 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:

- Industry Comparison

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

- 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.

- 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.

- 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.

- Yearly Bonus

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

- 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.

- 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

- 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 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
31 December 2018	136.6 Million Baht
31 December 2019	155.3 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

- Personal Accident Insurance

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

Year	Total Insured
2016	283.5 MB.
2017	249.8 MB.
2018	420.3 MB.
2019	451.5 MB.

2.4 Employee Training and Development Programs

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

2.5 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.

2.6 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.

2.7 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.

2.8 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 recognized 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 environmentally 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 partner 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 recognized 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

8.1 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 all certified companies and in the process of renewal such certificate in 2020.

8.2 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”.

8.3 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.

8.4 Respect of Intellectual Property and copyright

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

8.5 Antitrust

The company really strict in the Antitrust Law. It is believed that free trade competition would drive the market mechanism also the sustainability of information technology industry. Then the company has defined the antitrust policy which directors, management and employees have to comply such as avoid the monopoly, the power beyond the market and collusion. Moreover, the

monitoring procedures have been set to ensure the compliance of this policy and compliance unit is assigned to monitor this.

8.6 Personal Data Protection

The company definitely emphasizes on the important of personal data of all stakeholders and really strict to the compliance of Personal Data Protection ACT. B.E. 2562. Then the personal data protection has been conducted in order to make directors, management and all employees adhere to. The objective of using and record of personal data would be informed to the owner of data with the consent and there is the procedures for the security of those personal data.

8.7 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:

- Reducing pollution and environmental impact throughout the supply chain

The Company has analyzed factors that may cause both direct and indirect environmental impacts throughout the supply chain of the company. Therefore, the Company has implemented an environmental project which is one part of social responsibility such as green logistic project, E-billing project and E-Trash project, etc.

- Employee Training about the environment

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

- 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.

- 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.

- 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 due invoice to pay. The Company encourages more customer to pay through this service. 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 tends 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 2019, by breaking down for each director.
- Disclose the attendances of each director in 2019.
- 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 Managing 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:

1. Mr. Lim Kiah Meng	Chairman
2. Assist. Prof. Dr. Rojanasak Chomvilailuk	Independent Director
3. Mr. Panuwat Chalongkuamdee	Independent Director
4. Ms. Sudaporn Tawapee	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

Since 2018, the Board of Directors passed a unanimous resolution to appoint Mr. Panuwat Chalongkuamdee, the independent director, as the chief Independent directors who are responsible for determining the meeting agenda together with the Chairman to promote corporate governance of the company.

Role of the Board

The Board of Directors shall perform the role as followings:

1. Direct the Company in order to maintain the vital benefit to the shareholders which adhere to the Fiduciary Duty:
 - 1.1. Duty of Care
 - 1.2. Duty of Loyalty
 - 1.3. Duty of Obedience
 - 1.4. Duty of Disclosure
2. Determine the vision, mission and strategies and review every year.
3. Consider the business plan, budget, goal, business policy and the competency of the Company.
4. Monitor the strategic alignment, evaluate the operational performance regularly, including conduct the policies related to the business development under the social responsibilities.
5. Advocate the time without any individual benefit and shall not act against the benefit of the Company.
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.
7. Provide the Risk Management and review the risk management plan in order to ensure the effectiveness.
8. Govern the corporate governance of the Company in order to be the ethical guidelines of the business and operation.
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.
10. Maintain the benefit of the shareholders equally and promote the right of shareholders. Moreover, provide the news, information to the shareholders sufficiently.
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.
12. Consider the succession plan and provide the management assessment. Moreover, provide the appropriate remuneration to the management.
13. Provide the directors assessment every year in 3 forms; overall Board assessment, individual assessment and the Sub Committee assessment.
14. Govern the nomination and nomination with the transparency and appropriateness.
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.
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 non-executive directors meeting.
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.

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. Panuwat Chalongkuamdee	Audit Committee	Law
Ms. Sudaporn Tawapee	Audit Committee	Accounting/Tax/Business Administration
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.

Leadership and the vision of the Board of Directors

The Board of Directors consists of the experienced director in various fields that can be utilized in the business, vision and independence in decision making to maximize value of the company, shareholders as a whole. The Board of Directors participates in establishing and approving the Company's vision, strategy, goals, business plans and budgets as well as supervising the management to proceed in accordance with its plans and budgets, monitoring the operating results every month, ensuring compliance with the regulations of supervising agencies and related government agencies and the resolution of the shareholders' meeting.

The Board of Directors by managing director will inform about strategies, goals, situations and operating results with the company's direction to all employee in monthly meeting.

The Board of Directors has a development and succession plan of the managing director and senior management in order to the company can be keep going in case of managing director and senior management cannot perform their duties.

Board of Directors Charter

The Board of Directors response for driving the company and conduct the strategies as well as the policies. However, the Board shall perform with fiduciary duties in order to promote the highest benefits to the company and provide the good governance to stakeholders under the good corporate governance. Hence, the Board of Directors Charter is defined by the resolution of the Board in order to be the principle in term of responsibility for the Board performance.

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 has been defined in order to govern the scope of duty and qualification as well as other matters related to the responsibility.

1. Audit Committee

Audit Committee consists of 3 Independent Directors as followings

- | | |
|---|-----------------------------|
| 1. Assist. Prof. Dr. Rojanasak Chomvilailuk | Chairman of Audit Committee |
| 2. Mr. Panuwat Chalongkuamdee | Audit Committee |
| 3. Ms. Sudaporn Tawapee | Audit Committee |

Assist. Prof. Dr. Rojanasak Chomvilailuk and Ms. Sudaporn Tawapee 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. Violation of the Securities and Exchange Act, SET requirements and Laws and regulations related to business.

2. Remuneration and Nomination Committee

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

- | | |
|--|--|
| 1. Ms. Sudaporn Tawapee | Chairman of Remuneration and Nomination Committee (Independent director) |
| 2. Assist. Prof. Dr. Rojanasak Chomvilailuk (Independent director) | Member of Remuneration and Nomination |
| 3. Mr. Somchai Sittichaisrichart (Managing director) | Member of Remuneration and Nomination |
| 4. Mr. Lim Hwee Hai (Non-executive director) | 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 agree 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.

3. Corporate Governance Committee

Corporate Governance Committee is comprised of 5 Directors and the Independent directors as the Chairman, 2 Independent Directors, Managing Director and Non-Executive director as the member of the committee

- | | |
|---|----------------------------------|
| 1. Mr. Panuwat Chalongkuamdee
Committee (Independent director) | Chairman of Corporate Governance |
| 2. Assist. Prof. Dr. Rojanasak Chomvilailuk
Committee (Independent director) | Member of Corporate Governance |
| 3. Ms. Sudaporn Tawapee
Committee (Independent director) | Member of Corporate Governance |
| 4. Mr. Somchai Sittichaisrichart
Committee (Managing director) | Member of Corporate Governance |
| 5. Mr. Lim Hwee Hai
Committee (Non-Executive director) | Member of Corporate Governance |

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

6. 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.
7. Report the performance and the progression of the Corporate Governance Committee to the Board of Directors at least once a year
8. 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.
9. Disclose the Corporate Governance Policy and Report of Corporate Governance in the Annual Report.
10. 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 3 Directors and 2 Non-Executive Director and managing director, Non-Executive Director as the member of the committee.

- | | | |
|----|-------------------------------|---|
| 1. | Mr. Lim Hwee Hai | Chairman of Risk Management Committee
(Non-Executive Director) |
| 2. | Mr. Lim Kia Hong | Member of Risk Management Committee
(Non-Executive Director) |
| 3. | Mr. Somchai Sittichaisrichart | Member of Risk Management Committee
(Managing Director) |

Risk Management Committee 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, etc.
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. Responsible for reporting the progress of risk management to the Board of Directors at least once a year.

6. Responsible for preparing the report of the Risk Management Committee signed by the Chairman of Risk Management Committee and disclose the report in the company's annual report.
7. Having a duty to disclose policies and risk management reports in the annual report.
8. Risk Management Committee may seek expert advice to help them perform their duties in accordance with charter efficiency with the company's expenses.
9. 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 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 2019 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 2018	Non-Executive Meeting	External Auditor and Audit Committee Meeting	Total
1. Mr.Lim Kiah Meng	6/6					1/1	1/1		8/8
2. Assist. Prof. Dr. Rojanasak Chomvilailuk	6/6	6/6	2/2		2/2	1/1	1/1	1/1	19/19
3. Mr. Panuwat Chalongkumdee	6/6	5/6			2/2	1/1	1/1	1/1	16/17
4. Ms. Sudaporn Tawapee	6/6	6/6	2/2		2/2	1/1	1/1	1/1	19/19
5. Mr.Somchai Sittichaisrichart (1)	6/6		2/2	2/2	2/2	1/1			13/13
6. Mr.Lim Hwee Hai	6/6		2/2	2/2	2/2	1/1	1/1		14/14
7. Mr.Lim Kia Hong	6/6			2/2		1/1	1/1		10/10
8. Mrs.Lim Hwee Noi	6/6					1/1	1/1		8/8

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

1. Mr. Somchai Sittichaisrichart attended in all Board of Directors Meeting and Remuneration and Nomination Committee Meeting but via video conference 1 time.

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 authorities. 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 Board of Directors and Sub-committee to consider and review their performance, the Company has set up an annual self-assessment of the past performance in order to solve and improve to be better by using the SET's guidelines for assessment. The assessment has been evaluated by Board of Directors, Individual and Sub-committee.

Board of Directors / Sub-Committee	Result of Assessment (Percent)	Result of Assessment (Percent)
1. Board of Directors	94	94
2. Audit Committee	94	93
3. Corporate Governance Committee	93	92
4. Remuneration and Nomination Committee	92	92
5. Risk Management	92	91

The remuneration of Managing Director

For the Managing 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. In addition, the attendance fee of managing director will be received as a director position as at the usual rate proposed by the Nomination and Remuneration Committee and the Board of Director and approved by the shareholders' meeting.

Orientation program for new Board Members

The Company has arranged an orientation program for new director in order to understand the industry and the Company's operation including the clarification of business operation and strategy from Managing Director. In 2019, 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 7 directors have completed Director Accreditation Program (DAP) and 4 directors have completed Director Certification Program (DCP) from the Thai Institute of Directors Association (IOD).

The 7 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 Institutes of Directors (IOD) and 1 Independent Director, is a Certified Public Accountant (CPA), have accounting and tax experience more than 20 years.

In 2019, there are several courses that directors attended as followings.

List of Directors	Training/ Seminar	Held By
Assist. Prof. Dr. Rojanasak Chomvilailuk	- DCP Series : 4/2019 How to develop a winning digital strategy	Thai Institutes of Directors (IOD)
Mr. Panuwat Chalongkumdee	- Chairman Forum 2019 : Successful Corporate Culture Change : from Policy to Practices - DAP 164/2019	Thai Institutes of Directors (IOD) Thai Institutes of Directors (IOD)
Ms. Sudaporn Tawapee	- TFRS No.9 : Financial Instruments - บทบาทของผู้สอบบัญชีต่อการประเมินความเสี่ยงของการตรวจสอบ IT application control - Calculation of Employee Benefit by Actuarial Valuation Methods - Director Certification Program (DCP 285/2019)	The Office of the Securities and Exchange Commission (SEC) The Office of the Securities and Exchange Commission (SEC) The Office of the Securities and Exchange Commission (SEC) Thai Institutes of Directors (IOD)
Mr. Somchai Sittichaisrichart	- CEO Club 2019 “Business Agility and intrapreneurship” - Kick-start SD Journey Project (1 st) - TMA Trend Talk x SET Reshaping Business in Response to Sustainable Trend - Leadership Forum : Achieving Organizational Agility - CEO Club : Global Risks : What are the implications for your business - How to elevate customer experience with digital transformation	Stock Exchange of Thailand Stock Exchange of Thailand Stock Exchange of Thailand Thai Listed Companies Association Stock Exchange of Thailand Salesforce

List of Directors	Training/ Seminar	Held By
	- IOD National Director Conference 2019	Thai Institutes of Directors (IOD)
	- Kick-start Your SD Journey (2 nd)	Stock Exchange of Thailand
	- Supply Chain & Logistics Transformation Summit 2019	OMEGA WORLDCLASS 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 2019, 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 appointed 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 Board 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.

Compliance

The company set up Compliance Unit which is apart from internal audit and risk management in order to enhance the governance, also to promote the compliance to code of conducts, corporate governance policy, other policies, regulations and laws to be effective. The senior lawyer of the company has been assigned to response for this unit and report to managing director.

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 Email: independentdirector@sisthai.com

- 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 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

Following to the principles of good corporate governance, the Company has revised mission and vision in 2015 and reviewed every year. In 2019, the Company has considered and was of the opinion that the corporate vision and mission was appropriate and could be remained as previous year as follow:

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 promise to be

- 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.

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.

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 via email or by telephone, including joining the Opportunity Day that organized by SET.

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 2019, direct and indirect communication can be summarized as followings:

- Emails	16 times
- Interviewed on earnings with the press	5 times
- Company visit by institution investor	4 times
- Company visit by individual investor	1 times
- Opportunity Day	1 times

Audit Fee

In 2019, total audit fee from EY Corporate Services Co., Ltd. are 2.41 Million Baht exclude out of pocket expenses. Details are as following:

Description	SiS Distribution (Thailand)	Qool Distribution (Thailand)	SiS Venture	Total
Yearly audit fee	1,100,000	290,000	120,000	1,510,000
Quarterly audit fee	600,000	30,000	30,000	660,000
Package fee	240,000	-	-	240,000
Total Audit Fee	1,940,000	320,000	150,000	2,410,000
Non-Auditing fee	-	-	-	-
Total	1,940,000	320,000	150,000	2,410,000

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 be better. In 2019, the Company continued to operate in those areas as follows:

Social and Community Projects

Sustainable young plant

The potential and capability of employee development is one of the core responsibility of the company. The company intend to develop employee skills and capability in order to promote the growth to them together with the growth of the company. Since 2016, the company selected the candidate to sustainable young plant project in order to develop their knowledge, experiences and expertise to be the management level. In this project, there are many development courses such as English for business which candidates will be applied for the course at the language institutions in United Kingdom and personalities and mind development course. For this consecutive four years, the company has planted many young plant and it is believed that our plants will grow and give the benefits to themselves, organization and Thai society in the future.

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. 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, 19 truck drivers participate in this scheme and implemented this project for 6 consecutive years.



Educational Projects

SiS Technical Project

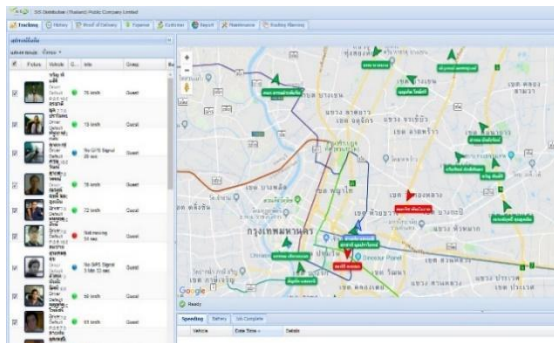
SiS Technical Project is initiated from the realization of the importance of social responsibility together with educational promote. The Company has launched this project for four years, the company recruit the bilateral exchange vocational students and provide technical skills training with a higher 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 2019, one student participated in the project, representing 416 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.

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 by deploying Sky Frog Logistic Management Software to our truck and This year 2019 is considered the fourth year that the company

has implemented this matter.

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.

E Billing for Environmental Friendly

Apart from transportation, 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. 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. The Company campaign for partner to stop using traditional billing. Which has received good cooperation from partners since 2017, continuing to the present.



Electronic Trash

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 Company Limited (DTAC) to carry out the Electronic Trash, “Think Smart” Project from 2012 onwards by providing trash bin of electronic waste (Waste from Electronic and Electronic Equipment : WEEE) for employees and customers to leave them in such as Smartphones, deteriorate batteries, accessories like headphones or adapters. Then, the electronic waste is collected by DTAC and taken to TESAMM (Thailand) Co.,



Ltd to be properly and safely disposed of or recycled.

Energy Saving Project

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 and provides a brightness rate of up to 80 – 120 lumens/watt, which can reduce electricity consumption by more than 2 times of fluorescent bulbs. At present, 50% of LED bulbs are replaced to traditional bulbs.



The Explanation for Not Compliances

In 2019, 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 has defined the meeting agenda together with the Lead Independent Director in order to be consistent with Good Corporate Governance principles.
2. The Appointment of an independent directors shall not exceed 9 years from the first date of appointment.	1 of 3 independent directors continues more than 9 years because he is skilled, expertise, competent and experienced with the company's business, also his performances is efficient and effective. To change independent directors may affect the continuity. The Board of Directors has considered the suitability and independence and given the opinion that the independent director would be express his opinion independently which would be in accordance with the regulations. The Company has disclosed his profile including the qualifications to shareholders in advance before the voting.
3. Boards should include a majority of independent Directors as 50%	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 2018.
5. 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 2018

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 2019 which may be conflict of interests as follows:

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 2019 which may be conflict of interests as follows:

Related Parties	Type of transaction and Relationship	Amount (Thousand Baht)	
		2019	2018
Nippon Pack Trading Company Limited	The related transaction between the Company and Nippon Pack Trading Company Limited as follows:		
Relationship	· Charge the technical support service and equipment to Nippon Pack Trading Company Limited	-	200
Subsidiary Company	· Account Receivable brought forward	296	533
held 49% of Issued and paid-up share capital.	· Account Receivable carried forward	-	296
	<u>Pricing and Condition</u>		
	In the year 2019, the company has no longer any related transactions. For the outstanding debt, Nippon Pack Trading Company Limited has negotiated for partial payment because the company has encountered problems in the business operation and has continuously lost a lot including having more liabilities than assets and shareholders' equity which is quite likely that it will not be able to pay the debt.		
	<u>The Audit Committee's Opinion</u>		
	The Audit Committee has considered that it was appropriate for the company to receive payment of 20% and entered into a debt remission agreement for loan to Nippon Pack Trading Co., Ltd.		
	· Charge interest for the loan which is to be working capital to Nippon Pack Trading Company Limited.	-	470
	· Other Receivable brought forward	2,146	2,146
	Allowance for doubtful account	<u>(2,146)</u>	<u>(2,146)</u>
		=	=
	· Other Receivable carried forward	-	2,616
	Allowance for doubtful account	=	<u>(2,616)</u>
		=	=
	· Loan balance brought forward	24,500	24,500
	Allowance for doubtful account	(10,163)	(10,163)
	· Share of loss exceeds its interest in associated	<u>(14,337)</u>	<u>(14,337)</u>
		=	=
	· Loan balance brought forward	-	24,500
	Allowance for doubtful account	-	(10,163)
	· Share of loss exceeds its interest in associated	=	<u>(14,337)</u>
		=	=

Related Parties	Type of transaction and Relationship	Amount (Thousand Baht)	
		2019	2018
	<p><u>Lending and Interest Rate</u></p> <p>In previous years, the Company has provided loans for working capital to related parties which is due for repayment within 1 year, bearing interest at the rate of 2.50%, which is not less than the finance cost of loan from financial institutions of the Company.</p> <p>In the year 2019, the Company has no longer any related transactions. As for debt, loans and accrued interest, Nippon Pack Trading Company Limited has negotiated for partial payment because the company has encountered problems in the business operation and has continuously lost a lot including having more liabilities than assets and shareholders' equity which is quite likely that it will not be able to pay the debt</p> <p><u>The Audit Committee's Opinion</u></p> <p>The Audit Committee has considered that it was appropriate for the company to receive payment of 20% and entered into a debt remission agreement for loan to Nippon Pack Trading Co., Ltd.</p>		
<p>Wiko Mobile (Thailand) Company Limited</p> <p><u>Relationship</u></p> <p>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 - Trade Account Receivable brought forward - Trade Account Receivable carried forward - Other Receivable brought forward - Other Receivable carried forward - Trade Account Payable brought forward - Trade Account Payable carried forward - Other Current Payable brought forward - Other Current Payable carried forward <p><u>Pricing and Condition</u></p> <p>Pricing and Condition for trading 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></p> <p>The Audit Committee has an opinion that Pricing and Condition of sales, purchases and services in the Related Transaction are the market price and normal condition that be treated as other parties.</p>	<p>94</p> <p>1,447,006</p> <p>13,142</p> <p>10,176</p> <p>32</p> <p>-</p> <p>5,338</p> <p>1,766</p> <p>6,929</p> <p>6,996</p> <p>6,608</p> <p>-</p>	<p>10,232</p> <p>3,294,061</p> <p>13,424</p> <p>11,986</p> <p>29,606</p> <p>32</p> <p>7,995</p> <p>5,338</p> <p>-</p> <p>6,929</p> <p>13,222</p> <p>6,608</p>

Related Parties	Type of transaction and Relationship	Amount (Thousand Baht)	
		2019	2018
	<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 style="text-align: right;">- 285 - 36,500 = - = <u>36,500</u> - - - - - -</p> <ul style="list-style-type: none"> - Loan balance carried forward - Share of loss exceeds its interest in associated <p style="text-align: right;">= - = -</p> <p><u>Lending and Interest Rate</u> In previous years, the Company has provided loans for working capital to related parties which is due for repayment within 2 year, bearing interest at the rate of 3.03%, which is not less than the finance cost of loan from financial institutions of the Company.</p> <p>In the year 2019, there was no lending any more.</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>		
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 style="text-align: right;">12,692 2,172 3,217</p> <p style="text-align: right;">13,796 2,209 2,172</p> <p><u>Relationship</u> SiS International Holdings Limited is an ultimate parent of the Group and some common directors.</p> <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>		

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.

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

Report from Audit Committee

Dear Valued Shareholders

SIS Distribution (Thailand) PCL's Audit Committee is comprised of 3 independent directors; Asst. Prof. Dr. Rojanasak Chomvilailuk as the Chairman of the Audit Committee, Mr. Panuwat Chalongkuamdee, and Ms. Sudaporn Tawapee as the Audit Committee members. In this regard, every committee member possesses qualifications required by the Audit Committee's charter, which cohere with the regulations and good practices of the Securities and Exchange Commission and the Stock Exchange of Thailand. Committee members have been appointed by the Board of Directors' meeting, with the tenure of 3 years.

The Audit Committee has independently been performing duties within the scope of responsibility and assignment from the Board of Directors in the audit and inspection activities, focusing on strategic audit, in order to ensure that the Company's business supervision is conducted efficiently, effectively and sufficiently, that the business operations are ultimately for maximum benefits of shareholders in a fair and equal manner, without conflicts of interest. It is to be ensured that the internal control system is sufficient and appropriate, and that the executives perform their duties with honesty, responsibility, in a way that aligns with the Company's strategies and policy that will enable the achievement of objectives and sustainable growth.

There were 6 Audit Committee meetings held in 2019, with full attendance of committee members. The Audit Committee invited directors with managerial role, executives and related parties to attend the meeting on different agendas to inquire information on different issues to enhance the efficiency and effectiveness of the audit activities. Furthermore, one meeting was held together with the CPA without the participation of the management, and one meeting was held together with the directors with no managerial roles, without the participation of directors in the managerial roles.

In this regard, the Audit Committee has discussed and exchanged opinions with the management, Internal Audit department, accounting auditor and non-managerial directors on different matters, with the following key takeaways:

- 1. The audit of the interim statement of financial position and the financial statement for 2019**, comprising of the consolidated statement of financial position, and separate statement of financial position as of December 31, 2019, the consolidated profit and loss statement and separated statement of profit and loss, consolidated and separate statements of changes in shareholders, consolidated and separated statements of cash flow for the period ending December 31, 2019, including supporting documents for the financial statement that have been reviewed and unconditionally verified by the CPA. In this regard, the Audit Committee has reviewed significant information and acknowledged the statements and questions from the management and the CPA on important matters, one-time transactions and disclosure of the information in the supporting documents, as well as attended the meeting with the CPA without the management's participation to independently inquire and consult on different matters, for instance, the information for the statement of financial position and the disclosure of information based on the financial report standard, which is beneficial for users of the information as a whole, key highlights from the audit, and doubtful conducts, whereby the accounting auditor did not detect any of those doubtful conducts. The Audit Committee agreed on the CPA's unconditional opinions, and the statement of financial

position is correctly in accordance with the financial reporting standard and the generally accepted accounting principles.

2. Review the internal control system were to assess the sufficiency, appropriateness and efficiency of the system, whereby the Audit Committee has conducted an assessment based on the direction regulated by the Securities and Exchange Commission and the Stock Exchange of Thailand, and has also reviewed the internal control evaluation results in terms of the operating system and information technology system as reported quarterly by the Internal Audit department. It was confirmed that the system is sufficient, appropriate, efficient, effective, and coheres with the Company's business operations. With this, the management has placed focus on the preventive improvement of the internal control system in order to prevent potential risks and operational errors, as well as corruption and dishonesty, which will help enhance the effectiveness of the business operations. In addition, the Audit Committee shares the common notion with the CPA that there are no shortcomings and weak points in the internal control system that may have significant impact on the statement of financial position and the Company's long-term business operations.

3. Supervision on the internal audit function, the Audit Committee has reviewed the mission, duties, responsibility, workforce, improvement of the audit operations, staff members' improvement and the independence of the Internal Audit department. The Committee also considered and approved the audit plan 2019, as well as reviewed the Audit Committee's charter and the Audit department's charter to suit the current situation and cohere with the Company's risk management protocols. The Audit Committee is of the view that the Company's Internal Audit operations are appropriate, efficient and independent, focusing on being a value added internal audit function, under the COSO 2013 framework, which encourages the Company to achieve the business objectives and sustainable growth.

4. Review the risk management. The Audit Committee has inspected the efficiency and effectiveness of the risk management system, with the Managing Director serving as the head of the working team. The team follows up on the risk management activities on a monthly and quarterly basis, or when the triggers are identified. In this regard, the risk management report is usually submitted to the Audit Committee once every two quarters. Furthermore, the Audit Committee also devised the policy for the Internal Audit department to monitor and inspect critical risks and incorporate them as part of the annual internal audit plan, especially risks concerning trade debtors, technological changes that may impact the remaining inventory, exchange rate risks. In 2019, the Audit Committee reported that the Company's risk management system is effective and takes active and strategic approaches, which are in line with the current economic and industrial landscape. Also, the risk management protocols under the COSO 2013 framework were still utilized in 2019, though the Risk Management Committee is in the process of preparing for the incorporation of the risk management protocols under the COSO 2017 framework in the near future.

5. Review the operational supervision and legal compliance, including good practices required of listed companies according to the announcement of the Stock Exchange of

Thailand and the Securities and Exchange Commission regarding compliance of business-related laws. Moreover, the Company has devised the policy that encourages the business operations that observe the principle of good governance, for instance, commercial competition policy, etc. In 2019, no significant matters were identified, in terms of failure to comply with the policy, laws or relevant regulations as mentioned.

- 6. Review inter-related transactions, divestment and acquisition or transactions** that may involve conflicts of interest to ensure that they are reasonable and comply with the laws and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, with an awareness of all shareholders' benefits as the priority. The Audit Committee reported that transactions in 2019 are normal business transactions, with the typical pricing structure applied to other buyers, for the Company's and shareholders' maximum benefits, including sufficient information disclosure that aligns with the regulatory bodies' regulations.
- 7. Consider and propose the auditors and audit fee for 2020.** These were submitted to the Board of Directors to approve prior to proposing to the Annual General Meeting of Shareholders 2020. The Audit Committee has considered the independence and appropriateness in terms of knowledge and ability of the auditors in the previous year, as well as the remuneration package, compared with other auditors, and has nominated Mr. Wichart Lokaterawee, Certified Public Accountant Registration Number 4451, or Ms. Sathida Rattananurak, Certified Public Accountant Registration Number 4753, or Ms. Siriwan Nitdumrong, Certified Public Accountant Registration Number 5906 from EY Co., Ltd. to be the auditors in 2020, with the remuneration package of 2 million Baht.
- 8. Review the good corporate governance,** including the policy concerning the Code of Conduct was initiated to encourage practices and transparent and sufficient disclosure of information, cohering with the announcement of the Stock Exchange of Thailand and the Securities and Exchange Commission. The Board of Directors and the Audit Committee encourage the management to abide by the corporate governance policy, which has continuously been in accordance with the Company's policy. In 2019, the Company received the award and good assessment in corporate governance performance in 2 dimensions:
 - 8.1 "Excellent" score in corporate governance, awarded by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand and the Securities and Exchange Commission.
 - 8.2 100 Scores in the quality of the Annual General Meeting of Shareholders' arrangement, evaluated by the Securities and Exchange Commission, in collaboration with the Thai Investors Association and the Thai Listed Companies Association.

In addition, the Company has announced the anti-corruption policy since 2015, and incorporated it as part of the Company's Code of Conduct and arranged for the internal control and risk management protocols to accommodate the anti-corruption policy, as well as efficient monitoring of the policy compliance.

The Audit Committee is of the view that the Company has the corporate governance practices that can enable sustainable growth, whereby the Audit

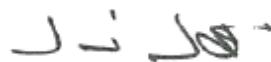
Committee will be providing support in internal audit activities and corporate governance to ensure compliance of the corporate governance policy.

- 9. Review the Anti Corruption and Fraud.** The Audit Committee has provided support in the inspection of dishonesty and corruption, as well as the internal control operations regarding dishonesty and corruption. The Board of Directors and the management have emphasized this with all levels of staff members that dishonesty and corruption are in every way unacceptable and also foster the value and organizational culture on anti-corruption on a continuous manner. Besides, the Company has arranged for the channels to receive complaints and the proper system to manage them. In 2019, the Audit Committee did not identify any complaints or whistleblowing cases from internal and external sources on corruption, nor failure to comply with the Company's Code of Conduct.

The Audit Committee shared an opinion that the audit report on dishonesty and corruption should be submitted quarterly, whereby the Audit Committee has executed the audit and internal control activities, before proceeding to devise the direction for active corruption prevention. It was reported that the Company has a proper and efficient administration on this matter.

- 10. Conduct self-assessment on the committee's performance,** benchmarking against good practices. They also attended the training sessions to enhance the knowledge base to improve and develop the committee's performance. The Audit Committee reported that the overall performance in 2019 is equally as good as the year before, with evidence of roles performed as regulated in the charter.

In this regard, the Audit Committee has performed duties and taken responsibility under the Audit Committee's charter, capitalizing on their knowledge, independence and considering equal interests of shareholders and stakeholders as the first priority. The Audit Committee is determined to perform duties with independence, without conflicts of interest, and in a way that aligns with the good governance principle, according to the professional standard of the Audit Committee in 2019 and beyond for the Company's sustainable growth.



Assist. Prof. Dr. Rojanasak Chomvilailuk
Chairman of Audit Committee
March 2, 2020



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, anticorruption 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, 2019. 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
February 24, 2020





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Independent Auditor's Report

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

A member firm of Ernst & Young Global Limited

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenue is a material accounting entry which directly affects profit or loss of the Group. The Group has entered into agreements with a large number of customers and there are a variety of conditions in the agreements. As a result, conditions relevant to the recognition of revenue from sales differ. I therefore determined as a key audit matter by focusing on the occurrence and timing of revenue recognition.

I examined the revenue recognition of the Group by

- Assessing and testing the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes issued after the period-end.
- Performing analytical procedures on disaggregated data of sales transactions throughout the period.

Allowance for diminution of inventories

The Group's products are related to computer equipment which is subject to rapid changes in consumer demand in response to changing technology trends. Estimating the net realisable value of inventories of the Group, as disclosed in Note 6 and Note 10 to the financial statements, is an area of significant management judgement, particularly with regard to the estimation of provision for diminution in the value of slow-moving and obsolete inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed the determination of allowance for diminution in the value of inventories. The procedures that I performed included:

- Gaining an understanding of the methods and assumptions applied by the management in determining the allowance for diminution in value of inventories, and reviewing the consistency of the application of that basis.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for 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 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.

I am responsible for the audit resulting in this independent auditor's report.

*S. Ratananurak*_____.

Satida Ratananurak
Certified Public Accountant (Thailand) No. 4753

EY Office Limited
Bangkok: 17 February 2020

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	8	308,718	247,896	293,493	184,147
Trade and other accounts receivable	7, 9	3,321,844	3,071,727	3,321,894	2,834,658
Short-term loans to related party	7	-	-	18,000	22,000
Current portion of long-term loans to other companies	14	900	1,005	900	1,005
Inventories	10	2,827,347	2,325,996	2,827,348	2,327,342
Other current assets		165,560	74,236	145,416	48,832
Total current assets		6,624,369	5,720,860	6,607,051	5,417,984
Non-current assets					
Investments in associates	11	48,381	55,302	-	-
Investments in subsidiaries	12	-	-	222,593	222,593
Long-term loans to other companies - net of current portion	14	38,536	38,641	38,536	38,641
Investment properties	15	20,961	21,395	20,961	21,395
Equipment	16	123,181	101,451	122,768	100,704
Intangible assets	17	17,064	18,416	17,064	18,416
Deferred tax assets	24	264,304	232,747	261,105	226,305
Other non-current assets		11,767	11,925	11,766	11,924
Total non-current assets		524,194	479,877	694,793	639,978
Total assets		7,148,563	6,200,737	7,301,844	6,057,962

The accompanying notes are an integral part of the financial statements.

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	2,166,423	1,751,370	2,166,423	1,597,317
Trade and other accounts payable	7, 19	2,447,410	2,182,999	2,430,502	2,388,256
Short-term loans from related party	7	-	-	385,000	-
Income tax payable		32,476	16,812	31,415	7,732
Other current liabilities		12,484	18,426	11,655	16,980
Total current liabilities		4,658,793	3,969,607	5,024,995	4,010,285
Non-current liabilities					
Provision for cost of assets dismantlement		3,960	3,960	3,960	3,960
Provision for long-term employee benefits	20	84,552	51,148	84,552	51,148
Total non-current liabilities		88,512	55,108	88,512	55,108
Total liabilities		4,747,305	4,024,715	5,113,507	4,065,393
Shareholders' equity					
Share capital					
Registered					
350,199,000 ordinary shares of Baht 1 each		350,199	350,199	350,199	350,199
Issued and fully paid up					
350,199,000 ordinary shares of Baht 1 each		350,199	350,199	350,199	350,199
Share premium		435,415	435,415	435,415	435,415
Retained earnings					
Appropriated - statutory reserve	21	35,020	35,020	35,020	35,020
Unappropriated		1,580,624	1,355,388	1,367,703	1,171,935
Total shareholders' equity		2,401,258	2,176,022	2,188,337	1,992,569
Total liabilities and shareholders' equity		7,148,563	6,200,737	7,301,844	6,057,962

The accompanying notes are an integral part of the financial statements.

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2019

(Unit: Thousand Baht except earnings per share expressed in Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
			(Restated)		(Restated)
Revenues					
Sales		20,304,238	21,075,463	20,306,491	16,068,101
Service income		87,901	81,563	68,621	24,084
Gain on exchange		2,991	-	2,994	-
Other income	22	81,555	65,654	66,565	167,540
Total revenues		20,476,685	21,222,680	20,444,671	16,259,725
Expenses					
Cost of sale	23	18,985,917	19,787,924	18,990,159	14,993,817
Cost of services		49,480	31,344	43,391	21,799
Selling and distribution expenses	23	512,151	497,665	513,104	483,010
Administrative expenses	23	346,220	321,181	350,448	304,211
Loss on exchange		-	100	-	100
Total expenses		19,893,768	20,638,214	19,897,102	15,802,937
Profit before share of profit (loss) from investments					
in associated companies, finance cost					
and income tax expenses		582,917	584,466	547,569	456,788
Share of profit (loss) from investments in					
associated companies	11	(6,921)	35,082	-	-
Profit before finance cost and income tax expenses		575,996	619,548	547,569	456,788
Finance cost		(47,920)	(46,224)	(56,586)	(39,326)
Profit before income tax expenses		528,076	573,324	490,983	417,462
Income tax expenses	24	(104,686)	(105,468)	(97,061)	(69,152)
Profit for the year		423,390	467,856	393,922	348,310
Basic earnings per share (Baht)	25				
Profit		1.21	1.34	1.12	0.99
Weighted average number of ordinary share (Thousand share)		350,199	350,199	350,199	350,199

The accompanying notes are an integral part of the financial statements.

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the year	<u>423,390</u>	<u>467,856</u>	<u>393,922</u>	<u>348,310</u>
Other comprehensive income				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial loss	(6,931)	-	(6,931)	-
Less: Income tax effect	<u>1,386</u>	<u>-</u>	<u>1,386</u>	<u>-</u>
Other comprehensive expense for the year	<u>(5,545)</u>	<u>-</u>	<u>(5,545)</u>	<u>-</u>
Total comprehensive income for the year	<u><u>417,845</u></u>	<u><u>467,856</u></u>	<u><u>388,377</u></u>	<u><u>348,310</u></u>

The accompanying notes are an integral part of the financial statements.

SiS Distribution (Thailand) Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2019

(Unit: Thousand Baht)

	Consolidated financial statements				
	Issued and paid-up share capital	Share premium	Appropriated - statutory reserve	Retained earnings Unappropriated	Total shareholders' equity
Balance as at 1 January 2018	350,199	435,415	35,020	1,045,121	1,865,755
Profit for the year	-	-	-	467,856	467,856
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	467,856	467,856
Dividend paid (Note 28)	-	-	-	(157,589)	(157,589)
Balance as at 31 December 2018	<u>350,199</u>	<u>435,415</u>	<u>35,020</u>	<u>1,355,388</u>	<u>2,176,022</u>
Balance as at 1 January 2019	350,199	435,415	35,020	1,355,388	2,176,022
Profit for the year	-	-	-	423,390	423,390
Other comprehensive income for the year	-	-	-	(5,545)	(5,545)
Total comprehensive income for the year	-	-	-	417,845	417,845
Dividend paid (Note 28)	-	-	-	(192,609)	(192,609)
Balance as at 31 December 2019	<u>350,199</u>	<u>435,415</u>	<u>35,020</u>	<u>1,580,624</u>	<u>2,401,258</u>

The accompanying notes are an integral part of the financial statements.

SiS Distribution (Thailand) Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2019

(Unit: Thousand Baht)

	Separate financial statements				
	Issued and paid-up share capital	Share premium	Appropriated - statutory reserve	Retained earnings Unappropriated	Total shareholders' equity
Balance as at 1 January 2018	350,199	435,415	35,020	981,214	1,801,848
Profit for the year	-	-	-	348,310	348,310
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	348,310	348,310
Dividend paid (Note 28)	-	-	-	(157,589)	(157,589)
Balance as at 31 December 2018	<u>350,199</u>	<u>435,415</u>	<u>35,020</u>	<u>1,171,935</u>	<u>1,992,569</u>
Balance as at 1 January 2019	350,199	435,415	35,020	1,171,935	1,992,569
Profit for the year	-	-	-	393,922	393,922
Other comprehensive income for the year	-	-	-	(5,545)	(5,545)
Total comprehensive income for the year	-	-	-	388,377	388,377
Dividend paid (Note 28)	-	-	-	(192,609)	(192,609)
Balance as at 31 December 2019	<u>350,199</u>	<u>435,415</u>	<u>35,020</u>	<u>1,367,703</u>	<u>2,188,337</u>

The accompanying notes are an integral part of the financial statements.

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit before tax	528,076	573,324	490,983	417,462
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	43,247	38,010	42,933	37,690
Unrealised gain on exchange	(409)	(2,579)	(409)	(2,626)
Reversal of impairment of investment in subsidiary	-	-	-	(50,635)
Share of profit (loss) from investment in associated companies	6,921	(35,082)	-	-
Write-off bad debt	-	489	-	489
Reversal of allowance for doubtful accounts	(18,443)	(31,172)	(10,726)	(31,781)
Allowance for diminution in inventory value (reversal)	2,775	(24,591)	2,775	(17,018)
Provisions for long-term employee benefits	27,713	8,882	27,713	8,882
Gain from disposals of equipment	(702)	(158)	(698)	(158)
Interest income	(5,942)	(7,273)	(6,385)	(6,643)
Interest expenses	42,519	40,579	51,260	34,475
Profit from operating activities before changes in operating assets and liabilities	625,755	560,429	597,446	390,137
Operating assets (increase) decrease				
Trade and other receivable	(251,956)	(229,491)	(486,624)	(309,112)
Inventories	(556,581)	(262,035)	(555,236)	(441,729)
Other current assets	(91,324)	(24,676)	(96,584)	(26,018)
Other non-current assets	158	1,272	158	1,272
Operating liabilities increase (decrease)				
Trade and other payable	261,078	2,234	38,830	341,248
Other current liabilities	(5,942)	(1,868)	(5,325)	(2,372)
Cash flows from (used in) operating activities	(18,812)	45,865	(507,335)	(46,574)
Cash paid for long-term employee benefits	(1,240)	(171)	(1,240)	(171)
Cash paid for corporate income tax	(119,192)	(90,993)	(106,792)	(65,817)
Cash received from income tax return	14,587	132,617	9,320	-
Net cash flows from (used in) operating activities	(124,657)	87,318	(606,047)	(112,562)

The accompanying notes are an integral part of the financial statements.

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Cash paid for acquisition of equipment	(8,144)	(1,080)	(8,144)	(1,080)
Proceeds from sale of equipment	1,328	1,041	1,304	1,041
Cash paid for acquisition of intangible assets	(318)	(2,279)	(318)	(2,279)
Cash received from interest income	5,942	6,802	6,385	6,643
Cash received from repayment of short-term loans to related party	-	36,500	5,000	36,500
Cash paid to provide short-term loans to related party	-	-	(1,000)	(1,000)
Cash received from repayment of short-term loans to related party	4,900	-	-	-
Cash received from repayment of long-term loans to other companies	1,005	-	1,005	-
Net cash flows from investing activities	4,713	40,984	4,232	39,825
Cash flows from financing activities				
Cash received from short-term loans from financial institutions	150,000	500,000	150,000	400,000
Cash paid for short-term loans from financial institutions	(100,000)	(740,000)	(100,000)	(450,000)
Cash received from short-term loans from related party	-	-	402,000	-
Cash paid for short-term loans from related party	-	-	(17,000)	-
Increase in trust receipts	365,053	351,109	519,106	340,759
Dividend paid	(192,609)	(157,589)	(192,609)	(157,589)
Cash paid for interest expenses	(41,678)	(40,902)	(50,336)	(34,847)
Net cash flows from (used in) financing activities	180,766	(87,382)	711,161	98,323
Net increase in cash and cash equivalents	60,822	40,920	109,346	25,586
Cash and cash equivalents at beginning of the year	247,896	206,976	184,147	158,561
Cash and cash equivalents at end of the year	308,718	247,896	293,493	184,147

Supplemental disclosures of cash flows information

Non-cash related item:

Transfer inventories to equipment	47,276	38,286	47,276	37,967
Transfer inventories to intangible assets	5,178	-	5,178	-
Increase in account payable - purchase of equipment	3,153	29	3,153	29
Increase (decrease) in account payable - purchase of intangible assets	(253)	253	(253)	253
Transferring of land and building for repayment from other receivable	-	21,511	-	21,511

The accompanying notes are an integral part of the financial statements.

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2019

1. General information

SiS Distribution (Thailand) Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its major shareholders are SiS Technologies (Thailand) Pte. Ltd., which was incorporated in Singapore and Thai Alliance Co., Ltd., which was incorporated in Thailand. The Company is principally engaged in the distribution of computer components, smartphone, office automation equipment, service and rental of computers and accessories. Its registered address is 9 Pakin Building, 9th Floor, Room No. 901, Ratchadaphisek Road, Din Daeng, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of SiS Distribution (Thailand) Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Percentage of shareholding	
		<u>2019</u>	<u>2018</u>
		Percent	Percent
SiS Venture Co., Ltd.	Holding investment	99.99	99.99
Qool Distribution (Thailand) Co., Ltd.	Trading	99.99	99.99

All subsidiaries were incorporate in Thailand.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Group adopted TFRS 15 using the full retrospective method of adoption. The Group elects to apply the following practical expedients.

- Not disclose the effect of the transition on the current year.

The cumulative effect of the change is described in Note 4.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Group has adopted TFRS 15 using the full retrospective method of adoption. The cumulative effect of the change in accounting policy is presented as a separate item in the statement of changes in shareholders' equity.

The amounts of the adjustments affecting the statement of income are summarised below:

	(Unit: Million Baht)	
	Increase (decrease) in profit	
	for the year ended 31 December 2018	
	Consolidated	Separate
	financial statements	financial statements
Income statement:		
Sales	(970,845)	(970,845)
Cost of sales	970,845	970,845
Profit for the year	-	-

The nature of these adjustments is described below:

Revenue

The Company has determined that revenue from which the Company is agent to satisfy a performance obligation should be recognised as revenue in the amount of consideration that the entity retains after paying the other the consideration received in exchange for the goods or services to be provided by that party. Under the previous accounting policy, the Company recognises revenue in the gross amount.

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

The service-type warranties provided customers with a service in addition to the assurance that the product complies with agreed-upon specifications are recognised as revenue over the periods in which the service is provided.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service or service revenue is recognised over time when services have been rendered taking into account the stage of completion, which the Group has a right to invoice as it corresponds directly with the value to the customer of the Company's and its subsidiaries' performance completed to date.

The obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer is presented under the caption of "advance received from customers or deferred revenue" in the statement of financial position. Advance received from customers or deferred revenue are recognised as revenue when the Group performs under the contract.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable and other current receivables

Trade accounts receivable and other current receivables are stated at the net realisable value.

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.

5.4 Inventories

Inventories are valued at the lower of cost (average) and net realisable value. Cost is comprised 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.

Reduce cost of inventories to net realisable value will be set up for deteriorated, obsolete and slowing stock by management reviewing.

5.5 Investments

- a) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in the income statement.

5.6 Investment properties

Investment properties are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives 20 years. Depreciation is included in determining income. No depreciation is provided on land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period when the asset is derecognised.

5.7 Equipment and depreciation

Equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

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

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

5.8 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3, 5 and 10 years

5.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

5.10 Long-term leases

Leases of building and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.11 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.12 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the equipment, intangible assets and other assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the income statement.

5.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

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Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

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Leases of building and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

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An impairment loss is recognised in the income statement.

5.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognised in income statement on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

5.14 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.16 Derivatives

Forward exchange contracts/Swap contracts

At each reporting date, the Group recognises the changes in fair value of forward exchange rate for the undue derivatives as revenue or expense in the profit or loss.

5.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in inventory value

In determining an allowance for diminution in inventory value, the management needs to make judgement and estimates based upon, among other things, market conditions and the condition of the inventory.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

7. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	Consolidated		Separate		(Unit: Thousand Baht)
	financial statements		financial statements		Transfer pricing policy
	2019	2018	2019	2018	
Transactions with ultimate parent company					
Management fee expenses	12,692	13,796	12,692	10,652	Contractually agreed price
Transactions with subsidiary companies (eliminated from the consolidated financial statements)					
Sales	-	-	-	1,593	Market price plus actual related expenses
Purchase of goods	-	-	566	294,946	Actual cost plus actual related expenses
Management fee income	-	-	9	56,798	Contractually agreed price
Interest income	-	-	523	509	Reference from interest rate of financial institution
Transactions with associated companies					
Sales	94	10,232	94	10,222	Market price plus actual related expenses
Purchase of goods	1,447,006	3,294,061	1,444,800	376	Actual cost plus actual related expenses
Service income	13,142	13,624	11,566	-	Contractually agreed price
Other income	10,176	11,986	9,886	7,353	Actual cost plus margin, Contractually agreed price
Interest income	-	654	-	285	Reference from interest rate of financial institution

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties were as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts receivable - related parties (Note 9)				
Associated companies	-	328	-	32
Related companies (related by common shareholder and/ or common director)	46,223	46,223	46,223	46,223
Total	46,223	46,551	46,223	46,255
Less: Allowance for doubtful debts	(46,223)	(46,519)	(46,223)	(46,223)
Trade accounts receivable - related parties - net	-	32	-	32
Other accounts receivable - related parties (Note 9)				
Subsidiary company	-	-	-	3,662
Associated companies	1,766	7,954	1,766	1
Related companies (related by common shareholder and/ or common director)	537,087	557,087	521,542	541,542
Total	538,853	565,041	523,308	545,205
Less: Allowance for doubtful debts	(537,087)	(559,703)	(521,542)	(541,542)
Other accounts receivable - related parties - net	1,766	5,338	1,766	3,663
Trade accounts payable - related party (Note 19)				
Subsidiary company	-	-	5	291,458
Associated companies	6,996	6,929	6,996	-
Related companies (related by common shareholder and/ or common director)	86	86	86	86
Total trade accounts payable - related parties	7,082	7,015	7,087	291,544
Other payable - related parties (Note 19)				
Ultimate parent company	3,217	2,172	3,217	1,760
Associated companies	-	6,608	-	-
Total other payable - related parties	3,217	8,780	3,217	1,760

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 2019, the receivable from the loss of consignment amounted to approximately Baht 537.09 million in the consolidated financial statements (2018: Baht 557.09 million) and Baht 521.54 million in the separate financial statements (2018: Baht 541.54 million), 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 537.09 million and 521.54 million, respectively.

As at 31 December 2019 and 2018, the balances of short-term loans between the Company and those related parties and the movements were as follows:

(Unit: Thousand Baht)					
		Consolidated financial statements			
	Interest rate	Balance as at			Balance as at
	(percent per	31 December	During the year		31 December
Short-term loans to related party	annum)	2018	Increase	Decrease	2019
<u>Associated company</u>					
Nippon Pack Trading Co., Ltd.	2.50 - 5.25	24,500	-	(24,500)	-
Total		24,500	-	(24,500)	-
Less: Allowance for doubtful debts		(10,163)			-
Less: Share of loss exceeds its interest in associated company		(14,337)			-
Short-term loans to related party - net		-			-

During the current year, a subsidiary company entered into a debt remission agreement for partial loan to associate and accrued interest income of Baht 19.6 million and Baht 2.1 million, respectively. The Company received cash amounting to Baht 5.4 million in August 2019.

(Unit: Thousand Baht)					
Short-term loans to related party	Interest rate (percent per annum)	Separate financial statements			
		Balance as at			Balance as at
		31 December	During the year		31 December
		2018	Increase	Decrease	2019
<u>Subsidiary company</u>					
SIS Venture Co., Ltd.	2.50	22,000	1,000	(5,000)	18,000
Total		22,000	1,000	(5,000)	18,000

(Unit: Thousand Baht)

Short-term loans from related party	Interest rate (percent per annum)	Separate financial statements			
		Balance as at 31 December 2018	During the year		Balance as at 31 December 2019
			Increase	Decrease	
<u>Subsidiary company</u>					
Qool Distribution (Thailand) Co., Ltd.	2.50	-	402,000	(17,000)	385,000
Total		-	402,000	(17,000)	385,000

The above short-term loans between the Company and those related parties are due for repayment at call.

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	62,506	59,266	62,506	54,654
Post-employment benefits	2,022	1,821	2,022	1,646
Total	64,528	61,087	64,528	56,300

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 29.3 to the financial statements.

Significant agreements with related parties

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.

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	167	165	167	165
Cash at banks - current accounts	59,864	19,585	59,370	17,785
Cash at banks - savings accounts	248,687	228,146	233,956	166,197
Total	<u>308,718</u>	<u>247,896</u>	<u>293,493</u>	<u>184,147</u>

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.13 and 0.63 percent per annum (2018: between 0.25 and 0.63 percent per annum).

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade accounts receivable - related parties (Note 7)				
<i>Aged on the basis of due dates</i>				
Not yet due	-	32	-	32
Past due				
Over 12 months	46,223	46,519	46,223	46,223
Total	46,223	46,551	46,223	46,255
Less: Allowance for doubtful debts	(46,223)	(46,519)	(46,223)	(46,223)
Trade accounts receivable - related parties - net	-	32	-	32
Trade accounts receivable - unrelated parties				
<i>Aged on the basis of due dates</i>				
Not yet due	2,389,321	2,397,808	2,389,321	2,223,307
Past due				
Up to 3 months	770,907	586,365	770,907	538,058
3 - 6 months	16,549	410	16,549	410
6 - 12 months	75,793	390	75,793	363
Over 12 months	52,258	68,589	50,775	67,235
Total	3,304,828	3,053,562	3,303,345	2,829,373
Less: Allowance for doubtful debts	(78,663)	(70,394)	(77,129)	(68,822)
Trade accounts receivable - unrelated parties - net	3,226,165	2,983,168	3,226,216	2,760,551
Trade accounts receivable - net	<u>3,226,165</u>	<u>2,983,200</u>	<u>3,226,216</u>	<u>2,760,583</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Other receivables - related parties (Note 7)				
Other receivables	1,766	7,954	1,766	1
Receivables from losses of consignment	537,087	557,087	521,542	541,542
Accrued income	-	-	-	3,662
Total other receivables - related parties	538,853	565,041	523,308	545,205
Less: Allowance for doubtful debts	(537,087)	(559,703)	(521,542)	(541,542)
Other receivables - related parties - net	1,766	5,338	1,766	3,663
Other receivables - unrelated parties				
Accrued income	91,315	78,732	91,315	66,148
Other receivables	187	228	187	228
Others	2,411	4,229	2,410	4,036
Total other receivables - unrelated parties	93,913	83,189	93,912	70,412
Other receivables - net	95,679	88,527	95,678	74,075
Trade and other receivables - net	3,321,844	3,071,727	3,321,894	2,834,658

10. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Reduce cost to net					
	Cost		realisable value		Inventories-net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Finished goods	2,593,157	2,228,834	(136,737)	(133,962)	2,456,420	2,094,872
Work in process	1,639	148	-	-	1,639	148
Goods in transit	369,288	230,976	-	-	369,288	230,976
Total	2,964,084	2,459,958	(136,737)	(133,962)	2,827,347	2,325,996

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	2,593,158	2,230,197	(136,737)	(133,962)	2,456,421	2,096,235
Work in process	1,639	131	-	-	1,639	131
Goods in transit	369,288	230,976	-	-	369,288	230,976
Total	2,964,085	2,461,304	(136,737)	(133,962)	2,827,348	2,327,342

During the current year, the Group reduced cost of inventories by Baht 3 million (The Company only: Baht 3 million), to reflect the net realisable value. This was included in cost of sales. (2018: The Group reversed the write-down of cost of inventories by Baht 25 million, the Company only: Baht 17 million, and reduced the amount of inventories recognised as expenses during the year).

11. Investments in associated companies

11.1 Details of associated companies

(Unit: Thousand Baht)							
Consolidated financial statements							
Associated companies	Nature of business	Shareholding percentage		Investment value under equity method		Investment value under cost method	
		2019	2018	2019	2018	2019	2018
		%	%				
Nippon Pack Trading Co., Ltd.	Providing advertising services especially electronic media	49	49	-	-	9,800	9,800
Wiko Mobile (Thailand) Co., Ltd.	Distribution of smartphone under brand "Wiko"	45	45	48,381	55,302	45,000	45,000
Total investments in associated companies				48,381	55,302	54,800	54,800

11.2 Share of profit (loss)

During the years ended 31 December 2019 and 2018, share of profit (loss) from investments in associates in the consolidated financial statements are as follows:

(Unit: Thousand Baht)		
Company's name	Share of profit (loss) from investments in associates	
	2019	2018
Wiko Mobile (Thailand) Co., Ltd.	(6,921)	35,082
Total	(6,921)	35,082

As at 31 December 2018, the Group's accumulated share of loss of investments in another associate exceeded the carrying amount of that investment. The excess loss is adjusted to loan to associate. However, during the year 2019, a subsidiary company entered into a debt remission agreement for the loan to such associate, as mentioned in Note 7.

11.3 Summarised financial information about material associates

Summarised information about financial position

	(Unit: Thousand Baht)			
	Nippon Pack Trading Co., Ltd.		Wiko Mobile (Thailand) Co., Ltd.	
	2019	2018	2019	2018
Current assets	669	1,467	182,540	365,876
Non-current assets	-	-	9,959	12,503
Current liabilities	(60,146)	(84,264)	(84,267)	(255,343)
Net assets (liabilities)	(59,477)	(82,797)	108,232	123,036
Shareholding percentage (%)	49	49	45	45
Group's share of net assets				
(liabilities)	(29,143)	(40,570)	48,704	55,366
Elimination of unrealised profit on downstream sales	-	-	(323)	(64)
Differences between amount paid and carrying amount of interest in associate	7,089	7,089	-	-
Share of loss which recognised in loan	-	14,337	-	-
Share of loss which not recognised	22,054	19,144	-	-
Carrying amount of investments in associates	-	-	48,381	55,302

Summarised information about comprehensive income

	(Unit: Thousand Baht)			
	For the years ended 31 December			
	Nippon Pack Trading Co., Ltd.		Wiko Mobile (Thailand) Co., Ltd.	
	2019	2018	2019	2018
Revenue	23,111	6,020	1,458,164	3,497,499
Profit (loss) from continuing operations	22,975	2,515	(15,167)	77,693
Total comprehensive income	22,975	2,515	(15,167)	77,693

The financial information of Nippon Pack Trading Co., Ltd. was provided by that company's management which has not been audited by external auditor.

12. Investments in subsidiary companies

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Subsidiary companies	Paid up capital		Shareholding percentage		Investment value under cost method	
	2019	2018	2019	2018	2019	2018
	Million	Million	%	%	Thousand	Thousand
	Baht	Baht			Baht	Baht
SiS Venture Co., Ltd.	120	120	100	100	120,000	120,000
Qool Distribution (Thailand) Co., Ltd.	200	200	100	100	199,994	199,994
Total investments in subsidiary companies					319,994	319,994
Less: Allowance for impairment of investment in SiS Venture Co., Ltd.					(97,401)	(97,401)
Investments in subsidiary companies - net					222,593	222,593

13. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other long-term investments:				
Other non-marketable equity security	59,601	59,601	-	-
Less: Allowance for impairment	(59,601)	(59,601)	-	-
Net	-	-	-	-

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.

14. Long-term loans to other companies

As at 31 December 2019, the Company has long-term loans to 2 other companies in form of secured loan, on which interest is charged at 2.75 - 6.60 percent per annum and the repayment are to be made within June 2026. These loans were secured by the mortgage of land and condominium title deed.

(Unit: Thousand Baht)		
Consolidated and separate financial statements		
	2019	2018
Long-term loans at beginning of year	53,315	53,315
Less: Allowance for doubtful debts	(12,874)	(13,669)
Less: Received during the year	(1,005)	-
Long-term loans at end of year	39,436	39,646
Less: Current portion of long-term loans	(900)	(1,005)
Long-term loans, net of current portion	38,536	38,641

15. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)		
Consolidated and separate financial statements		
	Land	Building and warehouse
As at 31 December 2019:		
Cost	12,832	8,678
Less: Accumulated depreciation	-	(549)
Net book value	12,832	8,129
As at 31 December 2018:		
Cost	12,832	8,678
Less: Accumulated depreciation	-	(115)
Net book value	12,832	8,563

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2019	2018
Net book value at beginning of year	21,395	-
Transferred land for repayment from other receivable	-	12,832
Transferred office building and warehouse for repayment from other receivable	-	8,678
Depreciation during the year	(434)	(115)
Net book value at end of year	20,961	21,395

The fair value of land and building was determined based on valuation performed by an independent professional valuer. As at 31 December 2019, the fair value of the land was determined to be Baht 13.2 million on the basis of market approach, while that of the building was determined to be Baht 9.2 million using the replacement cost approach. The fair value of the building was not determined based on the income approach because it is not used for rental.

Key assumptions used in the valuation are summarised below.

	As at 31 December 2019	
	Consolidated and Separate financial statements	Result to fair value where as an increase in assumption value
Price per square wah (Baht)	32,000 - 44,000	Increase in fair value

16. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements				
	Vehicles	Furniture & fixtures	Computer & office equipment	Leasehold improvements	Total
Cost					
1 January 2018	6,461	15,227	228,095	67,020	316,803
Additions	-	302	39,073	-	39,375
Disposals	-	-	(1,128)	-	(1,128)
31 December 2018	6,461	15,529	266,040	67,020	355,050
Additions	3,793	295	50,921	3,588	58,597
Disposals	(6,461)	(1,068)	(40,631)	(1,836)	(49,996)
31 December 2019	3,793	14,756	276,330	68,772	363,651
Depreciation					
1 January 2018	6,461	10,615	165,858	39,214	222,148
Depreciation charge for the year	-	1,144	24,896	5,656	31,696
Accumulated depreciation of disposals	-	-	(245)	-	(245)
31 December 2018	6,461	11,759	190,509	44,870	253,599
Depreciation charge for the year	279	1,183	29,191	5,564	36,217
Accumulated depreciation of disposals	(6,461)	(1,043)	(40,312)	(1,530)	(49,346)
31 December 2019	279	11,899	179,388	48,904	240,470
Net book value					
31 December 2018	-	3,770	75,531	22,150	101,451
31 December 2019	3,514	2,857	96,942	19,868	123,181

(Unit: Thousand Baht)

	Separate financial statements				
	Vehicles	Furniture & fixtures	Computer & office equipment	Leasehold improvements	Total
Cost					
1 January 2018	6,461	15,227	226,992	67,020	315,700
Additions	-	302	38,754	-	39,056
Disposals	-	-	(1,128)	-	(1,128)
31 December 2018	6,461	15,529	264,618	67,020	353,628
Additions	3,793	295	50,921	3,588	58,597
Disposals	(6,461)	(1,068)	(40,323)	(1,836)	(49,688)
31 December 2019	3,793	14,756	275,216	68,772	362,537
Depreciation					
1 January 2018	6,461	10,615	165,504	39,214	221,794
Depreciation charge for the year	-	1,144	24,575	5,656	31,375
Accumulated depreciation of disposals	-	-	(245)	-	(245)
31 December 2018	6,461	11,759	189,834	44,870	252,924
Depreciation charge for the year	279	1,183	28,877	5,564	35,903
Accumulated depreciation of disposals	(6,461)	(1,043)	(40,024)	(1,530)	(49,058)
31 December 2019	279	11,899	178,687	48,904	239,769
Net book value					
31 December 2018	-	3,770	74,784	22,150	100,704
31 December 2019	3,514	2,857	96,529	19,868	122,768

As at 31 December 2019, certain items of equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 105 million (2018: Baht 135.3 million) and separate financial statements: Baht 104.9 million (2018: Baht 135.2 million).

17. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
	Computer software
As at 31 December 2019:	
Cost	67,891
Less: Accumulated amortisation	(50,827)
Net book value	17,064
As at 31 December 2018:	
Cost	62,648
Less: Accumulated amortisation	(44,232)
Net book value	18,416

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2019	2018
Net book value at beginning of year	18,416	22,062
Acquisition of computer software	5,242	2,533
Amortisation	(6,594)	(6,179)
Net book value at end of year	17,064	18,416

18. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trust receipts	2,066,423	1,701,370	2,066,423	1,547,317
Short-term loans from financial institutions	100,000	50,000	100,000	50,000
Total	<u>2,166,423</u>	<u>1,751,370</u>	<u>2,166,423</u>	<u>1,597,317</u>

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 1.55% - 2.07% per annum (2018: 2.00% - 2.50% per annum) for the Group and rates from 1.55% - 2.07% per annum (2018: 2.00% - 2.50% per annum) for the Company.

Short-term loans from financial institutions bore interest at rates from 2.5% per annum (2018: 2.10% per annum) for the Group and rate 2.5% per annum (2018: 2.10% per annum) for the Company.

As at 31 December 2019, the Group has the open credit facilities approximately to Baht 5,910 million (2018: Baht 4,999 million), separate financial statements: Baht 5,699 million (2018: Baht 4,983 million).

19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade accounts payable				
Trade accounts payable - related parties	7,082	7,015	7,087	291,544
Trade accounts payable - unrelated parties	<u>1,702,495</u>	<u>1,641,286</u>	<u>1,686,169</u>	<u>1,590,312</u>
Total trade accounts payable	<u>1,709,577</u>	<u>1,648,301</u>	<u>1,693,256</u>	<u>1,881,856</u>
Other payables				
Other payables - related parties	2,205	1,168	2,205	952
Other payables - unrelated parties	86,843	47,901	86,463	44,553
Accrued expenses - related parties	1,012	7,612	1,012	808
Accrued marketing expenses	443,055	329,338	443,055	313,416
Accrued employee benefit expenses	114,501	95,294	114,501	95,294
Deferred service income	35,855	18,185	35,855	18,185
Others	<u>54,362</u>	<u>35,200</u>	<u>54,155</u>	<u>33,192</u>
Total other payables	<u>737,833</u>	<u>534,698</u>	<u>737,246</u>	<u>506,400</u>
Total trade and other payables	<u>2,447,410</u>	<u>2,182,999</u>	<u>2,430,502</u>	<u>2,388,256</u>

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
Provision for long-term employee benefits				
at beginning of year	51,148	42,437	51,148	42,437
Included in profit or loss:				
Current service costs	10,494	7,869	10,494	7,869
Interest on obligation	1,570	1,013	1,570	1,013
Past service costs	15,649	-	15,649	-
Included in other comprehensive income				
Actuarial gain (loss)				
Financial assumptions changes	6,931	-	6,931	-
Benefits paid during the year	(1,240)	(171)	(1,240)	(171)
Provision for long-term employee benefits				
at end of year	<u>84,552</u>	<u>51,148</u>	<u>84,552</u>	<u>51,148</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 15.65 million (The Company only: Baht 15.65 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

The Group expect to pay long-term employee benefits of Baht 21.76 million during the next year (Separate financial statements: Baht 21.76 million) (2018: nil).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 10.44 years (Separate financial statements: 10.44 years) (2018: 10.44 years, separate financial statements: 10.44 years).

Significant actuarial assumptions are summarised below:

	Consolidated and separate financial statements	
	<u>2019</u>	<u>2018</u>
	(Percent per annum)	(Percent per annum)
Discount rate	1.6	2.4
Salary increase rate	6.0	6.0
Turnover rate	0 - 27	0 - 27

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

	(Unit: Million Baht)			
	Consolidated and separate financial statements			
	Increase 1%		Decrease 1%	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	(7.0)	(4.6)	8.3	5.5
Salary increase rate	9.5	5.7	(8.2)	(5.0)
Turnover rate	(7.5)	(5.0)	3.1	2.0

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

22. Other income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Management income	-	-	9	56,798
Income from marketing refund	36,592	31,547	36,592	31,546
Income from administrative service	9,886	11,970	9,886	7,337
Reversal of impairment of investment in subsidiary	-	-	-	50,635
Interest income	5,942	7,273	6,385	6,643
Others	29,135	14,864	13,693	14,581
Total other income	<u>81,555</u>	<u>65,654</u>	<u>66,565</u>	<u>167,540</u>

23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Included in cost of sales of goods				
Changes in inventories	(504,126)	(223,749)	(502,781)	(403,762)
Purchase of inventories	19,487,268	20,036,265	19,490,165	15,414,597
Allowance for diminution in value of inventory (reversal)	<u>2,775</u>	<u>(24,592)</u>	<u>2,775</u>	<u>(17,018)</u>
Total	<u>18,985,917</u>	<u>19,787,924</u>	<u>18,990,159</u>	<u>14,993,817</u>
Included in selling and distribution expenses				
Advertising and marketing expenses	169,517	156,813	170,471	148,464
Transportation expenses	50,996	50,963	50,995	44,657
Employee benefit expenses	288,141	285,207	288,141	285,207
Others	<u>3,497</u>	<u>4,682</u>	<u>3,497</u>	<u>4,682</u>
Total	<u>512,151</u>	<u>497,665</u>	<u>513,104</u>	<u>483,010</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Included in administrative expenses				
Employee benefit expenses	190,137	153,734	190,137	153,734
Tax penalties	1	6,252	-	52
Depreciation and amortisation	43,246	37,990	42,932	37,669
Rental expense	38,940	39,297	38,940	39,297
Management fee	12,692	13,797	12,692	10,652
Service charge	16,093	10,263	16,093	10,263
Others	45,111	59,848	49,654	52,544
Total	346,220	321,181	350,448	304,211

24. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 were made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	136,313	104,347	131,954	73,549
Adjustment in respect of income tax of previous year	(70)	1,713	(93)	1,713
Deferred tax:				
Relating to origination and reversal of temporary differences	(31,557)	(592)	(34,800)	(6,110)
Income tax expenses reported in the income statement	104,686	105,468	97,061	69,152

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax on actuarial gain	1,386	-	1,386	-
	1,386	-	1,386	-

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	528,076	573,324	490,983	417,462
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	105,615	114,665	98,196	83,492
Adjustment in respect of income tax of previous year	(70)	1,713	(93)	1,713
Effects of:				
Share of loss (gain) from investment in associates	1,384	(7,016)	-	-
Non-deductible expenses (reversal)	(953)	623	248	(11,536)
Additional expense deductions allowed	(1,290)	(4,517)	(1,290)	(4,517)
Total	(859)	(10,910)	(1,042)	(16,053)
Income tax expense reported in the statement of comprehensive income	104,686	105,468	97,061	69,152

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax assets				
Allowance for doubtful accounts	123,611	125,796	120,412	122,558
Allowance for diminution in value of inventories	27,347	26,792	27,347	26,792
Accrued marketing expenses	88,611	65,868	88,611	62,683
Provision for long-term employee benefits	16,911	10,230	16,911	10,230
Fair value change of forward exchange contracts	750	482	750	482
Others	7,074	3,579	7,074	3,560
Total	264,304	232,747	261,105	226,305

25. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

26. 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.

(Unit: Million Baht)

4,747 4,025

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		(Restated)
Timing of revenue recognition:				
Revenue recognised at a point in time	20,345	21,141	20,328	16,076
Revenue recognised over time	47	16	47	16
Total revenue from contracts with customers	20,392	21,157	20,375	16,092

Geographic information

The Group operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the years 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

27. Provident fund

The Company and its employees 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 Company 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. The contributions for the year 2019 amounting to approximately Baht 11.1 million (2018: Baht 10.3 million) were recognised as expenses.

28. Dividends

Dividends	Approved by	Dividends paid (Thousand Baht)	Dividend per share (Baht)
<u>Year 2019</u>			
Dividends on 2018 income	Annual General Meeting of the shareholders on 19 April 2019	192.61	0.55
<u>Year 2018</u>			
Dividends on 2017 income	Annual General Meeting of the shareholders on 20 April 2018	157.59	0.45

29. Commitments and contingent liabilities

29.1 The Group has entered into several lease agreements in respect of the lease of office building space, warehouse and equipment. The terms of the agreements are generally between 1 and 3 years.

Future minimum lease payments required under these operating leases contracts were as follows:

	(Unit: Million Baht)	
	Consolidated/Separate financial statements	
	2019	2018
Payable:		
In up to 1 year	38	37
In over 1 and up to 5 years	49	13

29.2 Bank guarantees

As at 31 December 2019, the Group had outstanding bank guarantees approximately by Baht 30.2 million and USD 0.06 million (2018: Baht 10.28 million and USD 0.03 million) issued by banks on behalf of the Company and its subsidiaries, in respect of certain performance and bid bonds and others as required in the normal course of business of the Company and its subsidiaries.

29.3 Guarantees to related parties

The Company and its subsidiary have contingent liabilities in respect of the guarantees of its credit facilities provided to banks amounted to Baht 830 million and Baht 820 million, respectively (31 December 2018: Baht 830 million and Baht 820 million, respectively).

These guarantees are effective for as long as the underlying obligations have not been discharged by the Company and subsidiary.

30. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the following liabilities that were measured at fair value or assets for which fair value are disclosed using different levels of inputs as follows:

(Unit: Million Baht)			
Consolidated/Separate financial statements			
2019		2018	
Level 2	Level 3	Level 2	Level 2
Financial liabilities measured at fair value			
Derivatives			
Forward exchange contracts	3.4	-	1.8
Swap contracts	0.3	-	0.6
Assets for which fair value are disclosed			
Investment property	-	22.4	-

31. Financial instruments

31.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other accounts receivable, loans, investments, and short-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable and other receivables. They manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, they do not have high concentration of credit risk since it has a large customer base including the Company has entered into the insurance for the risk of doubtful accounts receivable. The maximum exposure to credit risk is limited to the carrying amounts of trade and other accounts receivable as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its deposits with financial institutions and short-term borrowings. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	As at 31 December 2019					
	Consolidated financial statements					
	Fixed interest rates		Floating	Non-		
	Within	Over	interest	interest		Effective
	1 year	1-5 years	rate	bearing	Total	interest rate
						(% p.a.)
Financial assets						
Cash and cash equivalents	-	-	249	60	309	0.30 - 0.63
Trade and other receivables	-	-	-	3,322	3,322	-
Long-term loans to other companies	-	39	-	-	39	2.75 - 6.00
Financial liabilities						
Short-term loans from financial institutions	2,166	-	-	-	2,166	2.00 - 2.50
Trade and other payables	-	-	-	2,447	2,447	-

(Unit: Million Baht)

	As at 31 December 2018					
	Consolidated financial statements					
	Fixed interest rates		Floating	Non-		Effective
	Within	Over	interest	interest		
	1 year	1-5 years	rate	bearing	Total	interest rate
						(% p.a.)
Financial assets						
Cash and cash equivalents	-	-	228	20	248	0.25 - 0.65
Trade and other receivables	-	-	-	3,072	3,072	-
Long-term loans to other companies	-	40	-	-	40	2.75 - 6.00
Financial liabilities						
Short-term loans from financial institutions	1,751	-	-	-	1,751	2.00 - 2.50
Trade and other payables	-	-	-	2,183	2,183	-

(Unit: Million Baht)

As at 31 December 2019

Separate financial statements

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	Over 1-5 years				
Financial assets						
Cash and cash equivalents	-	-	234	60	294	0.30 - 0.63
Trade and other receivables	-	-	-	3,322	3,322	-
Short-term loan to related party	18	-	-	-	18	2.5
Long-term loans to other companies	-	39	-	-	39	2.75 - 6.00
Financial liabilities						
Short-term loans from financial institutions	2,166	-	-	-	2,166	2.00 - 2.50
Short-term loans from related party	385	-	-	-	385	2.5
Trade and other payables	-	-	-	2,431	2,431	-

(Unit: Million Baht)

As at 31 December 2018

Separate financial statements

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	Over 1-5 years				
Financial assets						
Cash and cash equivalents	-	-	166	18	184	0.25 - 0.65
Trade and other receivables	-	-	-	2,835	2,835	-
Short-term loan to related party	22	-	-	-	22	2.35
Long-term loans to other companies	-	40	-	-	40	2.75 - 6.00
Financial liabilities						
Short-term loans from financial institutions	1,597	-	-	-	1,597	2.00 - 2.50
Trade and other payables	-	-	-	2,388	2,388	-

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when their consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial liabilities denominated in foreign currencies were summarised below.

Foreign currency	Consolidated		Separate		Exchange rate as at	
	financial statements		financial statements		31 December	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Million)		(Million)		(Baht per 1 foreign currency unit)	
Financial liabilities						
US dollar	15.2	10.0	15.2	10.0	30.33	32.61
US Hong Kong	-	0.7	-	0.7	3.91	4.18

As at 31 December 2019 and 2018, the Group had outstanding forward exchange contracts, of which details are presented below.

Currency	Amount bought	Maturity date	Contractual exchange rate
	(Million)		(Baht per 1 foreign currency unit)
2019			
Consolidated financial statements			
US dollar	29.0	July 2020	29.84 - 30.81
Separate financial statements			
US dollar	29.0	July 2020	29.84 - 30.81
2018			
Consolidated financial statements			
US dollar	12.1	June 2019	32.14 - 33.01
Separate financial statements			
US dollar	12.1	June 2019	32.14 - 33.01

Swap contracts

As at 31 December 2019, the Group had purchased swap contracts in the amount of USD 2.8 million, equivalent to Baht 84.1 million. The contracts are due in June 2020 (2018: USD 1.9 million, equivalent to Baht 61.9 million. The contracts were due in March 2019).

31.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

The estimate fair value of derivatives is as follows:

	(Unit: Million Baht)	
	Consolidated financial statements/ Separate financial statements	
	As at	As at
	31 December	31 December
	2019	2018
	Fair value	Fair value
Derivatives	Loss	Loss
Forward exchange contracts	3.4	1.8
Swap contracts	0.3	0.6

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans, accounts payable and short-term borrowings, their carrying amounts in the statement of financial position approximate their fair value.
- For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Group has considered the counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

32. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 2.0:1 (2018: 1.8:1) and the Company's was 2.3:1 (2018: 2.0:1).

33. Event after the reporting period

On 17 February 2020, the Annual General Meeting of shareholders of the Company passed a resolution to pay the dividend for 2019 to the Company's shareholders at Baht 0.55 per share. These dividends will be paid in May 2020.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 17 February 2020.

