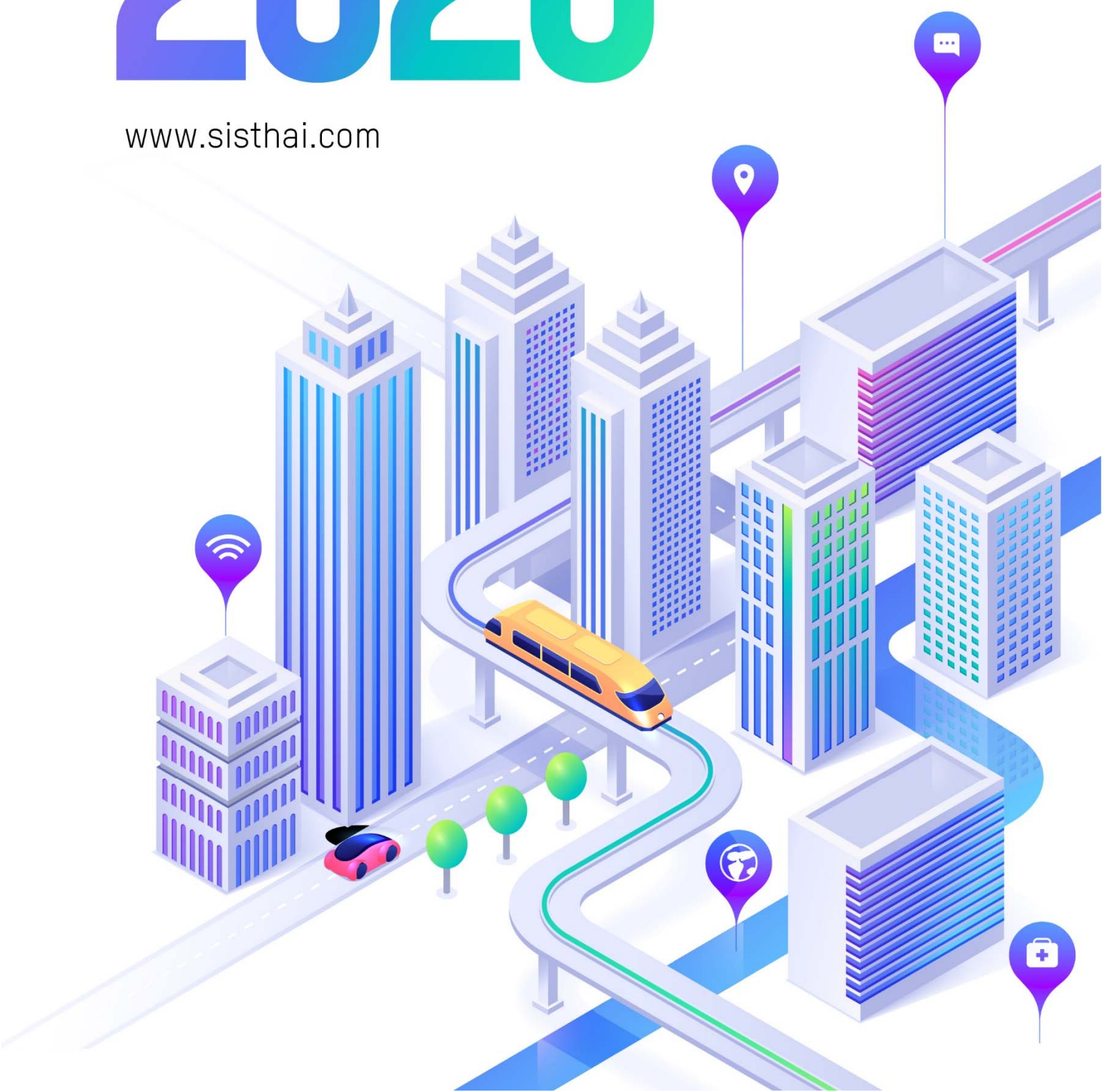




# ANNUAL REPORT

# 2020

[www.sisthai.com](http://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

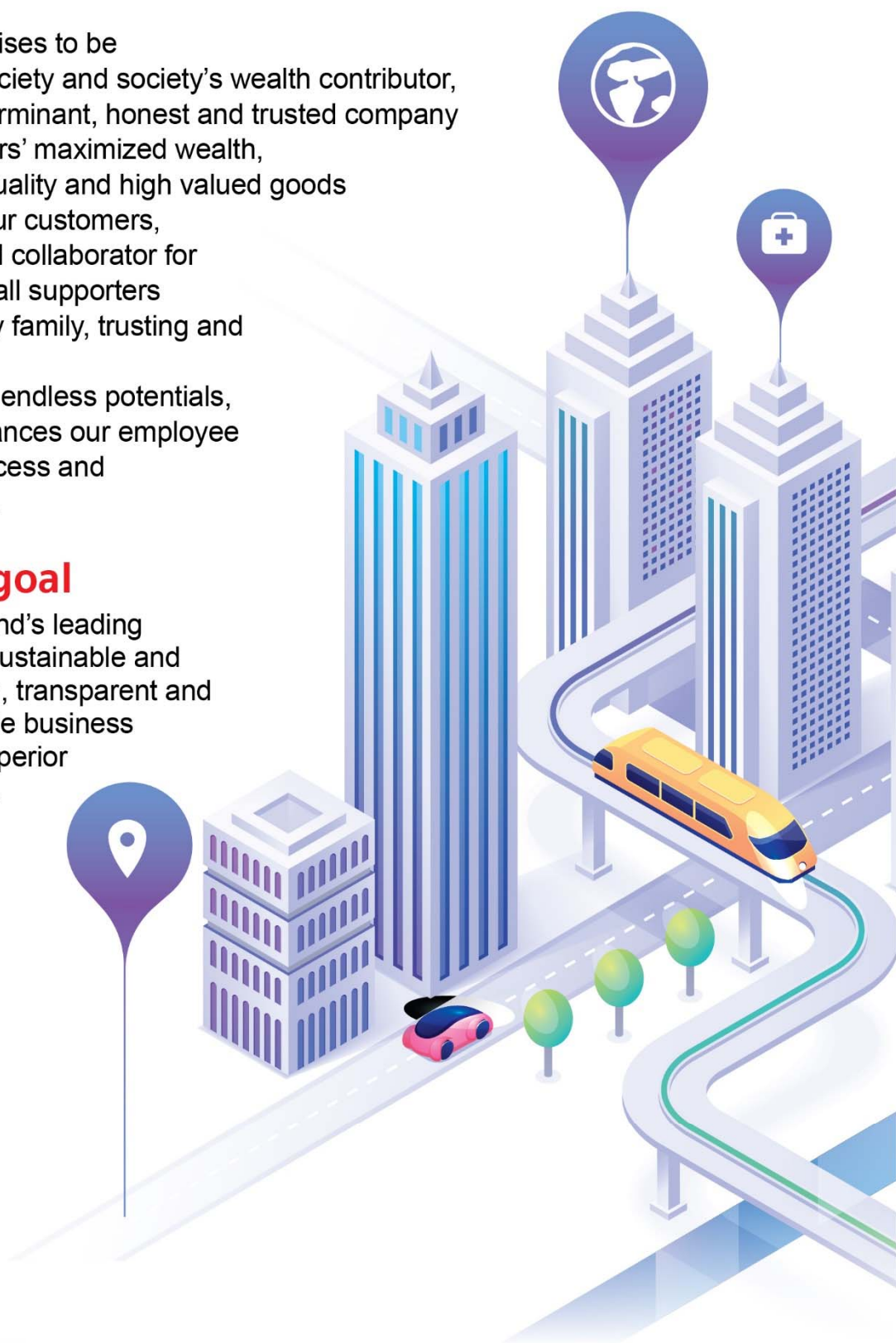
## Mission

The company promises to be

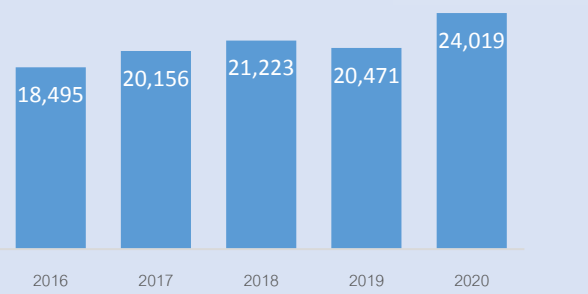
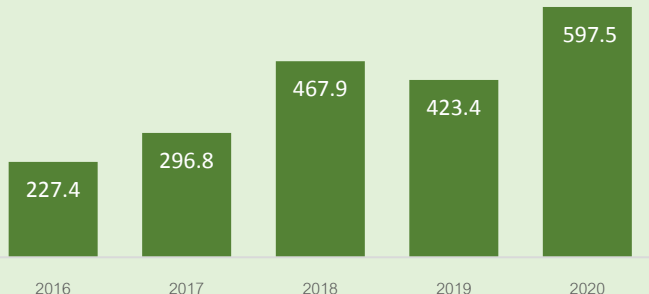
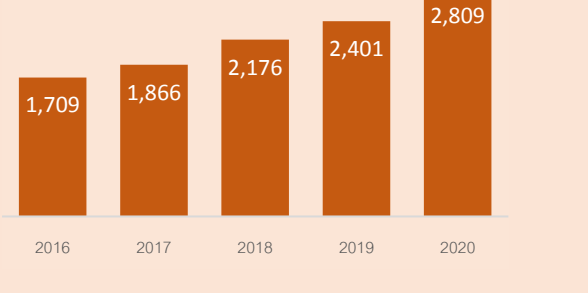
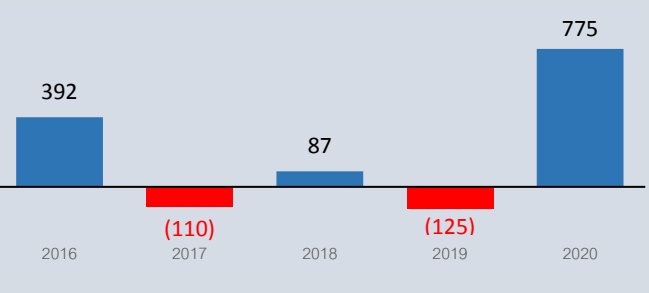
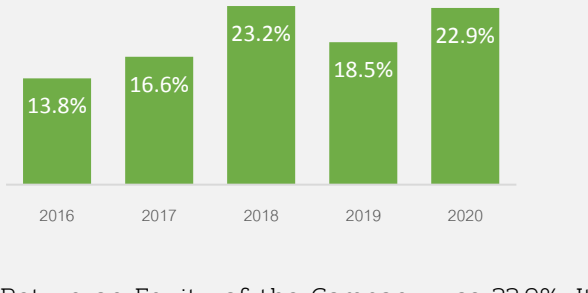
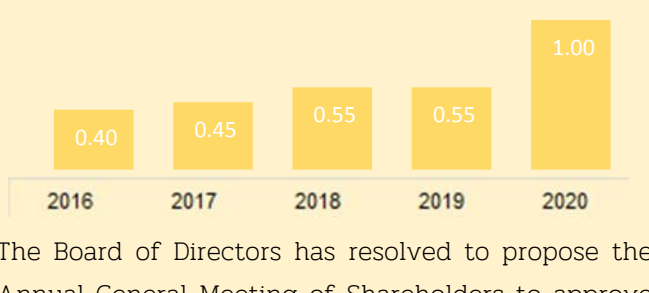
- Good citizen of society and society's wealth contributor,
- Professional, determinant, honest and trusted company for our shareholders' maximized wealth,
- Provider of high quality and high valued goods and services for our customers,
- Strong and trusted collaborator for our suppliers and all supporters
- 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

<p><b>Total Revenues</b></p> <p>Units : M.Baht</p>  <p>Total revenues of the Company were 24,019 Million Baht, an increase of 3,548 Million Baht (17.3%) from two main business units, Phone Revenues increased 2,683 Million Baht and Value Added Revenues increased 1,022 Million Baht.</p>	<p><b>Net Profit</b></p> <p>Units : M.baht</p>  <p>Net profit of the Company were 597.5 Million Baht, an increase of 174 Million Baht (41.1%) from two main business units, Consumer Gross Profit increased 167 Million Baht and Value Added Gross Profit increased 69 Million Baht.</p>
<p><b>Shareholders' Equity</b></p> <p>Units : M.Baht</p>  <p>Shareholders' equity of the Company was 2,809 Million Baht, an increase of 408 Million Baht from the previous year which was in line with the continual increase in net profit.</p>	<p><b>Cashflow from Operation</b></p> <p>Units : M.Baht</p>  <p>Cash Flows from operating activities before changes in operating assets and liabilities were 956 Million Baht. The adjustment from the increase of operating assets resulted in an increase in net cash flows from operating activities by 775 Million Baht.</p>
<p><b>Return on Equity</b></p>  <p>Return on Equity of the Company was 22.9%. It ranked 52<sup>nd</sup> in 673 Listed Companies in the Stock Exchange of Thailand.</p>	<p><b>Dividend</b></p> <p>Units : Baht/Share</p>  <p>The Board of Directors has resolved to propose the Annual General Meeting of Shareholders to approve the dividend payment of 1.00 Baht per share, totaling 350.2 Million Baht or 58.61% of Net Profit and 4.98% of dividend yield by using the closing price of year ended as a calculation base.</p>



## Summary of Financial Statement (Cont.)

		2016	2017	2018	2019	2020
<b>Operating Results</b>						
Total Revenue	(M.Baht)	18,495	20,156	21,223	20,477	24,019
<i>Revenue Growth Rate</i>		2.1%	9.0%	5.3%	-3.5%	17.3%
Profit before financial cost, income tax and share gain (loss) of investments in associates	(M.Baht)	357	429	584	583	763
<i>Profit before financial cost, income tax and share gain (loss) of investments in associates Growth Rate</i>		-7.3%	20.2%	36.1%	-0.2%	30.9%
Net Profit	(M.Baht)	227	297	468	423	597
<i>Net Profit Growth Rate</i>		36.5%	30.8%	57.6%	-9.6%	41.3%
<b>Financial Position</b>						
Shareholders' equity	(M.Baht)	1,709	1,866	2,176	2,401	2,809
Trade and other accounts payable	(M.Baht)	1,961	2,183	2,183	2,447	2,922
Short-term loans from financial institutes	(M.Baht)	1,219	1,640	1,751	2,166	1,612
Trade and other accounts receivable	(M.Baht)	2,634	3,042	3,147	3,322	3,867
Inventories	(M.Baht)	1,718	2,078	2,326	2,827	2,245
<b>Financial Ratio</b>						
Gross Profit Margin		5.3%	5.5%	6.1%	6.5%	6.8%
Net Profit Margin		1.2%	1.5%	2.2%	2.1%	2.5%
Return On Assets		4.9%	5.5%	7.8%	6.3%	8.1%
Return On Equity		13.8%	16.6%	23.2%	18.5%	22.9%
Current Ratio	(Times)	1.4	1.4	1.4	1.4	1.5
Quick Ratio	(Times)	0.8	0.8	0.8	0.8	0.9
Debt to Equity Ratio	(Times)	1.9	2.1	1.9	2.0	1.7
Interest Bearing Debt to Equity Ratio	(Times)	0.7	0.9	0.8	0.9	0.6
<b>Financial Figure per Share</b>						
Earning Per Share	(Baht)	0.7	0.9	1.3	1.2	1.7
Book Value Per Share	(Baht)	4.9	5.3	6.2	6.9	8.0
Dividend Per Share	(Baht)	0.40	0.45	0.55	0.55	1.00

## Message from the Board

In 2020, it is the year of the outbreak of Covid-19 which widely spread among the world. Thailand also has been dramatically affected, the country has been closed and there are many regulations that have been issued to mitigate this spread. The businesses and household get impacted significantly and leads decreasing in the economics as - 6.1%.

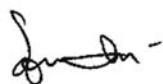
The Company have prepared for business continuity plan to maintain our operations and services to serve customers even there are the regulations that lockdown for 24 hrs. However, we still adapt the infrastructure, equipment, workflows to fit with work from home policy.

This crisis made impacts to us in both positive and negative ways. For negative side, we get many impacts from the regulations such as lock down, reducing in travelling, social distancing and so on. Nevertheless, these obstacles need technology to solve then the company which is in Information Technology industry cloud adapt our operations to cope with this crisis very well, also we could expand our business among this crisis, for examples the consultation for Covid-19 solutions, temperature screening, video conference, virtual meeting room and SiS Cloud Services.

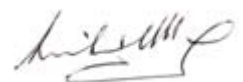
For the performance of 2020, this year is also the good year for the company. The total revenue is 24,019 Million Baht, increase 17.3% from the previous year, the gross profit is 1,626 Million baht, which is 19.9% up from the last year with the net profit as 597 Million baht which grow 41.1%. The main increasing of the revenue is from Phone Business Unit which grow 2,683 Million Baht (increase 92.8% from the previous year) and Value Added Commercial Business Unit which grow 1,022 Million Baht (increase 47.4% from the previous year). For the growth of net profit, it is from Consumer Business Unit which increase 167 Million Baht (grow 51.4% from the last year) and Value Added Commercial which increase 69 Million Baht (grow 22.3% from the last year).

Apart from the growth of business, we still continuously adhere to the good corporate governance which is in accordance with Organization for Economic Cooperation and Development which lead to the excellent from the 2020 Corporate Governance Report.

The company always realize that the growth of our performance is from the good supports of our employees, partners, suppliers, customers and financial institutions. We would be consistency to the sustainability development under the good corporate governance to promote and develop using of information technology which is our mission. We are thankful to all for the kind supports.



Mr.Somchai Sittichaisrichart  
Managing Director  
March 1, 2021



Mr.Lim Kiah Meng  
Chairman  
March 1, 2021

## General Information

### Business Characteristics :

Distributing IT products to dealers, the Company is the distributor of technology products of more than 100 leading manufacturers in the world with the business goal of being the leader in introducing technology to increase the efficiency of consumers and various segments by providing sales and services to more than 7,000 dealers in Thailand.

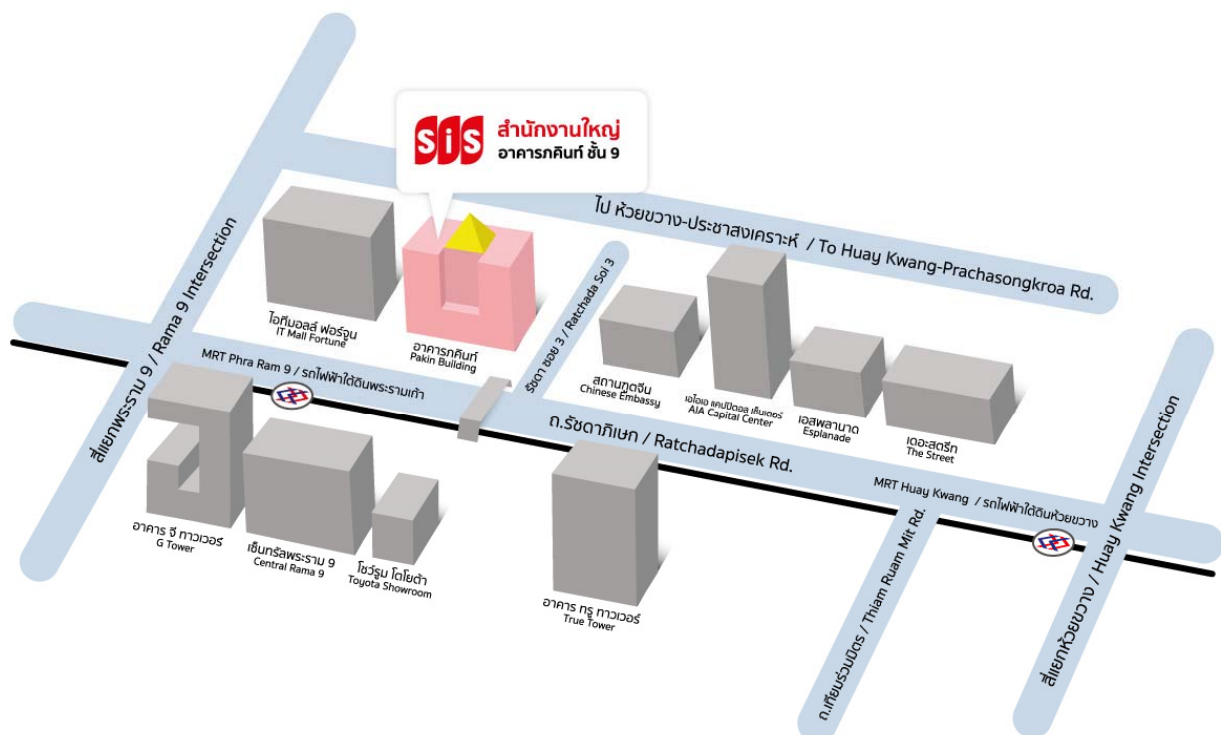
Company Registration Number	Bor Mor Jor. 0107547000052
Website	<a href="http://www.sisthai.com">www.sisthai.com</a>
Email	Center : <a href="mailto:sis@sisthai.com">sis@sisthai.com</a> Company Secretary : <a href="mailto:companysecretary@sisthai.com">companysecretary@sisthai.com</a> Complain/Suggest Goods and Services : <a href="mailto:complain@sisthai.com">complain@sisthai.com</a> Complain/Suggest Fraud and Corruption : <a href="mailto:independentdirector@sisthai.com">independentdirector@sisthai.com</a>
Investor Relation	Website : <a href="http://www.sisthai.com/investor_th.html">www.sisthai.com/investor_th.html</a> Email : <a href="mailto:investorinfo@sisthai.com">investorinfo@sisthai.com</a>
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 Contact 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 Sub-District, Klong Toey District, Bangkok 10110 Telephone: 0-2264-9090 Fax: 0-2264-0789
Independent Director	<a href="mailto:independentdirector@sisthai.com">independentdirector@sisthai.com</a>

## Head Office Location

Head Office has a total area of 3,300 square meters, located at No. 9, Pakin Building, 9<sup>th</sup> 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](mailto:sis@sisthai.com)



Head Office at Pakin Building



**ที่ตั้ง Address** เลขที่ 9 อาคารที่ 9 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



## Service Centers in Bangkok and other provinces

Chiangmai Branch



SIS

SIS Chiangmai

Info

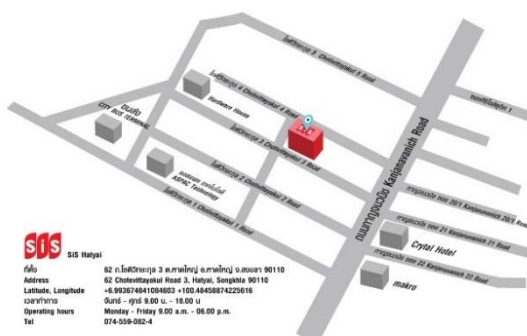
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Latitude, Longitude

Operating hours

Tel

Hadyai Branch



SIS

SIS Hadyai

Info


Address

Latitude, Longitude

Operating hours

Tel

Khonkaen Branch



SIS

SIS Khonkaen

Info

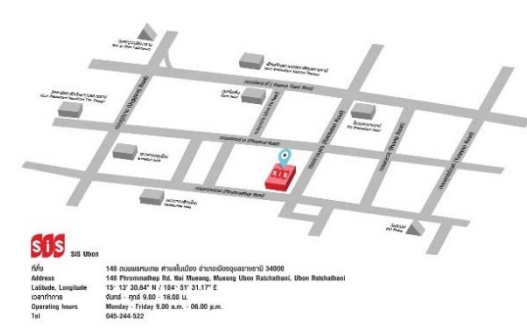
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Operating hours

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Ubonratchathani Branch



SIS

SIS Ubon

Info


Address

Latitude, Longitude

Operating hours

Tel

Phuket Branch



SIS

SIS Phuket

Info

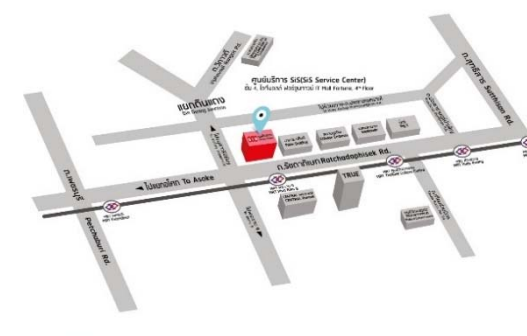
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Service Center - Fortune Town



SIS

Info

Address

Info


Service Center - Romklat

เส้นทางเดินทาง

การเดินทางจากท่าอากาศยาน

การเดินทางจากถนนสุขุมวิท

การเดินทางจากถนนพหลโยธิน



> ศูนย์บริการ เอสไอเอส (สำนักงานใหญ่)

> ศูนย์บริการ เอสไอเอส (สาขา)

## Main Warehouse

The Company has main warehouse with a total area of 12,125 square meters which is managed by SAP ECC6 warehouse management program. To eliminate errors or mistakes in delivering, barcode and serial number of all products will be scanned to verify with customer orders before delivery to ensure that customers will properly receive product as ordered. Also, the IP Cameras have been set up in order to maintain security and investigate back in case of any failure caused.



## เส้นทางการเดินทาง

📍 การเดินทางมาจากลาดกระบัง

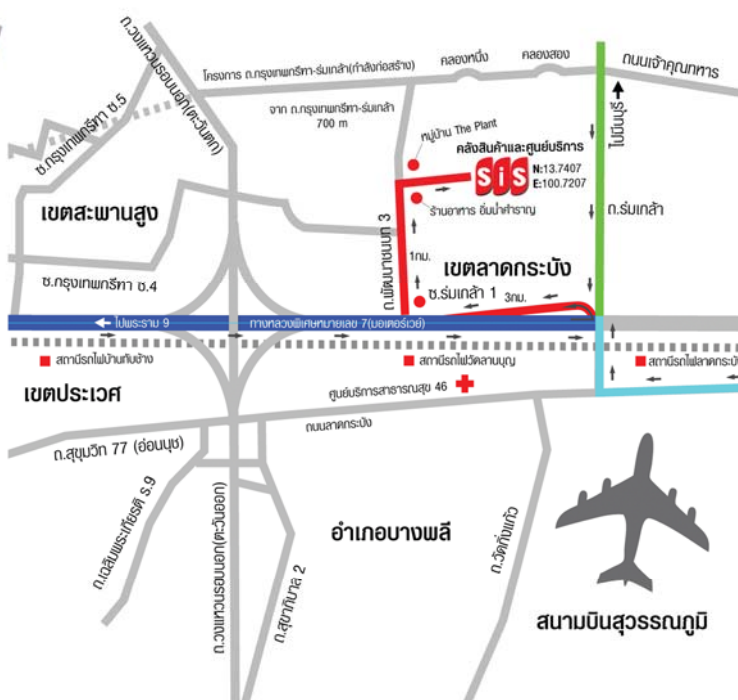
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 การเดินทางมาจากนีนบุรี

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📍 การเดินทางมาจากถนนพระรามเก้า

ปีงบประมาณแบบรวมรายได้ หรือปีงบการเงินแบบรวมรายได้  
แล้วเข้าข้ามแบบสองครั้งด้วย ปีงบการเงินไทยรวม ปีงบประมาณ 12 ก.ม.  
ให้เป็นหนึ่งเดียว จะรวมภาษีเงินได้ของเอกชนกับรายได้ ภาษีเงิน  
ทางภาษีอากรเข้ามาเป็นสองบรรทัด (แต่ถ้าเคยใช้ให้เข้าเป็นปีงบสมัย  
สองครั้งแล้ว) แล้วออกงบการเงินหลัก หรืองบสาธารณะ-ย่อยหนึ่ง  
ปีแยกออกจากรวมงบหลัก จะพบรายละเอียด ที่ไม่ใช่อย่างสามรายการ  
แล้วขึ้นตรงต่อไปให้รู้ๆ เสียความหมายของรายได้ ประมาณ 3 ก.ม.  
แล้วพบภาษียกย่องรายได้ SIS แล้ว The Plant แล้วให้คิดว่า เพื่ออะไรของเขา  
เข้าข้ามแบบสองครั้ง 2 ปีตรงไปประมาณ 1 ก.ม. เข้ากับหลักสิทธิ  
อยู่ยาวถือว่ากว่าอำนาจการขึ้นค่าจ้างกับทุนกับ The Plant  
Income 1



➢ ศูนย์บริการ เอสไอเอส (สำนักงานใหญ่)

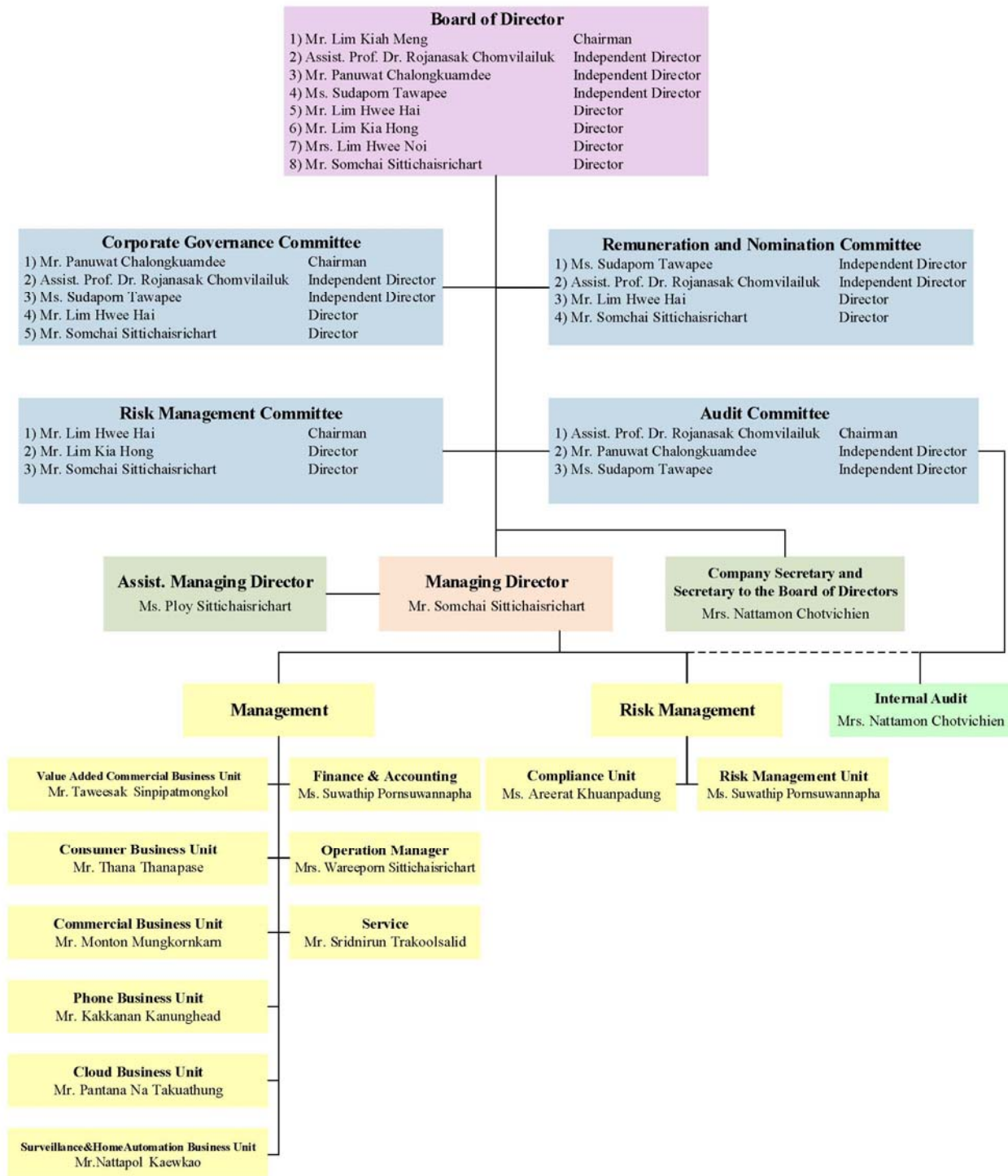
ที่ตั้ง : 88/6-7 ถนนพหลโยธินเลขที่ 3 แขวงคลองสองต้นนุ่น  
เขตลาดกระบัง กรุงเทพฯ 10520  
โทรศัพท์ : 02-020-3001, 3012, 3013, 3014, 3017  
แฟกซ์ : 02-020-3299

➔ คลังสินค้า SIS ใหม่

ที่ตั้ง : 88/6-7 ถนนพัฒนาชนบท 3 แขวงคลองสองต้นนุ่น  
เขตลาดกระบัง กรุงเทพฯ 10520  
โทรศัพท์ : 02-020-3007



## 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 67 Years    Nationality Singapore

### Position

- Chairman

### Type of Director

- Non – Executive Director

### Date and Number of Year of Directorship

- 26 April 2013 - 8 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 20)

- 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 71 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 – 20 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 20)

- 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 64 Years Nationality Singapore

### Position

- Risk Management Committee

### Type of Director

- Non – Executive Director

### Date and Number of Year of Directorship

- 12 June 2000 - 20 Years

### Education

- Bachelor of Business Administration, University of Washington, USA

### Training from IOD

- Director Accreditation Program (DAP)

### Shareholding (31 Dec 20)

- 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 71 Years    Nationality Singapore

### Position

- Authorized Director

### Type of Director

- Non – Executive Director

### Date and Number of Year of Directorship

- 15 December 2017 – 3 Years

### Education

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

### Training from IOD

- Director Accreditation Program (DAP)

### Shareholding (31 Dec 20)

- 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 59 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 – 17 Years

### Education

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

### Training from IOD

- Strengthening Good Corporate Governance
- 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
- Slow down? And what will that mean for Thailand?
- 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

### Shareholding (31 Dec 20)

- 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
2004 – Present	Lecturer, Faculty of Business Administration, The University of the Thai Chamber of Commerce



## Mr. Panuwat Chalongkumdee

Age 39 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 – 3 Years

### Education

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

### Training from IOD

- Directors Accreditation Program (DAP)

### Training

- Arbitrators : Thailand Arbitration Center
- Chairman Forum 2020 : Successful Corporate Culture Change from Policy to Practices

### Shareholding (31 Dec 20)

- 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

2021 – Present Partner at SRPP Law Co., Ltd.

2016 – 2020 Partner at Weerawong, Chinnavat & Partners

2012 – 2015 Associate at Weerawong, Chinnavat & Peangpanor

2004 – 2012 Associate at Clifford Chance (Thailand)





## Ms. Sudaporn Tawapee

Age 50 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 – 2 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

- BCNP 9/2020
- Directors Certification Program (DCP)

### Training

- กรณีศึกษาเรื่องของการทุจริตของ Carillion PLC
- การตรวจสอบบัญชีโดยใช้เทคนิค Data Analytics
- การทำความเข้าใจหลักการและปัญหาจากการปฏิบัติงาน TFRS
- ประเด็นปัญหาในการปฏิบัติงานและข้อบกพร่องที่พบบ่อยในการสอบบัญชี รวมทั้งกรณีศึกษาเรื่องการทุจริต การตกแต่งบัญชีของบริษัททั่วโลกที่เกิดขึ้นในปัจจุบัน
- สรุปเนื้อหาและกรณีศึกษา TFRS15
- ทำความเข้าใจหลักการพื้นฐานของ TFRS9 (Fundamental of TFRS9) สำหรับทั้งกลุ่มสถาบันการเงิน และกลุ่มที่ไม่ใช่สถาบันการเงินรุ่นที่ 4/62
- ประเด็นที่ผู้สอบบัญชีต้องพิจารณาในการปฏิบัติตามมาตรฐานการรายงานทางการเงิน TFRS9, TFRS15 และประเด็นปัญหาการปฏิบัติงานสอบบัญชีที่พบบ่อยของบริษัทจดทะเบียนที่ผ่านมาสิ้นสุดไตรมาส 2 ปี 2562

### Shareholding (31 Dec 20)

- 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 61 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 - 22 Years

### Education

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

### Training from IOD

- Independent Director Forum : "Inside CEO Succession : Essential Guide for Board"
- 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 20)

- 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.

### 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 51 Years Nationality Thai

### Position

- Financial Controller

### Education

- Master of Accounting, Chulalongkorn University

### Training

- แนวทางการจัดทำรายงานทางการเงิน ของบริษัทที่ได้รับผลกระทบจากเหตุการณ์ COVID-19 และ Financial Management for Listed Companies หลักสูตร “กลยุทธ์บริหารการเงิน เพื่อพลิกฟื้นองค์กรและสร้างการเติบโตในยุค New Normal”
- 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 20)

- 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 61 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 20)

- None

### Working Experience

1999 – Present Operation Manager, SiS Distribution (Thailand) PCL.

1994 – 1999 MIS Manager, M & V Technologies Co., Ltd.

## Ms. Ploy Sittichaisrichart

Age 34 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 20)

- 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 59 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 20)

- None

### Working Experience

2008 – Present	General Manager Consumer Business Unit, SiS Distribution (Thailand) PCL
2005 – 2008	General Manager, Thai Samsung Electronics Co., Ltd.
1996 – 2005	Consumer Sales Manager, Hewlett Packard (Thailand) Co., Ltd.





## Mr. Monton Mungkornkarn

Age 57 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 20)

- 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 59 Years Nationality Thai

### Position

- General Manager of Phone Business Unit

### Education

- Bachelor of Education, Silpakorn University

### Shareholding (31 Dec 20)

- 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 44 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 20)

- 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 36 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

- Machine Learning with TensorFlow on Google Cloud Platform
- The Frontline Leader: John Robert Powers

### Shareholding (31 Dec 20)

- 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 37 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 20)

- 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 36 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 20)

- 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 2020, Directors, Management and Company Secretary bought and sold their securities as follows:

### Directors

Name	No. of shares (Units) As of January 1, 2020	No. of shares (Units) Acquisition during 2020	No. of shares (Units) Disposition during 2020	No. of shares (Units) As of December 31, 2020
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

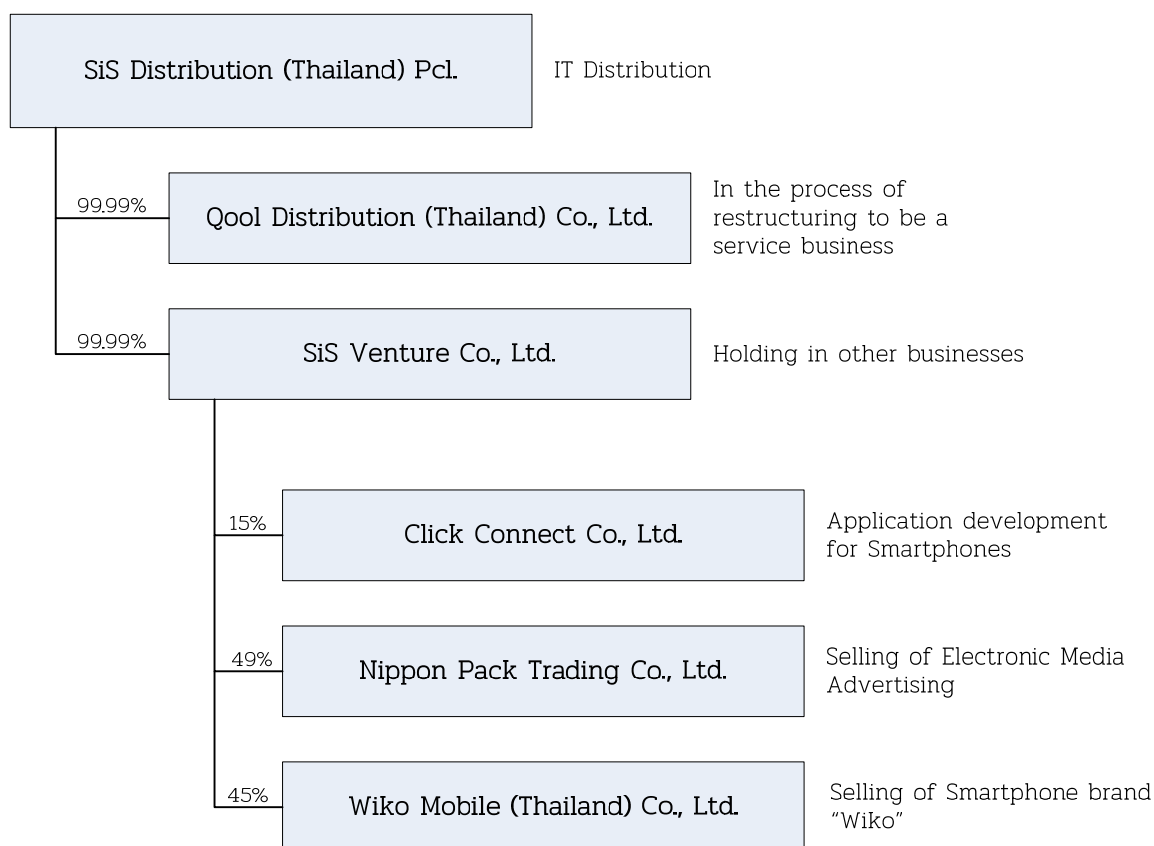
Name	No. of shares (Units) As of January 1, 2020	No. of shares (Units) Acquisition during 2020	No. of shares (Units) Disposition during 2020	No. of shares (Units) As of December 31, 2020
Ms.Suwathip Pornsuwannapha	758,096	-	-	758,096
Mrs.Wareeporn Sittichaisrichart	-	-	-	-
Ms.Ploy Sittichaisrichart	-	-	-	-
Mr.Thana Thanapase	-	-	-	-
Mr.Monton Mungkornkarn	-	-	-	-
Mr.Kakkanan Karnunghead	-	-	-	-
Mr.Taweesak Sinpipatmongkol	-	-	-	-
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	Hold by
Qool Distribution (Thailand) Co., Ltd.	In the process of restructuring to be a service business	99.99%	SiS Distribution (Thailand) PCL.
SiS Venture Co., Ltd.	Holding in companies that are continually connected to the company's core business	99.99%	SiS Distribution (Thailand) PCL.
Click Connect Co., Ltd.	Application development for Smartphones	15%	SiS Venture Co., Ltd.
Nippon Pack Trading Co., Ltd.	Selling of Electronic Media Advertising	49%	SiS Venture Co., Ltd.
Wiko Mobile (Thailand) Co., Ltd.	Selling of Smartphones under the Wiko trademark	45%	SiS Venture Co., Ltd.

The illustration of the relationship of subsidiaries and related companies





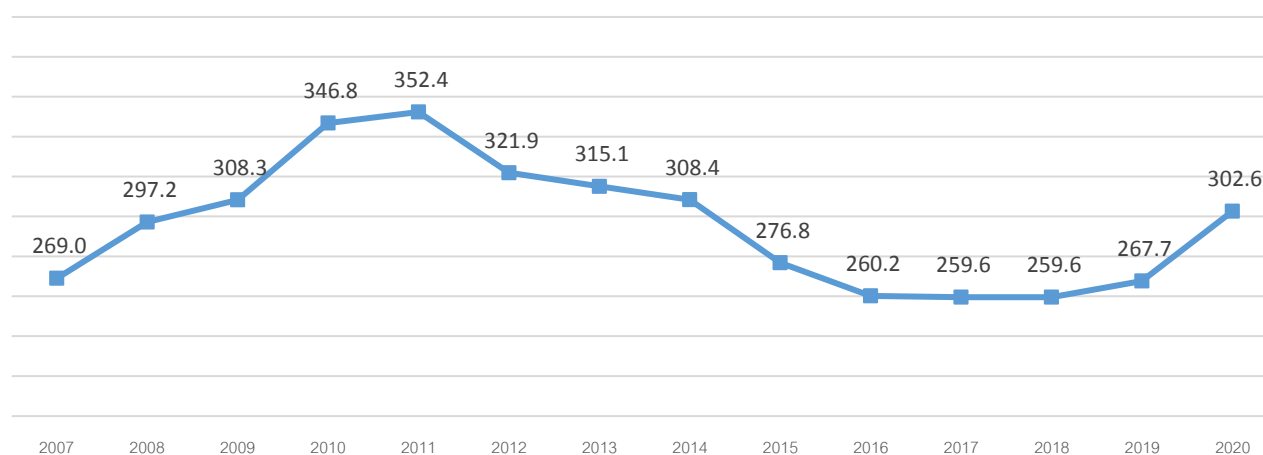
## IT Outlook

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 the previous year are as follows:

### PC Market

International Data Corporation (IDC), a leading research company reported a global survey on the PC market for the year of 2020 that PC shipments came to 302.6 million units, showing 13.1% growth over the previous year. This was one of the notable beneficiaries of the COVID-19 epidemic lockdowns, the need for personal computers increased as people were forced to work from home to reduce travelling, students transitioned to remote learning, etc. With the tremendous demand, PC and device makes cannot produce enough and this caused product shortages in the year 2020.

### Worldwide PC Shipment (Million Units)



The market share of each PC manufacturer in 2020 are as follows: ('000 units). The Company is a distributor of 4 manufacturers as Lenovo, HP, Dell and Acer.

Units : thousands

Company	2020 Shipment	2020 Market Share	2019 Shipment	2019 Market Share	2020/2019 Growth
1. Lenovo	72,669	24.0%	64,855	24.2%	12.0%
2. HP Inc.	67,646	22.4%	62,935	23.5%	7.5%
3. Dell	50,298	16.6%	46,546	17.4%	8.1%
4. Apple	23,102	7.6%	17,894	6.7%	29.1%
5. Acer	20,989	6.9%	17,080	6.4%	22.9%
Others	67,901	22.4%	58,357	21.8%	16.4%
Total	302,605	100.0%	267,667	100.0%	13.1%

## Smartphone Market

The report produced by IDC suggested that the global smartphone market in 2020 was the size of 1,292.2 million devices, declined 5.9% compared to last year. This was receding for the fourth consecutive year which represented the saturation of the market.

### Worldwide Smartphone Shipment (Million Units)

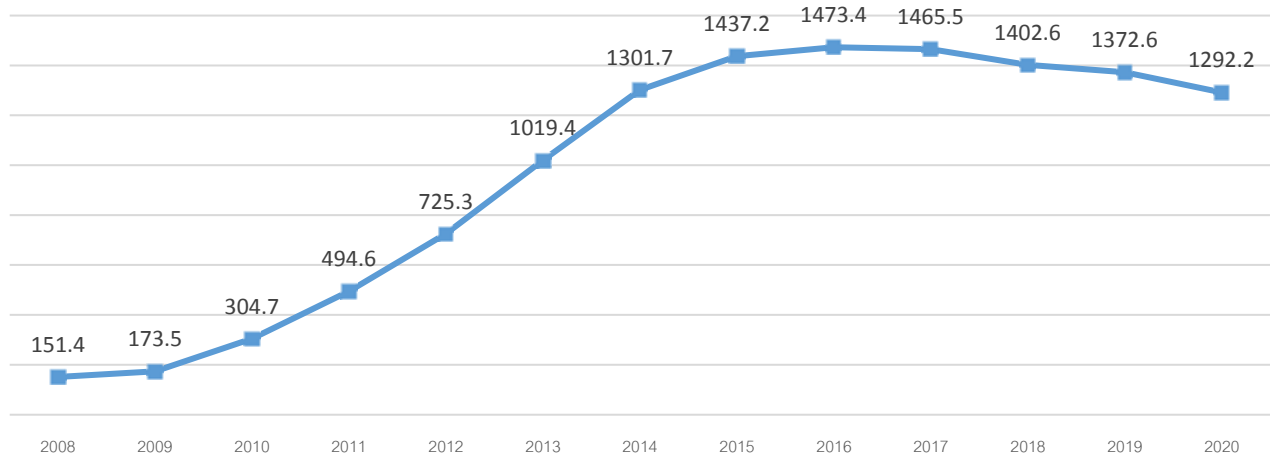


Table of Worldwide Shipments, Market Share, and YoY Growth from Smartphone Companies reported by IDC. The Company is a distributor of Samsung and Xiaomi.

Units : Million

Vendor	2020 Shipment	2020 Market Share	2019 Shipment	2019 Market Share	2020/2019 Growth
Samsung	266.7	20.6%	295.8	21.6%	-9.8%
Apple	206.1	15.9%	191.0	13.9%	7.9%
Huawei	189.0	14.6%	240.6	17.5%	-21.5%
Xiaomi	147.8	11.4%	125.6	9.2%	17.6%
vivo	111.7	8.6%	110.1	8.0%	1.5%
Others	371.0	28.7%	409.5	29.8%	-9.4%
<b>Total</b>	<b>1,292.2</b>	<b>100.0%</b>	<b>1,372.6</b>	<b>100.0%</b>	<b>-5.9%</b>

## Tablet Market

In 2020, IDC reported that 164.1 million tablets were shipped, up 13.6% from 2019 shipments. The global tablet market returned to growth after a five-year consecutive drop in shipments, facilitated by the COVID-19 pandemic, which made people more likely to reduce travelling and caused various devices that enhances the ability of long distancing communication or distance learning increased popularity.

## Worldwide Tablet Shipment (Million Units)

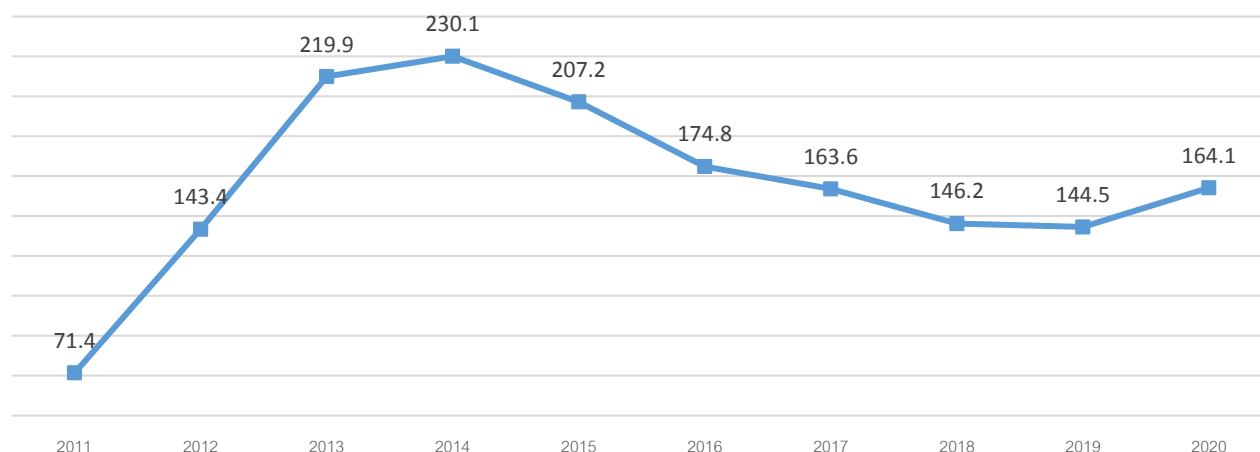


Table of Worldwide Shipments, Market Share, and YoY Growth from Tablet Companies reported by IDC. The Company is a distributor of Samsung and Lenovo.

Units : Million

Vendor	2020 Unit Shipments	2020 Market Share	2019 Shipments	2019 Market Share	2020/2019 Growth
1. Apple	53.2	32.5%	49.9	34.6%	6.7%
2. Samsung	31.3	19.1%	21.7	15.0%	44.4%
3. Huawei	16.0	9.8%	14.8	10.2%	8.5%
4. Lenovo	14.1	8.6%	8.5	5.9%	66.4%
5. Amazon.com	14.0	8.5%	13.0	9.0%	7.5%
Others	35.5	21.6%	36.7	25.4%	-3.2%
<b>Total</b>	<b>164.1</b>	<b>100.0%</b>	<b>144.5</b>	<b>100.0%</b>	<b>13.6%</b>

## Business Characteristics, Competition and Market Share

### Business Characteristics

Main business of the Company is to introduce technology to Thai Market by cooperating with 120 technology companies to distribute products and services to approximately 7,000 customers who will then distribute products and services to individual, corporate and government institutes.

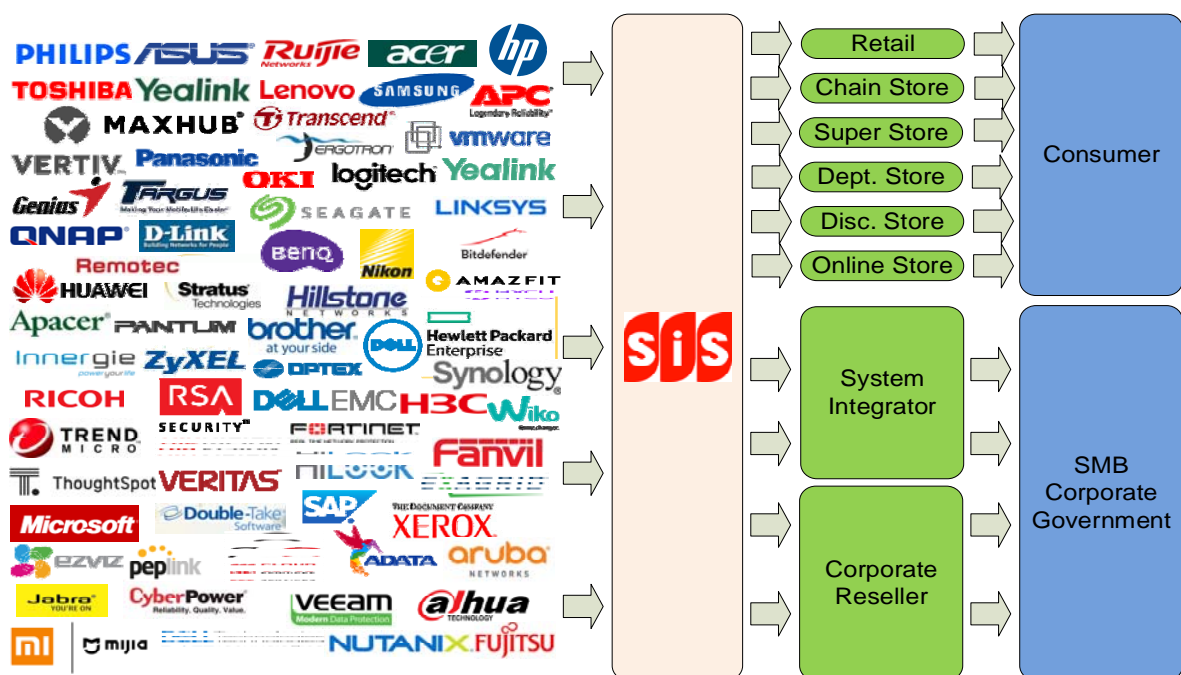
Products/Services are in the Information Technology (IT) group, covering several categories as follows:

- 1) Products/Services for personal/ household use such as Computers, Printers, Tablets and Software
- 2) Products/Services for business use such as Computer Servers, Networking Systems, Data Storage Systems and Software
- 3) Products/Services for Data Center use such as Private Cloud, Large Data Storage Systems, Security Systems and Data Back-Up System
- 4) CCTV and Photo Storage Devices
- 5) VDO Conference and Display
- 6) Smartphone
- 7) Cloud Service - server/storage/platform

Top 10 sales in 2020 came from Asus, Acer, Brother, Dell, HPI, HPE, Lenovo, Samsung, Wiko, Xiaomi (in alphabetical order)

All customers who will then resell the products/services can be categorized into 2 groups as follows:

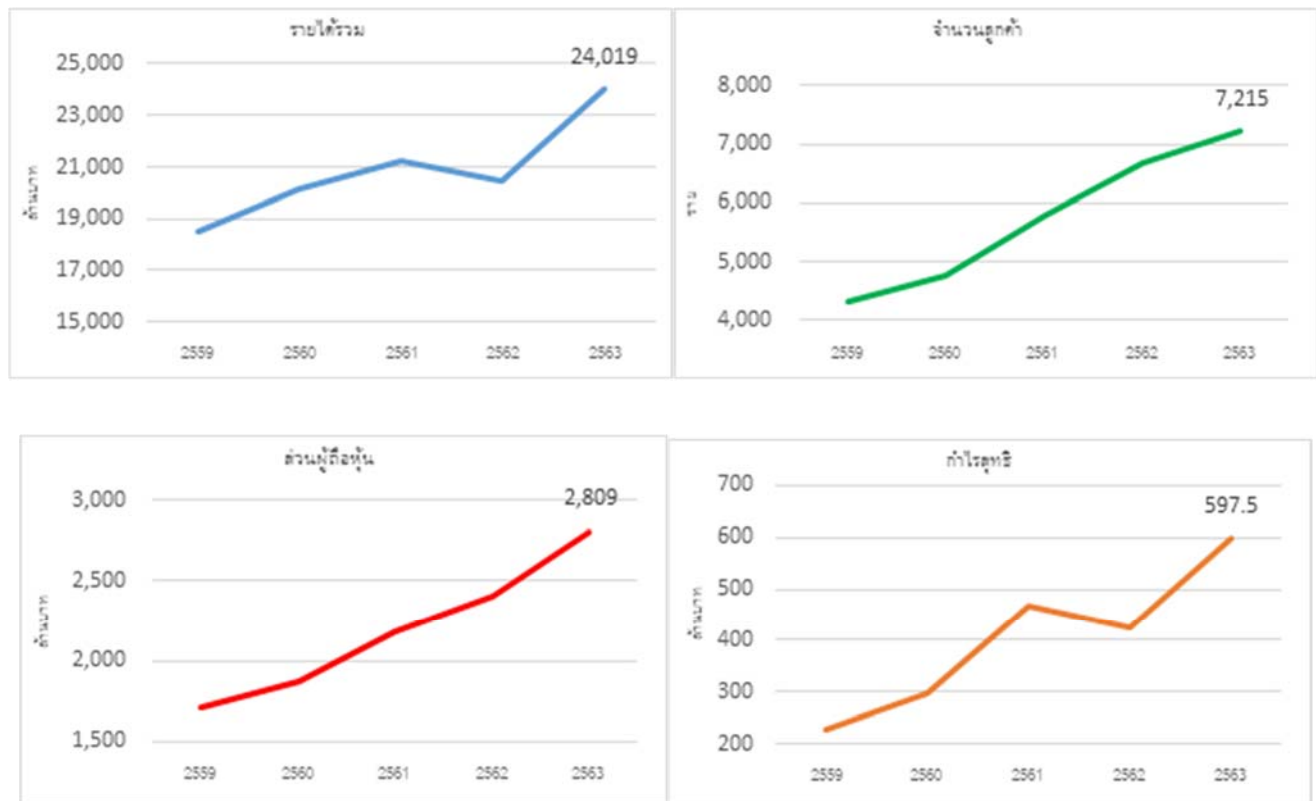
- 1) Those who resell to personal, household and small companies e.g. both small and large retail shop such as Advice IT, Infinit, Com7, Power Buy, J.I.B, IT City, as well as online shop such as Lazada, Shopee, JD Central, etc.
- 2) Those who resell to corporate such as Metro Systems Corporation Plc., Data Pro Computer Systems Co., Ltd., Yip In Soi Co., Ltd., 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 7,215 customers served in 2020, 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 100 brands and has consistently been approached by new manufacturers to be their distributor together with development of its services to serve customer needs such as Cyber Security System, Private Cloud System, server/storage SiS Cloud Service. The availability of various products and solutions will support operator to provide better services and help the Company to get more customers.

In 2020, the Company has been a distributor of new products from many manufacturers such as



Smart watch and bands for athletes and health lovers



Smart car electronics devices



Communication and Video Conferencing Solutions from USA



No.2 CCTV manufacturer in China



Electric Appliance manufacturer from China



IP Phone manufacturer from China



Smart IoT for consumers from China





Cyber security for data center from Israel



### 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 2017-2020, 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 2020 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 2019, 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 SiS
2552	13,490	11,886	8,386	3,677	13,950	51,389	27.10%
2553	15,662	14,196	8,095	4,543	16,584	59,081	28.10%
2554	20,269	16,352	8,926	5,354	22,713	73,612	30.90%
2555	20,669	18,826	8,516	5,303	22,091	75,406	29.30%
2556	18,816	17,997	8,889	5,536	18,345	69,583	26.40%
2557	19,092	17,801	8,537	5,735	18,593	69,757	26.70%
2558	21,671	16,903	9,218	5,828	18,121	71,740	25.30%
2559	23,950	18,185	9,284	5,441	18,498	75,357	24.50%
2560	32,624	18,824	10,584	5,263	20,191	87,485	23.10%
2561	38,330	23,315	11,258	4,624	21,223	98,748	21.49%
2562	35,028	25,139	9,996	4,258	20,445	94,866	21.55%

## Milestones of Operation in 2020

### Seminars and Events

Throughout 2020, the Company held events and seminars for both dealers in Bangkok and Provinces. These were some pictures from events as follows:



SiS Cloud with Fortinet- Next Generation Security : Grand Center Point Hotel - 22 January 2020



Transformer smart solution in new normal : Marriot marquis Prompong - 18 September 2020



SiS Private Cloud x Nutanix : Grand Mercure Bangkok Fortune Hotel - 27 August 2020





Meeting room & Video conference Solution live : Pearl Hotel at Phuket - 29 October 2020



Selling Network & Security by SiS : Sunee Grand Hotel at Ubonratchathani - 23 October 2020

## Some of awards and Assessments of the year 2020

### 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 for the year of 2020 (CGR 2020) that surveyed and followed up on the development of corporate governance of listed companies in Thailand by using assessment criteria of good corporate governance principles development from the Organization for Economic Cooperation and Development (OECD). In 2020, the Company was one of 240 listed companies that rated as “Excellent” from 692 companies assessed.



### The Arrangement of the Annual General Meeting of Shareholders

The Company received the quality assessment of the 2020 annual general meeting of shareholders from the Thai Investors Association at level 4 TIA with a score in the range of 90-99 from a full score of 100.



### ISO/IEC 27001:2013 Certification

The Company has been certified that SiS Cloud Services comply with ISO/IEC 27001:2013 which is a standard on how to manage information security (Information Security Management System) and to assure customers who use SiS Cloud Service that SiS Cloud Service Systems are maintained in accordance with ISO/IEC 27001:2013





Awards from Suppliers

In 2020, the Company received many Suppliers’ awards which some of the awards were as follows:



The Best Distributor FY2020  
Storage Product Group  
Dell Technologies



Top South ASIA Distributor  
FY2020  
Dell Technologies



KNOX Configure  
Outstanding  
Samsung



Top Opened Channel  
Samsung



Distributor Award  
Veritas



Outstanding Performance  
Distributor  
HPE Aruba

## Revenue Structure

The Company has divided its business by type of products/services into business units. Each business unit is managed like a subsidiary by having General Manager as a leader in the management. In 2020, the results were reported in 4 main business units and the remaining smaller business unit were reported under "others". Main products in each business units are as follows:

### Commercial Business Unit

These are IT products/services used in business. The distribution channels are corporate reseller such as Server, Storage, PC, Networking, Printer. This product group will grow along with the business expansion.



Server/Storage (HPE, Dell, Lenovo, Qnap, Synology)



Desktop PC (HPI, Lenovo, Dell, Acer)



Notebook PC (HPI, Lenovo, Dell, Acer)



Networking (HPE, D-Link, Zyxel)



Printer/Scanner (Fujitsu, Oki)



UPS (APC, CyberPower, Vertiv)

### Consumer Business Unit

These are IT products which are used in personal, household and small enterprises. The main distribution channel is Retail Dealer. The major product categories are PC, Printer, Monitor, Networking, IoT/New Lifestyle, etc.



Home PC (Asus, Acer, HPI, Lenovo)



Printer (HPI, Brother)



Monitor (Samsung, Acer, Philips, BenQ)



Networking (LinkSys, D-Link, Asus, Zyxel, Tenda)

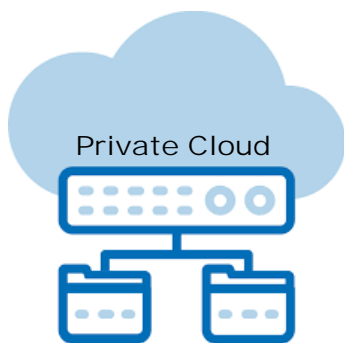


IoT/New Lifestyle Product (Xiaomi, Amazfit, 70Mai, Jisulife, etc.)



## Value Added Business Unit

These are product group that related to a new technology system and required both pre-sales and after sales services. These systems are often used in Data Center to improve its efficiency and can be used with new applications to be safe and stable.



*Private Cloud (Nutanix, HPE, Vmware)*



*Cyber Security (Fortinet, Trend Micro, RSA, Radware, Bitdefender, Sonicwall)*



*Backup Solution (Veeam, Veritas, Nakivo, Dell)*



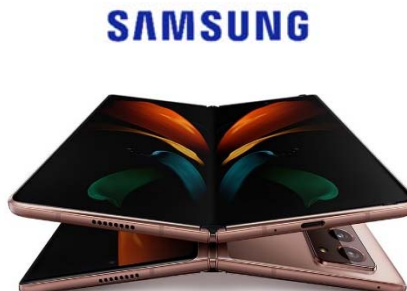
*Storage System (Dell, HPE)*



*Networking (Aruba, Arista, Dell, H3C)*

## Phone Business Unit

These products are Smartphone brand Samsung, Wiko and Xiaomi



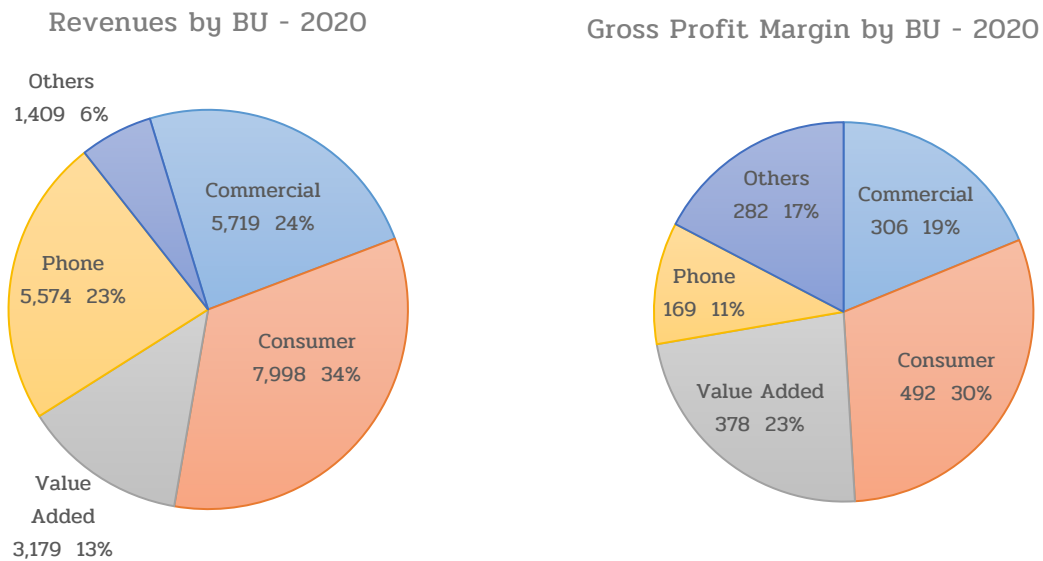
## Others

This is a business unit that handles new products such as CCTV, Smart Home, SiS Cloud Service, e-meeting devices, subscription software/service, etc.



## Revenues and Gross Profit by Business Unit

Graph showing 2020 revenues and gross profit margin by business unit are as follows:



Consumer had the highest revenue at 34% (7,998 Million Baht), followed by Commercial at 24% (5,719 Million Baht)

Consumer had the highest gross profit margin at 30% (492 Million Baht), followed by Value Added at 23% (378 Million Baht)

Below is table showing revenue and gross profit margin by business unit comparing the year 2020 and 2019. In general, Revenues and Gross Profit Margin of the Company grew by 17% and 19.9% respectively. Revenue from Commercial decreased by 8.1% due to product shortage while revenue from Value Added grew due to an increase in the market demand for Cyber Security and Private Cloud. Phone had higher revenue because the Company has appointed from Xiaomi to be distributor which its product focused on worth and affordable price models that was a reason for Xiaomi to be successful in Thai Market and resulting in a huge increase in Phone sales.

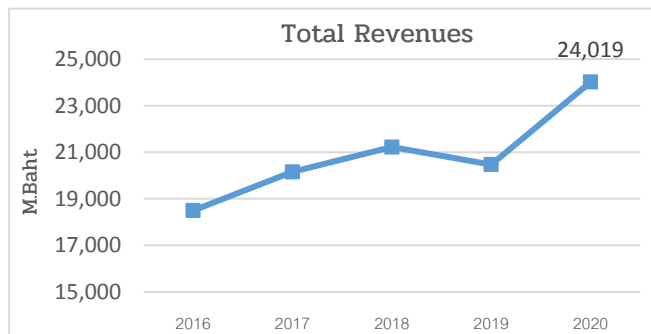
Business Unit	2020			2019			2020 vs 2019	
	Revenue	GP	% GP	Revenue	GP	% GP	Revenue	GP
Commercial	5,719	306	5.4%	6,221	317	5.1%	-8.1%	-3.5%
Consumer	7,998	492	6.2%	8,011	325	4.1%	-0.2%	51.4%
Value Added	3,179	378	11.9%	2,157	309	14.3%	47.4%	22.3%
Phone	5,574	169	3.0%	2,891	120	4.2%	92.8%	40.8%
Others	1,409	282	20.0%	1,112	286	25.7%	26.7%	-1.4%
<b>Total</b>	<b>23,851</b>	<b>1,627</b>	<b>6.8%</b>	<b>20,392</b>	<b>1,357</b>	<b>6.7%</b>	<b>17.0%</b>	<b>19.9%</b>

## Management Discussion and Analysis

### Working Capital and Financial Position at the beginning of 2020

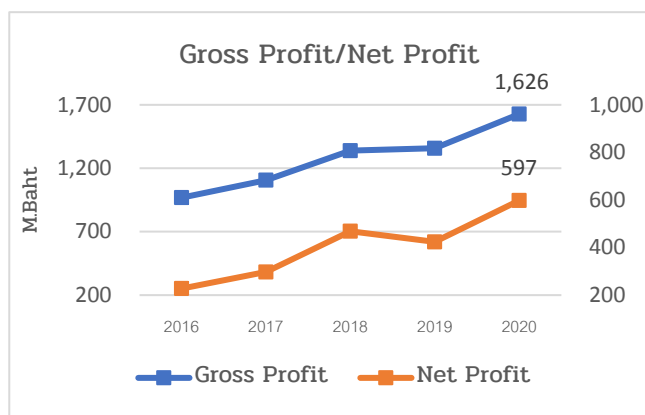
The Company has started to operate its business from the beginning of 2020 with three main capital structures as a working capital as follows: 1) Shareholder's equity of 2,401 Million Baht 2) Loans from financial institutions of 2,166 Million Baht and 3) Credit given by Trade and Other Accounts Payable of 2,447 Million Baht. Most of funds were used into two areas as follows: 1) Credit granted to customer and other receivables of 3,322 Million Baht and 2) Purchasing goods for sale by having inventories on hand of 2,827 Million Baht.

### Operating Performance for 2020



Total revenues of the Company was 24,019 Million Baht, an increase of 3,548 Million Baht (or 17.3%) from the previous year. The increase mainly came from 2 business unit as follows: 1) Phone Revenue grew 2,683 Million Baht (or 92.8%) from new brand - Xiaomi that the Company started to sell at the end of 2019 and 2) Value Added Revenue grew 1,022 Million Baht (or 47.4%) from Cyber Security Solution and Private Cloud that has increased in more popularity.

### Operating Profit



Gross profit from sales and services of the Company was 1,626 Million Baht, an increase of 269 Million Baht from 2019 (or 19.8%) in line with revenue increase. As a result, the Company had a net profit of 597 Million Baht, an increase of 174 Million Baht (or 41.1%) compared to the previous year.

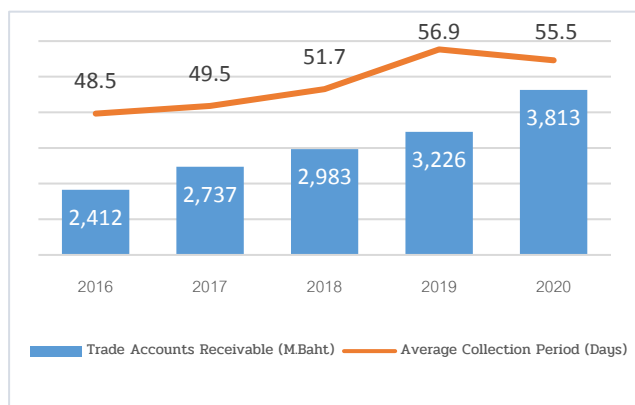
**Remark :** Gross Profit = Sales and Services – Cost of goods sold – Cost of services

### Working Capital and Financial Position at the end of 2020

At the end of year 2020, three main capital structure were as follows: 1) Shareholders' equity of 2,809 Million Baht 2) Loans from financial institutions of 1,612 ล้านบาท and 3) Credit given by Trade and Other Accounts Payable of 2,922 Million Baht. Most of funds were used into two areas as follows: 1) Credit granted to customer and other receivables of 3,867 Million Baht and 2) Inventories of 2,245 Million Baht.

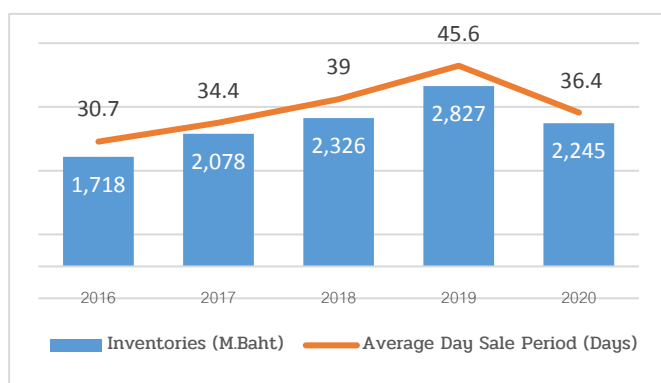


## Trade Accounts Receivable



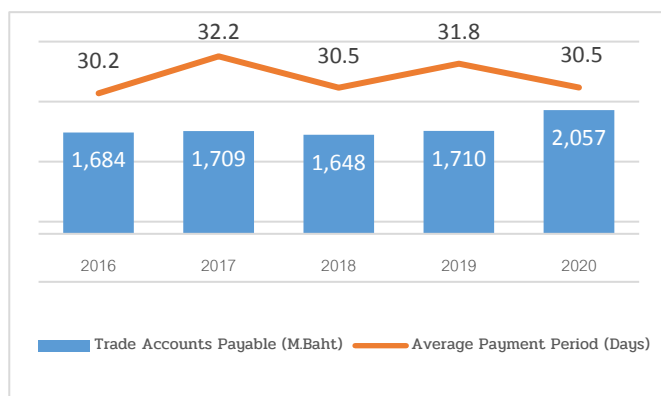
Trade Accounts Receivable was 3,813 Million Baht, an increase in line with total revenues. Average Collection Period was 55.5 days. Credit given to customers is one of the essential part of services apart from sourcing and promoting the use of technology. Financial supporting to customers is an integral part to promote the use of technology in Thailand.

## Inventories



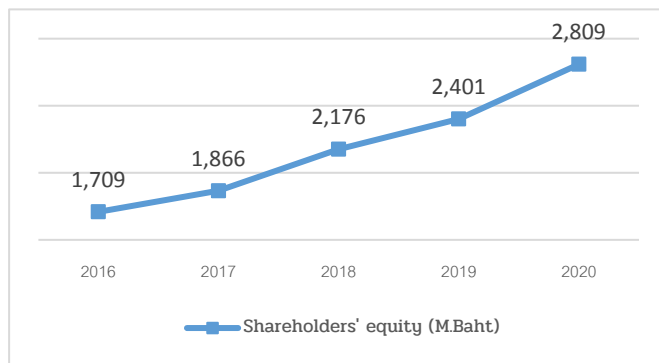
Inventories decreased from 2,827 Million Baht in 2019 to 2,245 Million Baht in 2020, or 582 Million Baht (20.6%). Average Day Sales Period was 36.4 days. Inventories declined caused by products shortage because demand for certain products increased during the epidemic such as Computer, Tablet, supplies shortage from US-China Trade War, including the impact of Covid-19 on production chain and on the transition to new technology that caused production was not smooth, etc.

## Trade Accounts Payable



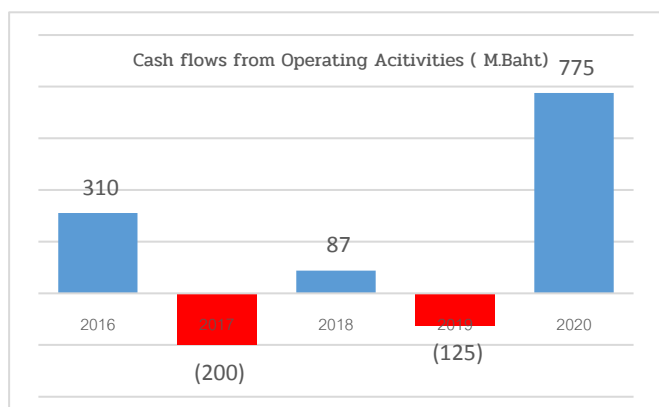
Trade Account Payable increased from 1,710 Million Baht to 2,057 Million Baht in line with revenues increase. But in term of Average Payment Period decreased from 31.8 days to 30.5 days. The Company had a policy to make payment to suppliers as agreed and strictly practice as part of the sustained growth approach.

## Shareholders' equity



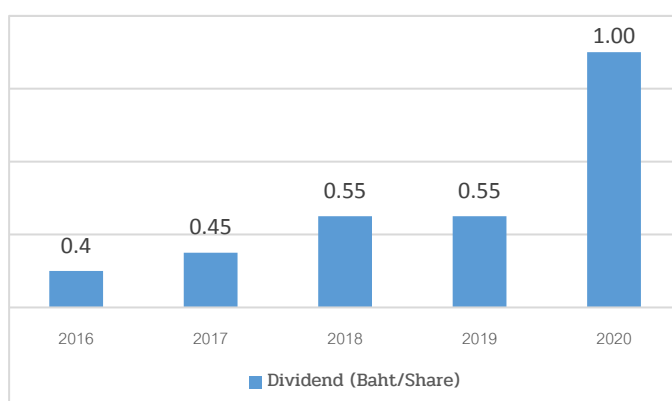
Shareholders' equity of the Company continuously increased to 2,809 Million Baht at the end of 2020 from a result of continued profit. After dividend payment, there was also an increase in shareholders' equity. This increased financial stability and able to invest in various projects to support business growth in the future.

## Cash flows from Operating Activities



Cash Cycle of the Company was 61.3 days and Cash flows from Operating Activities increased 775 Million Baht. The main items that increased cash flows from operating Activities was profit from operating activities 956 Million Baht. After changes in operating assets and liabilities, Net cash flows from operating activities increased 775 Million Baht.

## Dividend Payment



Basic earnings per share of the Company was 1.71 Baht. The Board of Directors' meeting approved to propose a dividend payment for the year 2020 from the total operating results at the rate of 1.00 Baht per share, an increase of 82%, then it will be proposed for approval from the Annual General Meeting of Shareholders for the year 2021.

If the dividend payment is approved by this Annual General Meeting of Shareholders, then the total dividend payment will be 350.2 Million Baht, equivalent to dividend payout of 58.61% or equivalent to 4.98% when compared with the closing price of February 25, 2021 (Baht 20.10) 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 and Mr.Somchai Sittichaisrichart as the members.

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 2020, 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 2020, 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.
- Review the critical risks together with dynamic environment which affected the company, covering in six areas; strategic risks, financial risks, operational risks, reputation risks, compliance risks and fraud and corruption risks.
- Consider and improve the enterprise risks management plan which emphasize on proactive actions plan.
- Monitor the enterprise risk management process to ensure effectiveness and compliance of the policies and strategies through the company.
- Prepare COSO ERM 2017 in order to adopt and replace COSO ERM 2013 to much more align with strategies.
- 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 year 2020 is affected by the risk of pandemic of the new respiratory disease or Covid-19. The Risk Management Committee and the risk management working team have closely monitor this risk and brought out the action plan to adopt immediately in order to ensure the effectiveness of risk mitigation. For this passing year with Covid-19, the company has been able to manage this risk both for business continuity and safety of employees.

Apart from this, the Risk Management Committee disclose the important risks that may affect business operation and all stakeholders in the Annual Report of the Company. Risk Management Committee 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. To conclude, 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, 2021



## 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 2020, 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 affect 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 technical consultancy solutions 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 200 customers in 2020.
- 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 2020. 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			
	2017	2018	2019	2020
Inventories (M. Baht)	2,078	2,326	2,837	2,245
Average Day Sale Period (Days)	34.4	39.0	45.6	36.4



- **Assignment of the Specialize Product Manager** The Company assigns Product Managers to manage its product from each vendors particularly in term of ordering, inventories management and marketing in order to having the expertise to their product. When a problem occurred, it can be resolved quickly. 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 this product manager and related person always receive the accurate inventory data.
- **Management** always focuses on the inventory management. Top executives have regularly conducted the meeting with Product Managers to review balance of inventories and inventories aging to consider the trend, change and set up the procedures to solve any issues rapidly. This can reduce the inventory loss. Besides, these strategies could be built as one of the Company's cultures in term of the inventory's 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 to manage different products effectively. Apart from the Business Units that focus on sales volume, the company has set up Value Added Business Units 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 helping 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. If 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

#### **Risk from Epidemic of Disease**

According to the rapid change of environment, technology and behaviors which leads to emerging diseases and become widespread pandemic for example, the pandemic of Covid-19 from the end of 2019 and continue to 2020. This very impacts to all sectors: government, private and public business, and households. However, the company has identified and implemented the actions plan to mitigate this risk once it happens. The examples of actions plan are followings:

- Provide Business continuity Plan in order to operate even there is obstacles to reach office.
- Evaluate and analyze demand in IT consumption to better manage supply chain.
- Assign BCP working team in order to monitor the Emergency decree.
- Prepare equipment for working from home or remote area.
- Prepare medical supplies to protect the pandemic for staffs and educate the good hygienic.
- Build rapid communication channel through the company for staffs.

### **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 many 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 setup 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 2020, the Company had a total of 6,000 shareholders. Top 20 shareholders held 82.7% of total as follows:

No.	Shareholders Name	Shareholding	% of Shares
1	SIS TECHNOLOGIES (THAILAND) PTE. LTD.	165,616,595	47.3%
2	Thai Alliance Co., Ltd.	58,893,875	16.8%
3	Mr.Chavalit Charaschotepinit	14,000,000	4.0%
4	Mr.Boonchai Tanchatchawal	5,910,800	1.7%
5	Mr.Chairat Tanchatchawal	5,336,000	1.5%
6	Thai NVDR Company Limited	4,897,317	1.4%
7	Mr.Vichien Srimuninnimit	4,522,000	1.3%
8	Mr.Pete Sittichaisrichart	4,430,000	1.3%
9	Synnex (Thailand) Public Company Limited	3,887,870	1.1%
10	Mrs.Ladda Tanchatchawal	3,646,800	1.0%
11	Miss Lamduan Suwannarat	3,472,000	1.0%
12	Mrs.Saowalak Juhong	2,377,500	0.7%
13	UBS AG LONDON BRANCH	2,322,910	0.7%
14	Mr.Yanyong Wongsawang	1,670,900	0.5%
15	Mrs.Anongnut Meksikarin	1,513,700	0.4%
16	Mr.Ekapol Kaew-ngam	1,484,000	0.4%
17	Mr.Pornchai Charupharada	1,450,000	0.4%
18	Mr.Nattapol Songsaicholchai	1,446,600	0.4%
19	Mr.Montri Changthongsiri	1,430,000	0.4%
20	Mr.Somsak Kusalangkulwat	1,324,700	0.4%
<b>Total Shares of Top 20 Shareholders</b>		<b>289,633,567</b>	<b>82.7%</b>
<b>Total Share of Free float</b>		<b>120,013,527</b>	<b>34.3%</b>
<b>Total Shares</b>		<b>350,198,655</b>	

### Remark :

Number of Free Float was calculated by using total shares deduct 6 shareholders holding 230,185,128 shares as follows:

Shareholders Name	Shareholding	Relation
SIS TECHNOLOGIES (THAILAND) PTE. LTD.	165,616,595	Same director as the Company
Thai Alliance Co., Ltd.	58,893,875	Same director as the Company
Mr.Pete Sittichaisrichart	4,430,000	Managing Director son
Ms.Suwathip Pornsuwannapha	758,096	Management
Mr.Lim Hwee Hai	244,687	Director
Mr.Lim Kia Hong	241,875	Director
<b>รวม</b>	<b>230,185,128</b>	

## 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 2020, 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 2020 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 2020 is set out in Annual Report 2020 individually. For remuneration policy of Board of Directors and Committees in 2020, the relevant schemes would be detailed in the Notice of Annual General Meeting of Shareholders.
- To consider the succession plan to ensure the continuity and sustainability, 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. This is to develop the new generation to be the middle management, including the determination the qualification of successors of all levels of management to further recruit the human resource both internally and externally to support the restructuring for the business in the future.
- In the year 2021, there will be 3 directors that are retired by rotation, namely Mr. Panuwat Chalongkuamdee, Mrs. Lim Hwee Noi and Mr. Lim Kiah Meng. 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 18 December 2020 to 31 January 2021 for the Board of Directors consideration and this will be proposed to the Annual General Meeting of Shareholders in 2021. 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 performs with fiduciary duties and independency and realize the importance in directors remuneration and nomination for the vital benefits to all stakeholders.



Miss Sudaporn Tawapee  
Chairman of Remuneration and Nomination Committee  
March 2, 2021





## 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 2020, the shareholders approved the total budget which is not over 8 Million Baht as the remuneration to directors. The actual payment was 6,129,091 Baht. Also, there will be proposed the remuneration of the year 2021 which is not over 8 Million Baht as same as last year to the Annual General Meeting of the Shareholders in 2021 in order to approve this budget.

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		165,000						597,000
Mr.Lim Kia Hong • Director • Risk Management Committee	216,000		110,000			22,000			348,000
Mr.Lim Hwee Hai • Director • Corporate Government Committee • Remuneration and Nomination Committee • Risk Management Committee	216,000		110,000		44,000	66,000	22,000		458,000
Mrs.Lim Hwee Noi • Director	216,000		110,000						326,000
Mr.Somchai Sittichaisrichart • Managing Director • Corporate Government Committee • Remuneration and Nomination Committee • Risk Management Committee			132,000		44,000	44,000	22,000		242,000
Asst.Prof.Dr.Rojanasak Chomvilailuk • Independent Director • Chairman of Audit Committee • Corporate Government Committee • Remuneration and Nomination Committee	216,000	390,000	132,000	120,000	44,000		22,000	545,697	1,469,697
Mr.Panuwat Chalongkuamdee • Independent Director • Audit Committee • Chairman of Corporate Government Committee	216,000	300,000	132,000	90,000			33,000	545,697	1,316,697
Ms.Sudaporn Tawapee • Independent Director • Audit Committee • Corporate Government Committee • Chairman of Remuneration and Nomination Committee	216,000	300,000	132,000	90,000	66,000		22,000	545,697	1,371,697

## 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 2020 was paid in form of salary, quarterly bonus and yearly bonus, totally 76.3 Million Baht. The list of Management were 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 of Consumer Business Unit
6. Mr. Kakkanan Kanunghead General Manager of Phone Business Unit
7. Mr. Monton Mungkornkarn General Manager of Commercial Business Unit
8. Mr. Pantana Na Takuathung General Manager of Cloud Business Unit
9. Mr. Nattapol Kaewkao General Manager of Surveillance & Home Automation Business Unit
10. Mr. Taweesak Sinpipatmongkol General Manager of Value Added Commercial Business Unit

## Management Provident Fund

The contribution of the Provident fund of management in the year of 2020 was 1.45 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
5 years up	Refund the employee contributions and 100% of company contributions together with benefits from the fund

## Employees

The Company employs precisely 762 employees (exclusion of Management), they are classified as the company's employees of 642 person and the remaining is outsourcing employees of 120 person. This can illustrate as the figure in the table below:

Department	Employee (Person)	Outsource (Person)	Total (Person)
Sales	276	63	339
Products/Marketing	125	1	126
Accounting/Finance/Credit	28	-	28
Logistic	30	49	79
Technical Support	90	-	90
Services	43	-	43
Others	50	7	57
Total	642	120	762

## Provident Fund of Employee

The contribution of the Provident fund of 642 employees in the year of 2020 was 6.78 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
5 years up	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, training and seminar to improve employee efficiency.

In 2020, the Company has 9 trainers as follows:

- 2 trainers focus on training to sales person for sales skills.
- 2 trainers focus on training to sales promoter at retail shop or modern trade to cover point of sales nationwide.
- 1 trainer focus on training to product person for basic skills.
- 4 trainers focus on training of product knowledge including product management to meet goals

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 arrange courses for supervisors who have just started as a supervisor to understand and be able to apply it effectively.

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 24.21 hours a year per person.



## Report from Corporate Governance Committee

### Dear Valued Shareholders

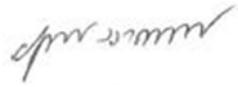
The Corporate Governance Committee is comprised of Mr. Panuwat Chalongkumdee as the Chairman of the Corporate Governance Committee, Mr. Lim Hwee Hai, Asst. Prof. Dr. Rojanasak Chomvilailuk, Ms. Sudaporn Tawapee and Mr. Somchai Sittichaisrichart as the Corporate Governance Committee members. They are 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 of the company.

In 2020, 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 2020, the committee has conducted 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 to ensure that the Company's operations 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. Promote the training for directors, especially the mandatory course for directors which held by IOD
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 2021 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 2020 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 4th 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.



Mr. Panuwat Chalongkumdee  
Chairman of Corporate Governance Committee  
March 2, 2021



## Corporate Governance

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

### Rights of Shareholders

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

- To operate efficiency and carefulness to maintain sustainable growth, promote good corporate culture and provide appropriate return of short term and long term investment. These are stated in one of the main objectives of the Company.
- Disclose material information which is necessary for decision transparently, clearly and timely on company's website and Stock Exchange of Thailand.
- Promote all shareholders, including institutional shareholders to attend the meeting. The invitation letter was posted in prior the meeting date more than 21 days and published on company's website more than 30 days. Also, the venue of the meeting is convenience and scheduled before the meeting date 2 months. In 2020, the company held the annual general meeting at Head Office 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 2020, 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](http://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.1/2020, all directors and Finance Controller and Company Secretary attend the meeting (4 foreign directors attend the meeting via a video conference because it is in the epidemic)
- In the Annual General Meeting of Shareholders No.1/2020, 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 2020 Annual General of Shareholders Meeting, the agenda was considered consequently without any changes. Also, there was no other extra agenda apart from mentioned in invitation letter to shareholders meeting.
- 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 2020 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](http://www.sisthai.com) to provide useful information. The Investors can send the suggestions or inquiries via email at [investorinfo@sisthai.com](mailto: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 follows:

- 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](mailto:investorinfo@sisthai.com)

For the 2021 Annual General Meeting of Shareholders, the company provides the opportunity for shareholders, including the institutional shareholders to propose the agenda of the meeting and the candidates to be elect to be directors between 18 December 2020 to 31 January 2021 which was disclosed on the company websites and SET. In this regard, the criteria for proposing the agenda of the meeting, One or several shareholders combined who have held shares for a period not less than 12 months from the date of holding such shares to the date of proposing the agenda of the meeting and not less than 3 percent of total shares with voting right, are able to propose via the Company secretary at the company registered address, 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 accordingly. If agenda proposed by the shareholder is approved, it will be recorded in the invitation letter to shareholders meeting and identified as the agenda proposed by the shareholders. But if not, the Board of directors will be clarified with reasons at the annual general meeting of shareholders. No shareholders proposed any agenda for the 2021 Annual General Meeting of Shareholders.

For nomination of persons to be elected as directors, the criteria is One or several shareholders combined who have held shares for a period not less than 12 months from the date of holding such shares to the date of nominating the person, and not less than 3 percent of total shares with voting right, are able to propose via the Company secretary at the company registered address, 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 Remuneration and Nomination Committee for primary consideration accordingly.

- 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 under menu Investor Relations and 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.

- All directors and managements are required to inform the purchase and sale of the company's securities to the Board of Directors 1 day in advance before trade date including notification to employees to stop the company's securities trading at the end of quarter and while the results have not yet been published to reduce the possibility in using inside information for trading. Moreover, It also required directors to be reported trading and holding the company's securities to the Board of Director meeting when changes.
- 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, such director will leave the meeting in that agenda in order to decision was made independently for the benefit of all shareholders equally.
- 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.
- 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.

## 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. Shareholder

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 2020, there were 5 times accidents with no injury or death.

Year	Number of Accident	Description
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.
2020	5	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. In addition, in the pandemic period of COVID-19, the Company has provided mask, hand sanitizer and alcohol to employees and campaign to wash their hands to create good hygiene to prevent and reduce the spread of virus.

- **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**

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.

- **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.

- **Covid-19 Insurance**

The company purchased Covid-19 Insurance for employees, including outsource employees which will offer the coverage since there is any positive detection in Covid-19.

- **Provident Fund**

The Company has continuously provided the provident funds for every employee since 2003, both the Company and employees contribute equally at 2% to 15% of basic salary to this scheme.

- **Personal Accident Insurance**

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

Year	Amount
2561	420.3 Million Baht
2562	451.5 Million Baht
2563	481.8 Million Baht

- **Employee Training and Development Programs**

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

- **Providing High Quality Office Equipment**

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.

- **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.

- **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.

- **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.

### **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.

#### **Electronic Bill Payment**

In order to reduce fuel usage, the Company provides electronic payment via internet by cooperates with 4 Banks that all customers are able to check outstanding invoices and choose dued invoice to pay. The Company encourages more customer to pay through this 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
	E-mail	companysecretary@sisthai.com
Independent Director	Tel:	02-020-3200
	E-mail	independentdirector@sisthai.com
Investor Relation	Tel:	02-020-3000
	E-mail	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](mailto: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 2020, by breaking down for each director.
- 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 Chalongkumdee	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

### **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:

<b>Director</b>	<b>Position</b>	<b>Skill and Experiences</b>
Mr. Lim Kiah Meng	Chairman	Technology/Business Administration
Assist. Prof. Dr. Rojanasak Chomvilailuk	Chairman of Audit Committee	Business Administration/ Marketing/ Accounting
Mr. Panuwat Chalongkumdee	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 (Independent Director) |
| 3. Ms. Sudaporn Tawapee                     | Audit Committee (Independent Director) |

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 | Member of Remuneration and Nomination       |
| (Independent director)                      |   |
| 3. Mr. Somchai Sittichaisrichart            | Member of Remuneration and Nomination       |
| (Managing director)                         |   |
| 4. Mr. Lim Hwee Hai                         | Member of Remuneration and Nomination (Non- |
| executive director)                         |   |

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

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.

### 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 2020 were as follows:

Name	Board of Directors Meeting	Audit Committee Meeting	Remuneration and Nomination Committee Meeting	Risk Management Committee Meeting	Corporate Governance Committee Meeting	Annual General Meeting 2020	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		1/1	1/1	1/1	1/1	18/18
3. Mr. Panuwat Chalongkumdee	6/6	6/6			1/1	1/1	1/1	1/1	16/16
4. Ms. Sudaporn Tawapee	6/6	6/6			1/1	1/1	1/1	1/1	18/18
5. Mr.Somchai Sittichaisrichart	6/6		2/2	2/2	1/1	1/1			12/12
6. Mr.Lim Hwee Hai	6/6		2/2	2/2	1/1	1/1	1/1		13/13
7. Mr.Lim Kia Hong	6/6			1/2		1/1	1/1		9/10
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

### Directorship in Other Companies by Directors, Managing Director and Management

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

In order to consider and review the performance of the Board of Directors and Sub-Committee, 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. The results are as follows:

Board of Directors / Sub-Committee	Results of Group Assessment (%)	Results of Own Assessment (%)
1. Board of Directors	92.75	95.88
2. Audit Committee	82.67	90.66
3. Corporate Governance Committee	89.00	93.40
4. Remuneration and Nomination Committee	86.25	91.75
5. Risk Management	99.00	98.33

### Remuneration of Managing Director

Managing Director's remuneration consists of salary, bonus and board attendance. Salary and bonus are annually assessed and determined based on evaluation by the Remuneration and Nomination Committee in 2 criteria, 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

In 2020, no new directors are appointed and no orientation arrangement for new directors. Whenever new directors are appointed, there will be summarized of various information with past minutes to them for acknowledgement including with company visit in order to understand the industry and the Company's operation and clarification of business operation and strategy by Managing 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).

All Directors have financial experience more than 10 years. In addition, One Audit Committee who is an independent director has completed the Audit Committee Program from the Thai Institutes of Directors (IOD) and 1 more audit committee is a Certified Public Accountant (CPA), have accounting and tax experience more than 20 years.

In 2020, there are several courses that directors attended as follows:

Director Name	Training/Seminar	Held by
Assist. Prof. Dr. Rojanasak Chomvilailuk	<ul style="list-style-type: none"> <li>Strengthening Good Corporate Governance</li> </ul>	Thai Institutes of Directors (IOD) and The Office of the Securities and Exchange Commission
Mr. Panuwat Chalongkuamdee	<ul style="list-style-type: none"> <li>Arbitrators</li> </ul>	Thailand Arbitration Center
Ms. Sudaporn Tawapee	<ul style="list-style-type: none"> <li>ประเด็นปัญหาในการปฏิบัติงานและข้อบกพร่องที่พบบ่อยในการสอบบัญชี รวมทั้งกรณีศึกษาเรื่องทุจริตการตกแต่งบัญชีของบริษัททั่วโลกที่เกิดขึ้นในปัจจุบัน</li> <li>การทำความเข้าใจหลักการและปัญหาจากการปฏิบัติงาน TFRS</li> <li>การตรวจสอบบัญชีโดยใช้เทคนิค Data Analytics</li> <li>BNCP 9/2020</li> <li>สรุปเนื้อหาและกรณีศึกษา TFRS 15</li> </ul>	The Office of the Securities and Exchange Commission  Bunchikij Co., Ltd.  The Office of the Securities and Exchange Commission Thai Institutes of Directors (IOD)  DIA International Audit Co., Ltd.
Mr. Somchai Sittichaisrichart	<ul style="list-style-type: none"> <li>Independent Director Forum: "Inside CEO Succession : Essential Guide for Board"</li> </ul>	Thai Institutes of Directors (IOD)

## 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 2020, 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 follows:

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](mailto:complain@sisthai.com) and [independentdirector@sisthai.com](mailto:independentdirector@sisthai.com).

For investors, it is available via email [investorinfo@sisthai.com](mailto: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 follows:

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

## Business Code of Conduct

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

## Anti-Corruption

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

- 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](mailto: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](mailto: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 2020, the Company has considered and was of the opinion that the corporate vision and mission was appropriate and could be remained as previous year

## 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](http://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 2020, direct and indirect communication can be summarized as followings:

- |   |    |       |
|---|----|-------|
| • Emails                                  | 22 | times |
| • Company visited by institution investor | 11 | times |
| • Opportunity Day                         | 1  | time  |

### Audit Fee

In 2020, total audit fee from EY Corporate Services Co., Ltd. are 2.3 Million Baht and no Non-Auditing Fee. Details are as follows:

Fee	SiS Distribution (Thailand)	Qool Distribution (Thailand)	SiS Venture	Total
Yearly audit fee	1,150,000	120,000	120,000	1,390,000
Quarterly audit fee	600,000	30,000	30,000	660,000
Package fee	250,000	-	-	250,000
Total Audit Fee	2,000,000	150,000	150,000	2,300,000
Non-Auditing fee	-	-	-	-
<b>Total</b>	2,000,000	150,000	150,000	2,300,000

## Corporate Social Responsibilities

The Company realizes its duties for corporate social responsibilities as well as stakeholders together with its business operations by focusing on environmental, social development as well as an improvement of quality of life of its stakeholders to be better. The major projects in 2020 were as follows:

### Safe and Green Products

The company has the mission to hand on safe and environmentally friendly products to consumers then supplier's selection is the heart of the supply chain which would support this mission.

For supplier selection, the company has conducted a clear policy with the team who have been assigned for follow, monitor and study for new technology as well as engineering of those manufacturing. This is to ensure the standard, safe and environmentally friendly which could improve the using from consumers.

### Green Logistics

The company aims to be the part of social to reduce the air pollution and PM 2.5 from logistics activities. From our supply chain, the good logistics management could reduce air pollution and global warming to society sustainably. The company has implemented the green logistics management by using Sky Frog, Logistic Management Software.

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 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](http://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.



### Smart Meeting Room

Meeting is one of activities that the company has been promoted to organizational culture. This is because the meeting would allow discussion and brainstorming even, the internal meeting or external meeting. With the organizational structure of the company that there are some employees that work off site or work in the remote area, this leads the waste and consume the travelling expenses.

In order to reduce unnecessary consumption and reduce the air pollution, the company has improved all meeting rooms to be Smart Meeting Room which is facilitates the Electronic Meeting (E-Meeting). This is helping to promote the online meeting through computers even smartphones effectively.

### 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. 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.

### 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.

### Co-payment Scheme for new hires

According to the government sector has promoted and encouraged an employment to help new graduates have a job, earn a good income, have a good quality of life, reduce unemployment problems as well as driving the economy as a whole, the Company has supported this project by recruiting 2 new graduates to join the company in 2020 and will continue to recruit more until project ended in September 2021.

### 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.





## Matters not comply to good corporate governance principles

In 2020, there were some issues that have not been complied with good corporate governance principles, along with reasons as follows:

Matters have not yet been complied	Explanation
1. The Chairman should be the Independent Director.	Currently, 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 2020 which may be conflict of interests as follows:

Related Parties	Type of transaction and Relationship	Amount ('000 Baht)	
		2020	2019
Nippon Pack Trading Company Limited  <u>Relationship</u> Subsidiary Company held 49% of Issued and paid-up share capital	The related transaction between the Company and Nippon Pack Trading Company Limited as follows:  - Account Receivable brought forward - Account Receivable carried forward	-	296
		-	-
	<u>Pricing and Condition</u> From 2019 onwards, the Company had no related transactions.		
	<u>The Audit Committee's Opinion</u> None, due to no related transaction		
	- Other Receivable brought forward	-	2,616
	- Allowance for doubtful account	-	(2,616)
	Net	-	-
	- Other Receivable carried forward (net)	-	-
	- Loan balance brought forward	-	24,500
	- Allowance for doubtful account	-	(10,163)
	- Share of loss exceeds its interest in associated	-	(14,337)
	Net	-	-
	- Loan balance carried forward (net)	-	-
	<u>Lending and Interest Rate</u> From 2019 onwards, the Company had no related transactions. For 2019 debt 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.		

Related Parties	Type of transaction and Relationship	Amount ('000 Baht)	
		2020	2019
	<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. and no allow to have transactions from 2019 onwards.		
Wiko Mobile (Thailand) Company Limited  <u>Relationship</u> Subsidiary Company held 45% of Issued and paid-up share capital.	The related transaction between the Company and Wiko Mobile (Thailand) Company Limited as follows: - Sell goods to use as the operational assets - Purchase goods to distribute to our dealers Service income - Service income - Marketing support and Other incomes - Trade Account Receivable brought forward - Trade Account Receivable carried forward - Other Account Receivable brought forward - Other Account Receivable carried forward - Trade Account Payable brought forward - Trade Account Payable carried forward - Other Account Payable brought forward - Other Account Payable carried forward  <u>Pricing and Condition</u> Pricing and Condition for trading and services in the Related Transaction are the market price and normal condition treated as other parties.  <u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that Pricing and Condition of sales, purchases and services in the Related Transaction are the market price and normal condition that be treated as other parties.	1,118   1,074,078 9,991 6,414 - - 1,766 - 6,996 155 - -	94   1,447,006 13,142 10,176 32 - 5,338 1,766 6,929 6,996 6,608 -
SiS International Holdings Limited  <u>Relationship</u>	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		

Related Parties	Type of transaction and Relationship	Amount ('000 Baht)	
		2020	2019
SiS International Holdings Limited is an ultimate parent of the Group and some common directors.	Limited. Its fee that has to be paid as the contractually agreed price.	14,857	12,692
	- Other Payables brought forward	3,217	2,172
	- Other Payables carried forward	2,415	3,217
	<u>Pricing and Condition</u> From 2004 onwards, the fee that has to be paid is 0.0625% of the monthly turnover.  <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.		

**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 Chalongkumdee, 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 internal control system is sufficient and appropriate, and that the executives perform their duties with honesty, responsibility and the Company's business supervision is conducted effectively and sufficiently which is ultimately for maximum benefits of shareholders in a fair and equal manner.

In 2020, there were 6 Audit Committee meetings. 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 auditor 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 2020,**

In this regard, the Audit Committee has reviewed significant information and acknowledged the statements and questions from the management and the auditor on important matters, one-time transactions and disclosure of the information in the supporting documents, as well as attended the meeting with the auditor 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 audit matters, and doubtful conducts, whereby the accounting auditor did not detect any of those doubtful conducts. The Audit Committee agreed on the auditor'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 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 auditor 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 2020, 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 2020, 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.
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 2020, 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 2020 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 2021.** These were submitted to the Board of Directors to approve prior to proposing to the Annual General Meeting of Shareholders 2021. 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 2021, 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 2020, the Company received the award and good assessment in corporate governance performance as "Excellent" score in corporate governance, awarded by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand and the Securities and Exchange Commission.

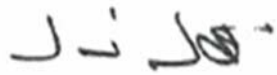
In addition, the Company has announced the anti-corruption policy since 2015 and incorporated it as part of the Company's Code of Conduct and arranged for the internal control and risk management protocols to accommodate the anti-corruption policy, as well as efficient monitoring of the policy compliance.

The Audit Committee views 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 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 2020, 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. 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 2020 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 without conflicts of interest, and in a way that aligns with the good governance principle for the Company's sustainable growth and the benefits for shareholders as well as stakeholders.



Assist. Prof. Dr. Rojanasak Chomvilailuk  
Chairman of Audit Committee  
March 2, 2021



## 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, 2020. 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  
25 February 2021



## Independent Auditor's Report



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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 2020, 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 2020, 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.

## **Emphasis of Matters**

I draw attention to Note 3 to the consolidated financial statements. In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the consolidated and separate financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of the relief measures relating to measurement of expected credit losses using a simplified approach, impairment of assets and reversal of deferred tax assets, which the Group elected to apply under the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions. This has no significant impact on the Group's consolidated and separate financial statements.

However, the Group has elected to continue to apply the temporary relief measures on accounting alternatives relating to reduction in lease payments by lessors. The Group is evaluating the impact on the consolidated and separate financial statements and will consider recording such impact after the relief measures expire.

My opinion is not modified in respect of this matter.

## **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.

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.

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.

วิกรม จันทมฤต

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 25 February 2021

## Statement of financial position

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2020

(Unit: Thousand Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	262,886	308,718	220,867	293,493
Trade and other accounts receivable	7, 9	3,867,364	3,321,844	3,867,364	3,321,894
Short-term loans to related party	7	-	-	18,000	18,000
Current portion of long-term loans to other companies	14	13,820	900	13,820	900
Inventories	10	2,245,467	2,827,347	2,245,676	2,827,348
Other current assets		520,230	165,560	498,714	145,416
<b>Total current assets</b>		<u>6,909,767</u>	<u>6,624,369</u>	<u>6,864,441</u>	<u>6,607,051</u>
<b>Non-current assets</b>					
Investments in associates	11	52,299	48,381	-	-
Investments in subsidiaries	12	-	-	222,593	222,593
Long-term loans to other companies - net of current portion	14	19,592	38,536	19,592	38,536
Investment properties	15	44,567	20,961	44,567	20,961
Equipment	16	152,668	123,181	152,504	122,768
Right-of-use assets	20	168,746	-	168,746	-
Intangible assets	17	14,011	17,064	14,011	17,064
Deferred tax assets	26	292,128	264,304	288,965	261,105
Other non-current assets		11,990	11,767	11,990	11,766
<b>Total non-current assets</b>		<u>756,001</u>	<u>524,194</u>	<u>922,968</u>	<u>694,793</u>
<b>Total assets</b>		<u><u>7,665,768</u></u>	<u><u>7,148,563</u></u>	<u><u>7,787,409</u></u>	<u><u>7,301,844</u></u>

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 2020**

(Unit: Thousand Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	18	1,612,390	2,166,423	1,612,390	2,166,423
Trade and other accounts payable	7, 19	2,921,856	2,447,410	2,911,019	2,430,502
Short-term loans from related party	7	-	-	385,000	385,000
Current portion of lease liabilities	20	41,879	-	41,879	-
Income tax payable		58,638	32,476	56,428	31,415
Other current liabilities		17,679	12,484	16,850	11,655
<b>Total current liabilities</b>		<b>4,652,442</b>	<b>4,658,793</b>	<b>5,023,566</b>	<b>5,024,995</b>
<b>Non-current liabilities</b>					
Lease liabilities - net of current portion	20	127,148	-	127,148	-
Provision for cost of assets dismantlement		3,960	3,960	3,960	3,960
Provision for long-term employee benefits	21	73,148	84,552	73,148	84,552
<b>Total non-current liabilities</b>		<b>204,256</b>	<b>88,512</b>	<b>204,256</b>	<b>88,512</b>
<b>Total liabilities</b>		<b>4,856,698</b>	<b>4,747,305</b>	<b>5,227,822</b>	<b>5,113,507</b>
<b>Shareholders' equity</b>					
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	22	35,020	35,020	35,020	35,020
Unappropriated		1,988,436	1,580,624	1,738,953	1,367,703
<b>Total shareholders' equity</b>		<b>2,809,070</b>	<b>2,401,258</b>	<b>2,559,587</b>	<b>2,188,337</b>
<b>Total liabilities and shareholders' equity</b>		<b>7,665,768</b>	<b>7,148,563</b>	<b>7,787,409</b>	<b>7,301,844</b>

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

## Income Statement

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2020

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

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
Revenues					
Sales		23,770,571	20,304,238	23,771,052	20,306,491
Service income		80,315	87,901	80,315	68,621
Gain on exchange		51,124	2,991	51,061	2,994
Other income	23	117,023	75,613	84,858	60,180
Total revenues		24,019,033	20,470,743	23,987,286	20,438,286
Expenses					
Cost of sale	25	22,155,474	18,985,917	22,155,871	18,990,159
Cost of services		69,264	49,480	69,042	43,391
Selling and distribution expenses	25	567,231	512,151	567,209	513,104
Administrative expenses	25	369,488	361,675	368,517	360,517
Total expenses		23,161,457	19,909,223	23,160,639	19,907,171
Operating profit		857,576	561,520	826,647	531,115
Share of profit (loss) from investments in associated companies	11	3,918	(6,921)	-	-
Finance income		7,812	5,942	8,231	6,385
Finance cost	24	(30,917)	(47,920)	(40,289)	(56,586)
Impairment loss on financial assets (2019: Reversal of allowance for doubtful accounts)		(97,494)	15,455	(97,548)	10,069
Profit before income tax expenses		740,895	528,076	697,041	490,983
Income tax expenses	26	(143,398)	(104,686)	(136,106)	(97,061)
Profit for the year		597,497	423,390	560,935	393,922
Basic earnings per share (Baht)					
Profit	27	1.71	1.21	1.60	1.12
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.



## Statement of comprehensive income

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2020

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Profit for the year</b>	<u>597,497</u>	<u>423,390</u>	<u>560,935</u>	<u>393,922</u>
<b>Other comprehensive income</b>				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain (loss)	4,702	(6,931)	4,702	(6,931)
Less: Income tax effect	<u>(940)</u>	<u>1,386</u>	<u>(940)</u>	<u>1,386</u>
<b>Other comprehensive income for the year</b>	<u>3,762</u>	<u>(5,545)</u>	<u>3,762</u>	<u>(5,545)</u>
<b>Total comprehensive income for the year</b>	<u><u>601,259</u></u>	<u><u>417,845</u></u>	<u><u>564,697</u></u>	<u><u>388,377</u></u>

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

## Statement of cash flows

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

### Statement of cash flows

For the year ended 31 December 2020

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>				
Profit before tax	740,895	528,076	697,041	490,983
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	97,871	43,247	97,637	42,933
Reduction in lease payments by lessors	(3,204)	-	(3,204)	-
Unrealised loss (gain) on exchange	1,127	(409)	1,127	(409)
Share of loss (profit) from investment in associated companies	(3,918)	6,921	-	-
Write-off bad debt	30,344	-	30,219	-
Reversal of allowance for doubtful accounts	-	(18,443)	-	(10,726)
Impairment loss on financial assets	67,151	-	67,330	-
Allowance for diminution in inventory value (reversal)	(5,368)	2,775	(5,368)	2,775
Provisions for long-term employee benefits	13,388	27,713	13,388	27,713
Gain from disposals of equipment	(96)	(702)	(100)	(698)
Finance income	(7,812)	(5,942)	(8,231)	(6,385)
Finance cost	25,836	42,519	35,242	51,260
Profit from operating activities before changes in operating assets and liabilities	956,214	625,755	925,081	597,446
Operating assets (increase) decrease				
Trade and other receivable	(653,385)	(251,956)	(653,389)	(486,624)
Inventories	510,561	(556,581)	510,354	(555,236)
Other current assets	(362,397)	(91,324)	(357,504)	(96,584)
Other non-current assets	(223)	158	(224)	158
Operating liabilities increase (decrease)				
Trade and other payable	477,545	261,078	483,617	38,830
Other current liabilities	5,195	(5,942)	5,195	(5,325)
Cash flows from (used in) operating activities	933,510	(18,812)	913,130	(507,335)
Cash paid for long-term employee benefits	(20,090)	(1,240)	(20,090)	(1,240)
Cash paid for corporate income tax	(145,942)	(119,192)	(139,835)	(106,792)
Cash received from income tax return	7,727	14,587	4,205	9,320
<b>Net cash flows from (used in) operating activities</b>	<b>775,205</b>	<b>(124,657)</b>	<b>757,410</b>	<b>(606,047)</b>

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 2020**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>				
Cash paid for acquisition of equipment	(7,610)	(8,144)	(7,610)	(8,144)
Proceeds from sale of equipment	356	1,328	345	1,304
Cash paid for acquisition of intangible assets	-	(318)	-	(318)
Cash received from interest income	7,813	5,942	8,231	6,385
Cash received from repayment of short-term loans to related party	-	4,900	-	5,000
Cash paid for short-term loans to related party	-	-	-	(1,000)
Cash paid for long-term loans to other company	(9,500)	-	(9,500)	-
Cash received from repayment of long-term loans to other companies	959	1,005	959	1,005
<b>Net cash flows from (used in) investing activities</b>	<b>(7,982)</b>	<b>4,713</b>	<b>(7,575)</b>	<b>4,232</b>
<b>Cash flows from (used in) financing activities</b>				
Cash received from short-term loans from banks	-	150,000	-	150,000
Cash paid for short-term loans from banks	(100,000)	(100,000)	(100,000)	(100,000)
Cash received from short-term loans from related party	-	-	-	402,000
Cash paid for short-term loans from related party	-	-	-	(17,000)
Payment of principal of lease liabilities	(39,485)	-	(39,485)	-
Increase (decrease) in trust receipts	(454,033)	365,053	(454,033)	519,106
Dividend paid	(192,609)	(192,609)	(192,609)	(192,609)
Cash paid for interest expenses	(26,928)	(41,678)	(36,334)	(50,336)
<b>Net cash flows from (used in) financing activities</b>	<b>(813,055)</b>	<b>180,766</b>	<b>(822,461)</b>	<b>711,161</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(45,832)</b>	<b>60,822</b>	<b>(72,626)</b>	<b>109,346</b>
Cash and cash equivalents at beginning of the year	308,718	247,896	293,493	184,147
Cash and cash equivalents at end of the year	<u>262,886</u>	<u>308,718</u>	<u>220,867</u>	<u>293,493</u>

**Supplemental disclosures of cash flows information**

Non-cash related item:

Transfer inventories to equipment	71,934	47,276	71,934	47,276
Transfer inventories to intangible assets	4,753	5,178	4,753	5,178
Increase (decrease) in accounts payable - purchase of equipment	(3,135)	3,153	(3,135)	3,153
Increase (decrease) in accounts payable - purchase of intangible assets	-	(253)	-	(253)
Transferring of land for debt settlement from accounts receivable	24,040	-	24,040	-

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

## Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Thousand Baht)

## Consolidated financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2019</b>	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 30)	-	-	-	(192,609)	(192,609)
<b>Balance as at 31 December 2019</b>	<u>350,199</u>	<u>435,415</u>	<u>35,020</u>	<u>1,580,624</u>	<u>2,401,258</u>
<b>Balance as at 1 January 2020</b>	350,199	435,415	35,020	1,580,624	2,401,258
Cumulative effect of change in accounting policy (Note 4)	-	-	-	(838)	(838)
<b>Balance as at 1 January 2020 - as restated</b>	350,199	435,415	35,020	1,579,786	2,400,420
Profit for the year	-	-	-	597,497	597,497
Other comprehensive income for the year	-	-	-	3,762	3,762
Total comprehensive income for the year	-	-	-	601,259	601,259
Dividend paid (Note 30)	-	-	-	(192,609)	(192,609)
<b>Balance as at 31 December 2020</b>	<u>350,199</u>	<u>435,415</u>	<u>35,020</u>	<u>1,988,436</u>	<u>2,809,070</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 2020

(Unit: Thousand Baht)

	Separate financial statements				
	Issued and		Retained earnings		Total
	paid-up	Share	Appropriated -		shareholders'
	share capital	premium	statutory reserve	Unappropriated	equity
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 30)	-	-	-	(192,609)	(192,609)
Balance as at 31 December 2019	350,199	435,415	35,020	1,367,703	2,188,337
Balance as at 1 January 2020	350,199	435,415	35,020	1,367,703	2,188,337
Cumulative effect of change in accounting policy (Note 4)	-	-	-	(838)	(838)
Balance as at 1 January 2020 - as restated	350,199	435,415	35,020	1,366,865	2,187,499
Profit for the year	-	-	-	560,935	560,935
Other comprehensive income for the year	-	-	-	3,762	3,762
Total comprehensive income for the year	-	-	-	564,697	564,697
Dividend paid (Note 30)	-	-	-	(192,609)	(192,609)
Balance as at 31 December 2020	350,199	435,415	35,020	1,738,953	2,559,587

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 2020**

#### **1. General information**

##### **1.1 Corporate 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.

##### **1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

#### **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>2020</u>	<u>2019</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 2019) and new 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. 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:



## 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.

The impact of the adoption of these standards on the Group's financial statements is as follows.

- Recognition of credit losses - The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Group initially recognises derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as of 1 January 2020, and the comparative information was not restated.

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

## **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.

The Group adopted these financial reporting standards using the modified retrospective method of initial 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 cumulative effect of the change is described in Note 4.

## **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, impairment of assets, reversal of deferred tax assets and reduction in lease payment as lease modification.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of the temporary relief measures on accounting alternatives relating to expected credit losses using a simplified approach, impairment of assets and reversal of deferred tax assets. This is no significant impact on the Group's financial statements.

However, the Group elected to continue to apply the following temporary relief measures on accounting alternatives:

- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

The Group is evaluating the impact on the financial statements and will consider recording the impact after the relief measures expire.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 management of the Group is currently evaluating the impact of these standards to 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 the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	The impacts of			
	31 December	Financial reporting standards related to financial instruments	TFRS 16	
	2019			1 January 2020
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Trade and other receivables	3,321,844	(838)	-	3,321,006
<b>Non-current assets</b>				
Right-of-use assets	-	-	222,754	222,754
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	-	-	42,974	42,974
<b>Non-current liabilities</b>				
Lease liabilities,				
net of current portion	-	-	179,780	179,780
<b>Shareholders' equity</b>				
Retained earnings -				
unappropriated	1,580,624	(838)	-	1,579,786

(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			
	Financial reporting standards related to			
	31 December 2019	financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Trade and other receivables	3,321,894	(838)	-	3,321,056
Non-current assets				
Right-of-use assets	-	-	222,754	222,754
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	42,974	42,974
Non-current liabilities				
Lease liabilities, net of current portion	-	-	179,780	179,780
Shareholders' equity				
Retained earnings - unappropriated	1,367,703	(838)	-	1,366,865

#### 4.1 Financial instruments

Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Recognition of an allowance for expected credit losses on financial assets	838	838
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	838	838

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through other comprehensive			Total
		Fair value through profit or loss	income	Amortised cost	
<b>Financial assets as at 1 January 2020</b>					
Cash and cash equivalents	308,718	-	-	308,718	308,718
Trade and other receivables	3,321,844	-	-	3,321,006	3,321,006
Current portion of long-term loans to other companies	900	-	-	900	900
Long-term loans to other companies-net of current portion	38,536	-	-	38,536	38,536
<b>Total financial assets</b>	<b>3,669,998</b>	<b>-</b>	<b>-</b>	<b>3,669,160</b>	<b>3,669,160</b>

(Unit: Thousand Baht)

	Separate financial statements				
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through other		Amortised cost	Total
		Fair value through profit or loss	comprehensive income		
<b>Financial assets as at 1 January 2020</b>					
Cash and cash equivalents	293,493	-	-	293,493	293,493
Trade and other receivables	3,321,894	-	-	3,321,056	3,321,056
Short-term loans to related parties	18,000	-	-	18,000	18,000
Current portion of long-term loans to other companies	900	-	-	900	900
Long-term loans to other companies-net of current portion	38,536	-	-	38,536	38,536
<b>Total financial assets</b>	<b>3,672,823</b>	<b>-</b>	<b>-</b>	<b>3,671,985</b>	<b>3,671,985</b>

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss except derivative liabilities of which fair value is Baht 3.7 million (Separate financial statements: Baht 3.7 million).



## 4.2 Leases

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	87,893	87,893
Add: Option to extend lease term	146,137	146,137
Less: Deferred interest expenses	(11,276)	(11,276)
Increase in lease liabilities due to TFRS 16 adoption	222,754	222,754
Liabilities under finance lease agreements as at 31 December 2019	-	-
Lease liabilities as at 1 January 2020	222,754	222,754
Weight average incremental borrowing rate (percent per annum)	3.6	3.6
Comprise of:		
Current lease liabilities	42,974	42,974
Non-current lease liabilities	179,780	179,780
	222,754	222,754

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Buildings and building improvement	222,754	222,754
<b>Total right-of-use assets</b>	<b>222,754</b>	<b>222,754</b>

## **5. Significant accounting policies**

### **5.1 Revenue and expense 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 calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

#### *Financial Cost*

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an actual basis.

#### *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 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.

## **5.4 Investments in subsidiaries and associates**

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

## **5.5 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on 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.

## 5.6 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	-	7 years
Furniture and fixtures	-	5 - 12 years
Computer and office equipment	-	3 - 12 years
Leasehold improvements	-	5 - 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.

## 5.7 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 - 10 years

## 5.8 Leases

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **The Company as a lessee**

#### *Accounting policies adopted since 1 January 2020*

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

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

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis according to the lease term.

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

### ***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### ***Short-term leases and leases of low-value asset***

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

### **Accounting policies adopted before 1 January 2020**

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.

## **5.9 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 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

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.

## 5.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the equipment, right-of-use asset, investment properties, intangible assets and other intangible 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.

## 5.12 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.

### **5.13 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.

### **5.14 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.

### **5.15 Financial instruments**

#### **Accounting policies adopted since 1 January 2020**

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However,

trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

### **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

#### ***Financial assets at amortised cost***

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

#### ***Financial assets at FVTPL***

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in the income statement.

## **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

## **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

## **Impairment of financial assets**

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **Accounting policies adopted before 1 January 2020**

#### **Trade accounts receivable**

Trade accounts receivable 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.

#### **Investments**

Investments in non-marketable equity securities, which the Group 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.

## **5.16 Derivatives**

The Group uses derivatives, such as forward currency contracts and swaps contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in the income statement. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### **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:

### **Leases**

#### ***Estimating the incremental borrowing rate - The Group as a lessee***

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

#### **Allowance for expected credit losses of trade receivables**

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

#### **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.

#### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

#### **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
	2020	2019	2020	2019	
<b>Transactions with ultimate parent company</b>					
Management fee expenses	14,857	12,692	14,857	12,692	Contractually agreed price
<b>Transactions with subsidiary companies</b>					
(eliminated from the consolidated financial statements)					
Sales	-	-	481	-	Market price plus actual related expenses
Purchase of goods	-	-	27,328	566	Actual cost plus actual related expenses
Management fee income	-	-	-	9	Contractually agreed price
Interest income	-	-	440	523	Reference from interest rate of financial institution
Interest expense	-	-	9,406	8,853	Reference from interest rate of financial institution
<b>Transactions with associated companies</b>					
Sales	1,118	94	1,118	94	Market price plus actual related expenses
Purchase of goods	1,074,078	1,447,006	1,074,078	1,444,800	Actual cost plus actual related expenses
Service income	9,991	13,142	9,991	11,566	Contractually agreed price
Other income	6,414	10,176	6,414	9,886	Actual cost plus margin, Contractually agreed price



As at 31 December 2020 and 2019, the balances of the accounts between the Company and those related parties were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Trade accounts receivable - related parties</b>				
<b>(Note 9)</b>				
Related companies (related by common shareholder and/ or common director)	46,223	46,223	46,223	46,223
Total	46,223	46,223	46,223	46,223
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful debts)	(46,223)	(46,223)	(46,223)	(46,223)
Trade accounts receivable - related parties - net	-	-	-	-
<b>Other accounts receivable - related parties</b>				
<b>(Note 9)</b>				
Associated companies	-	1,766	-	1,766
Related companies (related by common shareholder and/ or common director)	537,087	537,087	521,542	521,542
Total	537,087	538,853	521,542	523,308
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful debts)	(537,087)	(537,087)	(521,542)	(521,542)
Other accounts receivable - related parties - net	-	1,766	-	1,766
<b>Trade accounts payable - related party (Note 19)</b>				
Subsidiary company	-	-	-	5
Associated companies	155	6,996	155	6,996
Related companies (related by common shareholder and/ or common director)	86	86	86	86
Total trade accounts payable - related parties	241	7,082	241	7,087
<b>Other payable - related parties (Note 19)</b>				
Ultimate parent company	2,415	3,217	2,415	3,217
Total other payable - related parties	2,415	3,217	2,415	3,217

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 2020, the receivable from the loss of consignment amounted to approximately Baht 537.09 million in the consolidated financial statements (2019: Baht 537.09 million) and Baht 521.54 million in the separate financial statements (2019: Baht 521.54 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 expected credit losses, amounted to Baht 537.09 million and 521.54 million, respectively.

As at 31 December 2020 and 2019, the balances of short-term loans between the Company and those related parties and the movements were as follows:

(Unit: Thousand Baht)

Short-term loans to related party	Interest rate (percent per annum)		Separate financial statements		
			Balance as at 31 December 2019	During the year	
	2020	2019		Increase	Decrease
<u>Subsidiary company</u>					
SiS Venture Co., Ltd.	1.75	2.50	18,000	-	-
Total			18,000	-	-

(Unit: Thousand Baht)

Short-term loans from related party	Interest rate (percent per annum)		Separate financial statements		
			Balance as at 31 December 2019	During the year	
	2020	2019		Increase	Decrease
<u>Subsidiary company</u>					
Qool Distribution (Thailand) Co., Ltd.	1.75	2.50	385,000	-	-
Total			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 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	71,525	62,506	71,525	62,506
Post-employment benefits	1,453	2,022	1,453	2,022
Total	<u>72,978</u>	<u>64,528</u>	<u>72,978</u>	<u>64,528</u>

## Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 31.2 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash	167	167	167	167
Cash at banks - current accounts	24,322	59,864	23,847	59,370
Cash at banks - savings accounts	238,397	248,687	196,853	233,956
Total	<u>262,886</u>	<u>308,718</u>	<u>220,867</u>	<u>293,493</u>

As at 31 December 2020, bank deposits in saving accounts carried interests between 0.03 and 0.25 percent per annum (2019: between 0.13 and 0.63 percent per annum).

## 9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Trade accounts receivable - related parties (Note 7)</b>				
<i>Aged on the basis of due dates</i>				
Past due				
Over 12 months	<u>46,223</u>	<u>46,223</u>	<u>46,223</u>	<u>46,223</u>
Total	<u>46,223</u>	<u>46,223</u>	<u>46,223</u>	<u>46,223</u>
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful debts)	<u>(46,223)</u>	<u>(46,223)</u>	<u>(46,223)</u>	<u>(46,223)</u>
Trade accounts receivable - related parties - net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Trade accounts receivable - unrelated parties</b>				
<i>Aged on the basis of due dates</i>				
Not yet due	2,993,350	2,389,321	2,993,350	2,389,321
Past due				
Up to 3 months	670,790	770,907	670,790	770,907
3 - 6 months	62,009	16,549	62,009	16,549
6 - 12 months	43,335	75,793	43,335	75,793
Over 12 months	<u>182,578</u>	<u>52,258</u>	<u>181,224</u>	<u>50,775</u>
Total	<u>3,952,062</u>	<u>3,304,828</u>	<u>3,950,708</u>	<u>3,303,345</u>
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful debts)	<u>(138,866)</u>	<u>(78,663)</u>	<u>(137,511)</u>	<u>(77,129)</u>
Trade accounts receivable - unrelated parties - net	<u>3,813,196</u>	<u>3,226,165</u>	<u>3,813,197</u>	<u>3,226,216</u>
Trade accounts receivable - net	<u>3,813,196</u>	<u>3,226,165</u>	<u>3,813,197</u>	<u>3,226,216</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Other receivables - related parties (Note 7)</b>				
Other receivables	-	1,766	-	1,766
Receivables from losses of consignment	537,087	537,087	521,542	521,542
Total other receivables - related parties	537,087	538,853	521,542	523,308
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful debts)	(537,087)	(537,087)	(521,542)	(521,542)
Other receivables - related parties - net	-	1,766	-	1,766
<b>Other receivables - unrelated parties</b>				
Accrued income	52,641	91,315	52,640	91,315
Other receivables	283	187	282	187
Others	1,244	2,411	1,245	2,410
Total other receivables - unrelated parties	54,168	93,913	54,167	93,912
Other receivables - net	54,168	95,679	54,167	95,678
Trade and other receivables - net	<u>3,867,364</u>	<u>3,321,844</u>	<u>3,867,364</u>	<u>3,321,894</u>

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
As at 1 January 2020	661,973	644,894
Adjustment from adoption of the financial reporting standards related to financial instruments (Note 4)	838	838
As at 1 January 2020 - as restated	662,811	645,732
Provision for expect credit losses	59,365	59,544
As at 31 December 2020	<u>722,176</u>	<u>705,276</u>

## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2020	2019	2020	2019	2020	2019
Finished goods	1,896,299	2,593,157	(131,369)	(136,737)	1,764,930	2,456,420
Work in process	90	1,639	-	-	90	1,639
Goods in transit	480,447	369,288	-	-	480,447	369,288
Total	2,376,836	2,964,084	(131,369)	(136,737)	2,245,467	2,827,347

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2020	2019	2020	2019	2020	2019
Finished goods	1,896,508	2,593,158	(131,369)	(136,737)	1,765,139	2,456,421
Work in process	90	1,639	-	-	90	1,639
Goods in transit	480,447	369,288	-	-	480,447	369,288
Total	2,377,045	2,964,085	(131,369)	(136,737)	2,245,676	2,827,348

During the current year, the Group reversed the write-down of cost of inventories by Baht 5 million (The Company only: Baht 5 million), and reduced the amount of inventories recognised as expenses during the year. (2019: 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).

## 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	
		2020	2019	2020	2019	2020	2019
		%	%				
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	52,299	48,381	45,000	45,000
Total investments in associated companies				52,299	48,381	54,800	54,800

## 11.2 Share of profit (loss)

During the years ended 31 December 2020 and 2019, share of profit (loss) from investments in associates in the consolidated financial statements are as follows:

Company's name	(Unit: Thousand Baht)	
	Share of profit (loss) from investments in associates	
	<u>2020</u>	<u>2019</u>
Wiko Mobile (Thailand) Co., Ltd.	3,918	(6,921)
Total	<u>3,918</u>	<u>(6,921)</u>

## 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.	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current assets	731	669	190,464	182,540
Non-current assets	-	-	6,945	9,959
Current liabilities	(60,135)	(60,146)	(79,721)	(84,267)
<b>Net assets (liabilities)</b>	<b>(59,404)</b>	<b>(59,477)</b>	<b>117,688</b>	<b>108,232</b>
Shareholding percentage (%)	49	49	45	45
<b>Group's share of net assets (liabilities)</b>	<b>(29,107)</b>	<b>(29,143)</b>	<b>52,960</b>	<b>48,704</b>
Elimination of unrealised profit on downstream sales	-	-	(661)	(323)
Differences between amount paid and carrying amount of interest in associate	7,089	7,089	-	-
Share of loss which not recognised	22,018	22,054	-	-
<b>Carrying amount of investments in associates</b>	<b>-</b>	<b>-</b>	<b>52,299</b>	<b>48,381</b>



## Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the years ended 31 December			
	• Nippon Pack Trading Co., Ltd.		• Wiko Mobile (Thailand) Co., Ltd.	
	2020	2019	2020	2019
Revenue	179	23,111	1,083,858	1,458,164
Profit (loss) from continuing operations	73	22,975	7,002	(15,167)
Total comprehensive income	73	22,975	7,002	(15,167)

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	
	2020	2019	2020	2019	2020	2019
	Million Baht	Million Baht	%	%	Thousand Baht	Thousand 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					<u>222,593</u>	<u>222,593</u>

## 13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Other long-term investments:				
Other non-marketable equity security	59,601	59,601	-	-
Less: Allowance for impairment	(59,601)	(59,601)	-	-
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

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

#### 14. Long-term loans to other companies

As at 31 December 2020, the Company has long-term loans to 2 other companies in form of secured loan, on which interest is charged at 3.00 - 6.00 percent per annum (2019: 2.75 - 6.60 percent per annum) and repayments are to be made within August 2024 and August 2026. These loans are secured by the mortgage of condominium units and land title deed. During the current year, the Company reduced the interest rate charged to a company, from 6.60 percent to 3.00 percent per annum for a six-month period from 1 July 2020 to 31 December 2020.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2020	2019
Long-term loans at beginning of year	52,310	53,315
Increase during the year	9,500	-
Less: Allowance for doubtful debts	(12,439)	(12,874)
Less: Received during the year	(15,959)	(1,005)
Long-term loans at end of year	33,412	39,436
Less: Current portion of long-term loans	(13,820)	(900)
Long-term loans, net of current portion	19,592	38,536

## 15. Investment properties

The net book value of investment properties as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)			
Consolidated and separate financial statements			
	Land	Building and warehouse	Total
As at 31 December 2020:			
Cost	36,872	8,678	45,550
Less: Accumulated depreciation	-	(983)	(983)
Net book value	36,872	7,695	44,567
As at 31 December 2019:			
Cost	12,832	8,678	21,510
Less: Accumulated depreciation	-	(549)	(549)
Net book value	12,832	8,129	20,961

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)		
Consolidated and separate financial statements		
	2020	2019
Net book value at beginning of year	20,961	21,395
Transferred land for repayment from other receivable	24,040	-
Depreciation during the year	(434)	(434)
Net book value at end of year	44,567	20,961

The fair value of land and building was determined based on valuation performed by an independent professional valuer. As at 31 December 2020, the fair value of the land was determined to be Baht 37.3 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 2020	
	Consolidated and Separate financial statements	Result to fair value where as an increase in assumption value
Price per square wah (Baht)	975 - 44,000	Increase in fair value

	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
<b>Cost</b>					
1 January 2019	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
Additions	-	606	75,803	-	76,409
Disposals	-	-	(1,233)	-	(1,233)
31 December 2020	3,793	15,362	350,900	68,772	438,827
<b>Depreciation</b>					
1 January 2019	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
Depreciation charge for the year	542	1,263	39,099	5,757	46,661
Accumulated depreciation of disposals	-	-	(972)	-	(972)
31 December 2020	821	13,162	217,515	54,661	286,159
<b>Net book value</b>					
31 December 2019	3,514	2,857	96,942	19,868	123,181
31 December 2020	2,972	2,200	133,385	14,111	152,668
<b>Depreciation for the year</b>					
2019 (Baht 36.2 million included in administrative expenses)					36,217
2020 (Baht 13.1 million included in cost of service, and the balance in administrative expenses)					46,661

(Unit: Thousand Baht)

Separate financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment	Leasehold improvements	Total
<b>Cost</b>					
1 January 2019	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
Additions	-	606	75,803	-	76,409
Disposals	-	-	(815)	-	(815)
31 December 2020	3,793	15,362	350,204	68,772	438,131
<b>Depreciation</b>					
1 January 2019	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
Depreciation charge for the year	542	1,263	38,865	5,757	46,427
Accumulated depreciation of disposals	-	-	(569)	-	(569)
31 December 2020	821	13,162	216,983	54,661	285,627
<b>Net book value</b>					
31 December 2019	3,514	2,857	96,529	19,868	122,768
31 December 2020	2,972	2,200	133,221	14,111	152,504
<b>Depreciation for the year</b>					
2019 (Baht 35.9 million included in administrative expenses)					35,903
2020 (Baht 13.1 million included in cost of service, and the balance in administrative expenses)					46,427

As at 31 December 2020, 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 130 million (2019: Baht 105 million) and separate financial statements: Baht 129 million (2019: Baht 104.9 million).

## 17. Intangible assets

The net book value of intangible assets as at 31 December 2020 and 2019 is presented below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
	Computer software
As at 31 December 2020:	
Cost	72,643
Less: Accumulated amortisation	(58,632)
Net book value	14,011
As at 31 December 2019:	
Cost	67,891
Less: Accumulated amortisation	(50,827)
Net book value	17,064

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2020	2019
Net book value at beginning of year	17,064	18,416
Acquisition of computer software	4,753	5,242
Amortisation	(7,806)	(6,594)
Net book value at end of year	14,011	17,064

## 18. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trust receipts	1,612,390	2,066,423	1,612,390	2,066,423
Short-term loans from financial institutions	-	100,000	-	100,000
Total	1,612,390	2,166,423	1,612,390	2,166,423

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 0.9% - 1.1% per annum (2019: 1.55% - 2.07% per annum) for the Group and rates from 0.9% - 1.1% per annum (2019: 1.55% - 2.07% per annum) for the Company.

As at 31 December 2020, the Group has the open credit facilities approximately to Baht 6,051 million (2019: Baht 5,910 million), separate financial statements: Baht 5,911 million (2019: Baht 5,699 million).

## 19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Trade accounts payable</b>				
Trade accounts payable - related parties	241	7,082	241	7,087
Trade accounts payable - unrelated parties	2,057,192	1,702,495	2,046,619	1,686,169
Total trade accounts payable	2,057,433	1,709,577	2,046,860	1,693,256
<b>Other payables</b>				
Other payables - related parties	1,077	2,205	1,077	2,205
Other payables - unrelated parties	83,018	86,843	83,014	86,463
Accrued expenses - related parties	1,338	1,012	1,338	1,012
Accrued marketing expenses	522,009	443,055	522,009	443,055
Accrued employee benefit expenses	148,914	114,501	148,914	114,501
Deferred service income	52,996	35,855	52,996	35,855
Others	55,071	54,362	54,811	54,155
Total other payables	864,423	737,833	864,159	737,246
Total trade and other payables	2,921,856	2,447,410	2,911,019	2,430,502



## 20. Lease

### The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease term between 3 - 6 years.

#### a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
	Buildings
As at 31 January 2020	222,754
Additions	54,529
Write-off	(65,567)
Depreciation for the year	(42,970)
As at 31 December 2020	168,746

#### b) Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2020	2019
Lease payments	176,433	-
Less: Deferred interest expenses	(7,406)	-
Total	169,027	-
Less: Portion due within one year	(41,879)	-
Lease: liabilities - net of current portion	127,148	-

A maturity analysis of lease payments is disclosed in Note 33.2 under the liquidity risk.

**c) Expenses relating to lease that are recognised in profit or loss**

(Unit: Thousand Baht)

As at

31 December 2020

Consolidated and  
separate financial  
statements

Depreciation expense of right-of-use assets

(net of reduction in lease payments by lessors)

40,327

Interest expense on lease liabilities

2,364

Expense relating to lease of low-value assets

366

During the year, the Group has elected to apply Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak” which the Group has taken the lease payments reduction by lessors to reverse depreciation of right-of-use assets and interest on lease liabilities recognized in each period in proportion to the reduction, with any differences then recognised in the income statements.

**d) Other**

The Group had total cash outflows for the leases for the year ended 31 December 2020 of Baht 42.4 million, including that cash outflow related to variable lease of low-value assets and discount lease payments. Moreover, the Group had non-cash additions to right-of-use assets and lease liabilities of 169 million.

## 21. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	84,552	51,148	84,552	51,148
Included in profit or loss:				
Current service costs	13,250	10,494	13,250	10,494
Interest on obligation	1,885	1,570	1,885	1,570
Past service costs	(1,747)	15,649	(1,747)	15,649
Included in other comprehensive income				
Actuarial gain (loss)				
Financial assumptions changes	(4,702)	6,931	(4,702)	6,931
Benefits paid during the year	<u>(20,090)</u>	<u>(1,240)</u>	<u>(20,090)</u>	<u>(1,240)</u>
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>73,148</u>	<u>84,552</u>	<u>73,148</u>	<u>84,552</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 1.75 million (The Company only: Baht 1.75 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 year 2019.

The Group expect to pay long-term employee benefits of Baht 1.27 million during the next year (Separate financial statements: Baht 1.27 million) (2019: Baht 21.76 million during the next year (Separate financial statements: Baht 21.76 million)).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 13.64 years (Separate financial statements: 13.64 years) (2019: 10.44 years, separate financial statements: 10.44 years).

Significant actuarial assumptions are summarised below:

	Consolidated and separate financial statements	
	<u>2020</u>	<u>2019</u>
	(Percent per annum)	(Percent per annum)
Discount rate	1.6	1.6
Salary increase rate	6.0	6.0
Turnover rate	0 - 20	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 2020 and 2019 are summarised below:

	(Unit: Million Baht)			
	Consolidated and separate financial statements			
	Increase 1%		Decrease 1%	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Discount rate	(8.9)	(7.0)	10.8	8.3
Salary increase rate	10.2	9.5	(8.7)	(8.2)
Turnover rate	(9.6)	(7.5)	4.5	3.1

## 22. 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.

## 23. Other income

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Management income	-	-	-	9
Income from marketing refund	38,292	36,592	38,292	36,592
Income from administrative service	9,246	9,886	9,246	9,886
Others	69,485	29,135	37,320	13,693
Total other income	<u>117,023</u>	<u>75,613</u>	<u>84,858</u>	<u>60,180</u>

## 24. Finance Cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest expenses on borrowing	593	2,191	9,999	11,044
Interest expenses on lease liabilities	2,364	-	2,364	-
Interest paid from cross currency swaps	22,879	40,328	22,879	40,216
Banks fee	5,081	5,401	5,047	5,326
<b>Total</b>	<b>30,917</b>	<b>47,920</b>	<b>40,289</b>	<b>56,586</b>

## 25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Included in cost of sales of goods</b>				
Changes in inventories	698,407	(365,814)	698,199	(364,469)
Purchase of inventories	21,462,435	19,348,956	21,463,040	19,351,853
Allowance for diminution in value of inventory (reversal)	(5,368)	2,775	(5,368)	2,775
<b>Total</b>	<b>22,155,474</b>	<b>18,985,917</b>	<b>22,155,871</b>	<b>18,990,159</b>
<b>Included in selling and distribution expenses</b>				
Advertising and marketing expenses	189,220	169,517	189,198	170,471
Transportation expenses	53,463	50,996	53,463	50,995
Employee benefit expenses	322,270	288,141	322,270	288,141
Others	2,278	3,497	2,278	3,497
<b>Total</b>	<b>567,231</b>	<b>512,151</b>	<b>567,209</b>	<b>513,104</b>
<b>Included in administrative expenses</b>				
Employee benefit expenses	185,110	190,137	185,110	190,137
Tax penalties	552	1	210	-
Depreciation and amortisation	80,374	43,246	80,140	42,932
Rental expense	1,291	38,940	1,291	38,940
Management fee	14,857	12,692	14,857	12,692
Service charge	20,446	16,093	20,446	16,093
Others	66,858	60,566	66,463	59,723
<b>Total</b>	<b>369,488</b>	<b>361,675</b>	<b>368,517</b>	<b>360,517</b>

## 26. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 were made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	169,777	136,313	162,521	131,954
Adjustment in respect of income tax of previous year	1,445	(70)	1,445	(93)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(27,824)	(31,557)	(27,860)	(34,800)
<b>Income tax expenses reported in the income statement</b>	<b>143,398</b>	<b>104,686</b>	<b>136,106</b>	<b>97,061</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax on actuarial gain	(940)	1,386	(940)	1,386
	(940)	1,386	(940)	1,386

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting profit before tax	740,895	528,076	697,041	490,983
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	148,179	105,615	139,408	98,196
Adjustment in respect of income tax of previous year	1,445	(70)	1,445	(93)
Effects of:				
Share of loss (gain) from investment in associates	(784)	1,384	-	-
Non-deductible expenses (reversal)	(125)	(953)	570	248
Additional expense deductions allowed	(5,317)	(1,290)	(5,317)	(1,290)
Total	(6,226)	(859)	(4,747)	(1,042)
Income tax expense reported in the income statement	143,398	104,686	136,106	97,061

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Deferred tax assets</b>				
Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	137,209	123,611	134,046	120,412
Allowance for diminution in value of inventories	26,274	27,347	26,274	27,347
Accrued marketing expenses	104,402	88,611	104,402	88,611
Provision for long-term employee benefits	14,630	16,911	14,630	16,911
Fair value change of forward exchange contracts	1,598	750	1,598	750
Lease	56	-	56	-
Others	7,959	7,074	7,959	7,074
<b>Total</b>	<u>292,128</u>	<u>264,304</u>	<u>288,965</u>	<u>261,105</u>

## 27. 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.

## 28. 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.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2020 and 2019, respectively.

(Unit: Million Baht)

	For the years ended 31 December															
	Commercial products		Consumer products		Value add products		Phones		Total reportable segments		Others		Adjustments and eliminations		Consolidated	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Sales and service income																
Sales and service income from third parties	5,719	6,221	7,998	8,011	3,179	2,157	5,574	2,891	22,470	19,280	1,381	1,112	-	-	23,851	20,392
Sales and service income from related parties	-	-	-	-	-	-	-	-	-	-	27	-	(27)	-	-	-
Total sales and service income	<u>5,719</u>	<u>6,221</u>	<u>7,998</u>	<u>8,011</u>	<u>3,179</u>	<u>2,157</u>	<u>5,574</u>	<u>2,891</u>	<u>22,470</u>	<u>19,280</u>	<u>1,409</u>	<u>1,112</u>	<u>(27)</u>	<u>-</u>	<u>23,851</u>	<u>20,392</u>
Gross profit	306	317	492	325	378	309	169	120	1,345	1,071	282	286	-	-	1,626	1,357
Unallocated income (expenses):																
Other income															168	78
Selling and distribution expenses															(567)	(512)
Administrative expenses															(370)	(362)
Finance income															8	6
Finance cost															(31)	(48)
Share of profit (loss) from investment in associated companies															4	(7)
Reversal of impairment loss (impairment loss) on financial assets															(98)	16
Income tax expenses															(143)	(105)
Profit for the year															<u>597</u>	<u>423</u>
<b>Segment total assets</b>															<b>7,666</b>	<b>7,149</b>
Investment in associates accounted for by the equity method															52	48
Additions (deduction) to non-current assets other than financial instruments and deferred tax assets															219	20
<b>Segment total liabilities</b>															<b>4,857</b>	<b>4,747</b>



(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Timing of revenue recognition:</b>				
Revenue recognised at a point in time	23,794	20,345	23,794	20,328
Revenue recognised over time	57	47	57	47
Total revenue from contracts with customers	<u>23,851</u>	<u>20,392</u>	<u>23,851</u>	<u>20,375</u>

*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 2020 and 2019, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

**29. 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 2020 amounting to approximately Baht 8 million (2019: Baht 11.1 million) were recognised as expenses.

**30. Dividends**

Dividends	Approved by	Dividends paid (Thousand Baht)	Dividend per share (Baht)
<b><u>Year 2020</u></b>			
Dividends on 2019 income	Annual General Meeting of the shareholders on 15 April 2020	192.61	0.55
<b><u>Year 2019</u></b>			
Dividends on 2018 income	Annual General Meeting of the shareholders on 19 April 2019	192.61	0.55

## 31. Commitments and contingent liabilities

### 31.1 Bank guarantees

As at 31 December 2020, the Group had outstanding bank guarantees approximately by Baht 80.2 million and USD 0.06 million (2019: Baht 30.2 million and USD 0.06 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.

### 31.2 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 105 million and Baht 725 million, respectively (31 December 2019: 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.

## 32. Fair value hierarchy

As at 31 December 2020 and 2019, 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			
	2020		2019	
	Level 2	Level 3	Level 2	Level 3
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Forward exchange contracts	4.6	-	3.4	-
Swap contracts	3.4	-	0.3	-
<b>Assets for which fair value are disclosed</b>				
Investment property	-	46.5	-	22.4

### 33. Financial instruments

#### 33.1 Derivative

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	<u>2020</u>	<u>2019</u>
<b>Derivative liabilities</b>		
Derivative liabilities not designated as hedging instruments		
Foreign exchange forward contracts	4,624	3,426
Cross currency swaps	<u>3,368</u>	<u>325</u>
Total derivative liabilities	<u>7,992</u>	<u>3,751</u>

#### Derivative not designated as hedging instruments

The Group use foreign exchange forward contracts and cross currency swaps to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 3 to 6 months.

#### 33.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, loans 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, loans, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

## **Trade receivables**

The Group manages the risk by adopting credit control procedures whereby customer credit is analysed individually and implementing appropriate and strict measures to accelerate the collection of outstanding debts. The Group therefore does not expect to incur material financial losses. In addition, the Group has purchased partial insurance coverage for all customers and required collateral from customers to mitigate the risk. In addition, the Group does not have high concentrations of credit risk since it has a large customer base in various industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due. The Group considers loss incurred from customers individually. Collateral and credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of economic conditions.

Generally, trade receivables are written-off if customers have no ability to repay debt and subject to legal enforcement activities.

## **Financial instruments and cash deposits**

The Group manages the credit risk related to cash deposits and derivatives with banks and financial institutions by depositing cash to savings accounts and entering into derivative contracts with contracting banks with credit ratings assigned by international credit-rating agencies. The Group considers that the credit risk on cash deposits and derivatives is low.

## Market risk

The Group had two types of market risk comprising currency risk and interest rate risk. The Group enters into a variety of derivatives to manage its risk exposure, including:

- foreign exchange forward contracts to hedge the foreign currency risk arising on the export or import of goods; and
- cross currency swaps to mitigate the risk of foreign currency rates.

## 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 they consider appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2020 and 2019, the Company had the following outstanding forward exchange contracts:

Foreign currency	Consolidated		Separate		Exchange rate as at	
	financial statements		financial statements		31 December	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Million)		(Million)		(Baht per 1 foreign currency unit)	
<b>Financial liabilities</b>						
US dollar	21.5	15.2	21.5	15.2	30.21	30.33

As at 31 December 2020 and 2019, 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)
<b>2020</b>			
<u>Consolidated financial statements</u>			
US dollar	15.0	June 2021	29.70 - 31.28
<u>Separate financial statements</u>			
US dollar	15.0	June 2021	29.70 - 31.28
<b>2019</b>			
<u>Consolidated financial statements</u>			
US dollar	29.0	July 2020	29.84 - 30.81
<u>Separate financial statements</u>			
US dollar	29.0	July 2020	29.84 - 30.81

### Swap contracts

As at 31 December 2020, the Group had purchased swap contracts in the amount of USD 4.9 million, equivalent to Baht 148.2 million. The contracts are due in June 2021 (2019: USD 2.8 million, equivalent to Baht 84.1 million. The contracts are due in June 2020).

### Interest rate risk

The Group's exposure to interest rate risk relates primarily to its long-term borrowings. 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.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate 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 2020						
	Consolidated financial statements						
	Fixed interest rates			Floating	Non-		Effective
	Within	Over		interest	interest		interest rate
	1 year	1-5 years	> 5 year	rate	bearing	Total	(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	239	24	263	0.03 - 0.25
Trade and other receivables	-	-	-	-	3,867	3,867	-
Long-term loans to other companies	13	20	-	-	-	33	3.00 - 6.60
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,612	-	-	-	-	1,612	0.90 - 1.10
Trade and other payables	-	-	-	-	2,922	2,922	-
Lease liabilities	42	125	2	-	-	169	3.60

(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.)
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
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 2020

	Separate financial statements						
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% p.a.)
	Within	Over	> 5 year				
	1 year	1-5 years					
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	197	24	221	0.05 - 0.25
Trade and other receivables	-	-	-	-	3,867	3,867	-
Short-term loan to related party	18	-	-	-	-	18	1.75
Long-term loans to other companies	13	20	-	-	-	33	3.00 - 6.60
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,612	-	-	-	-	1,612	0.90 - 1.10
Short-term loans from related party	385	-	-	-	-	385	1.75
Trade and other payables	-	-	-	-	2,911	2,911	-
Lease liabilities	42	125	2	-	-	169	3.60

(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				
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
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	-

**Liquidity risk**



The Group monitors the risk of a shortage of liquidity through bank loans and lease contracts. Approximately 96% of the Group's debt will mature in less than one year at 31 December 2020 (2019: 98%) (the Company only: 96%, 2019: 98%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements			
	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>				
Short-term loans from banks	1,612	-	-	1,612
Trade and other payables	2,922	-	-	2,922
Lease liabilities	44	130	2	176
<b>Total non-derivatives</b>	<b>4,578</b>	<b>130</b>	<b>2</b>	<b>4,710</b>
<b>Derivatives</b>				
Derivative liabilities: net settled	8	-	-	8
<b>Total derivatives</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>8</b>

	Separate financial statements				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from					
banks	-	1,612	-	-	1,612
Short-term loans from					
related companies	385	-	-	-	385
Trade and other					
payables	-	2,911	-	-	2,911
Lease liabilities	-	44	130	2	176
<b>Total non-derivatives</b>	<b>385</b>	<b>4,952</b>	<b>130</b>	<b>-</b>	<b>5,084</b>
<b>Derivatives</b>					
Derivative liabilities: net					
settled	-	8	-	-	8
<b>Total derivatives</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>8</b>

### 33.3 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 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.

- c) 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.

#### **34. 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 2020, the Group's debt-to-equity ratio was 1.7:1 (2019: 2.0:1) and the Company's was 2.0:1 (2019: 2.3:1).

#### **35. Event after the reporting period**

On 25 February 2021, the Annual General Meeting of shareholders of the Company passed a resolution to pay the dividend for 2020 to the Company's shareholders at Baht 1.00 per share. These dividends will be paid in May 2021.

#### **36. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2021.



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