

# **FORTH** **ANNUAL** **REPORT** **2019**

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**FORTH CORPORATION PCL.**



## Awards of Pride



**2019** **Award for Good Cooperation**  
Pioneer Manufacturing (Thailand) Co., Ltd.

**2015** **Award for Good Cooperation**  
Pioneer Manufacturing (Thailand) Co., Ltd.

**2014** **Award for Good Cooperation**  
Pioneer Manufacturing (Thailand) Co., Ltd.

**2012** **Performance Achievement Award**  
Western Digital (Thailand) Co., Ltd.

**2011** **The Best of National Innovation Award for Science & Technology**  
Multi Service Access Network (MSAN)  
National Research Council of Thailand (NRCT)  
**Best Supplier Award**  
Pioneer Manufacturing (Thailand) Co., Ltd.,  
Toshiba Career (Thailand) Co. Ltd.  
and Western Digital (Thailand) Co., Ltd.

**2010** **Forerunner of 5 : IT Princess Award (Nationwide IT)**  
Multi Service Access Network (MSAN)  
Foundation for Research and Information Technology  
**Telecom Innovation Award**  
FORTH X-TRANS WDM Access Switch  
Telecommunications Research and Industrial Development Institute (TRIDI)

**2009** **National Innovation Award Winner**  
Mini Multi Service Access Network สำนักงานนวัตกรรมแห่งชาติ (NIA)  
**Forerunner of Telecom Innovation Award**  
Multi Service Access Network (MSAN)  
National Telecommunication Commission (NTC)

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## Message from the Chairman





In year 2019, the overall picture of the Thai economy is in a slowdown. This is caused by the effects of the protracted trade war between the People's Republic of China and the United States throughout the year. In addition, the domestic economy is rather contracted due to higher household debt. However, government spending is still the main tool for stimulating the domestic economy including driving investment in the East Economic Corridor (EEC) project, which is considered to be the foundation for the Thai economic structure in the future especially linking with neighboring countries through the development of various transportation routes such as the development and railway system development plan including the infrastructure plan to respond to and support the use of new technology which will enable Thailand to be an economic center of ASEAN in the future.

For the business groups of the Company, it still faces challenges with the economic conditions mentioned above including the relatively high competition from domestic and abroad. However, with the advanced vision of the executives who focus on research and product development (R&D) by concentrating on product development and innovation in the technology including planning and preparation for both production capacity and funding sources in order to be in line with changes in various fields and the behavior of consumers is changing. In addition, in the past year, the company reorganized the business group of the Company in order to streamline operations and manage business better.

Lastly, I would like to thank shareholder as well as all executives and employees who dedicate their energy and motivation to drive the Forth Group to run a sustainable business and sincerely hope to receive cooperation and support from all of you continuously. In this regard, the Board of Directors continued to emphasize the stance of conducting business in strict accordance with good corporate governance in order to ensure stable and sustainable business growth.

**(Mr. Sanit Worapanya)**

Chairman of the Board of Directors

## Message from the Executive Chairman



The year 2019 is a challenging year for Forth Corporation Public Company Limited and its affiliates, as the economic situation both in Thailand and foreign country is still slowdown from the impact of the trade war between China and America and also the change in consumer behavior that is currently following to use a new technology. The Company, therefore, reorganized the business group structure of the Company by changing from the previous 4 main business groups, namely EMS, Telecommunication business, Technology related business and retail service business to 3 main business groups instead, namely EMS, Enterprise Solutions Business (Combined between the telecommunications business and related technology business) and Smart Service Business. In addition, the Company has adjusted the Company's vision and the business strategy of each business group for creating a competitive advantages that are suitable and up to date in various situations.

The Company operates business with government organization, private and public organization, and also with retail customers. By 2020, EMS Business focuses on improving production processes and controlling production costs to be more efficient to increase the level of competitiveness and expand new business opportunities in the future. For Enterprise Solutions Business, the Company focuses on bidding the procurement projects of the government sector, state enterprise and also doing many projects of private organizations. The Company has procedures in selecting projects for bidding and good operation to support the growth of digital society in Thailand. Smart Service Business focuses on the development of automated kiosks and the increase of service points. (Kiosks' location) even more, such as the Online Top-Up & payment kiosk, SIM Card vending machine, electronic-Know-Your-Customer (e-KYC) service kiosk, Vending machine, fresh roasted coffee machine and petrol machine and emphasizes on selecting the locations that are in line with the needs of customers or users in each area. Furthermore, the Company has developed the kiosks to be the financial services point by adding more financial services including lending services to provide convenience of accessing products and services to both existing and new customers.

The Company is still preparing in various fields to support long-term growth both economic, social and environmental along with research and development of our Thai engineering team in creating new technology and innovation to keep up to date and respond to changes in the world now and in the future.

On this occasion, I would like to present my thanks to shareholders, Board of Directors, employees, customers, suppliers, business partners, as well as all stakeholders who are important for the Company's success. The Company is committed to adhere to the principles of corporate governance, social care in conjunction with the operation of the company to grow steadily and sustainably.

**(Mr. Pongchai Amatanon)**

Executive Chairman



## Board of Directors



**Mr. Sanit Vorapunya**

Chairman of the Board of Directors,  
Independent Director



**Mr. Pongchai Amatanon**

Director,  
Executive Committee,  
Risk Management Committee



**Mrs. Rangsee Lerttripinyo**

Director,  
Executive Committee,  
Risk Management Committee,  
Nomination and Remuneration Committee



**Mr. Somboon Muangklam**

Director,  
Independent Director,  
Chairman of Audit Committee,  
Chairman of Nomination and  
Remuneration Committee



**Mrs. Vilasinee Puddhikarant**

Director,  
Independent Director,  
Audit Committee,  
Nomination and Remuneration Committee



**Mrs. Porntip Lerttanongsak**

Director,  
Independent Director,  
Audit Committee,  
Chairman of Risk Management Committee



**Mr. Kaelic Amatanon**

Director



**Mrs. Matinee Wandeepirom**

Director,  
Nomination and Remuneration  
Committee



**Mr. Boonya Tantipanichapun**

Director,  
Executive Committee,  
Risk Management Committee



**Ms. Noparat Siripongpreeda**

Director

## Management Team



**Mr. Pongchai Amatanon**

Chief Executive Officer



**Mrs. Rangsee Lerttripinyo**

Senior Executive Vice President



**Mr. Chatchavin Pipatchotitham**

Executive Vice President,  
Risk Management Committee



**Mr. Arin Jamnaree**

Vice President of Accounting and Finance,  
Corporate Secretary



**Mr. Katanyoo Wilaikaew**

Vice President of Research and  
Development

# Vision & Mission

## Vision

Forth Corporation Public Company Limited is an organization of research, development, production, distribution and service in all forms of information technology, communication and electronics including networks for, channels of excellent, complete and automated service and finance under good corporate governance by aiming for sustainable growth with social and environmental responsibility.

## Mission

- To encourage research and development in order to enlarge the business for various products and services.
- To restructure business plans underlying marketing dynamics and anticipations of organization's stakeholders.
- To fulfill the capacities of human resources on research and development, innovations, designs, explorations, manufacture, sales and marketing and distribution channels.
- To establish and maintain the customer satisfaction on our products and after sales services.
- To protect the interests of shareholders, customers, business partners, employees, social communities, environment and public sectors

## Corporate culture

**F**
**faithful**

Faithful and  
Faith in the  
Organization

**O**
**optimist**

Optimistic,  
Positive View,  
Good Attitude

**R**
**responsible**

Responsibility

**T**
**thoughtful**

Thorough,  
Thoughtful

**H**
**harmony**

Teamwork



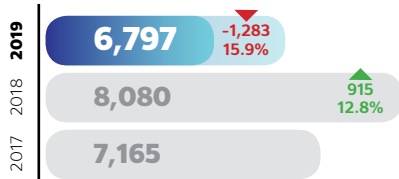
# Financial Highlights

Financial Highlights	2019	2018	2017
Total revenues (Million THB)	<b>6,797</b>	8,080	7,165
Gross profit margin (Million THB)	<b>1,537</b>	1,769	1,630
Profit before finance cost and income tax expense (Million THB)	<b>802</b>	1,082	745
Net profit (Million THB)	<b>331</b>	526	272
Earnings per share (THB)	<b>0.35</b>	0.55	0.28
Dividend per share (THB)	<b>0.42</b>	0.55	0.42
Total assets (Million THB)	<b>7,617</b>	8,870	8,149
Total liabilities (Million THB)	<b>5,171</b>	6,364	5,429
Total shareholders' equity (Million THB)	<b>2,446</b>	2,506	2,720
Debt to equity ratio (time) (Million THB)	<b>2.11</b>	2.54	2.00
Return of equity ratio (%)	<b>14</b>	20	10
Return of assets ratio (%)	<b>4</b>	6	4
Book value per share (THB)	<b>2.55</b>	2.61	2.83

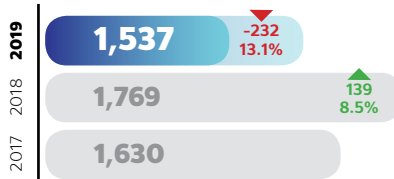
Revenue Structure	2019	2018	2017
• EMS Business	<b>1,457</b>	1,658	2,300
• Enterprise Solutions Business	<b>1,701</b>	2,676	1,396
• Smart Service Business	<b>3,361</b>	3,481	3,254

# Financial Highlights

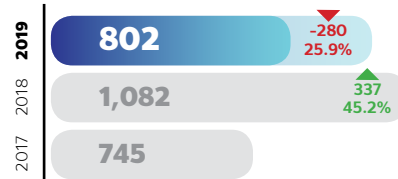
## Total revenues (Million THB)



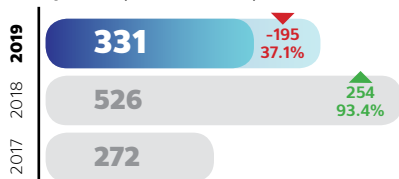
## Gross profit margin (Million THB)



## Profit before finance cost and income tax expense (Million THB)



## Net profit (Million THB)



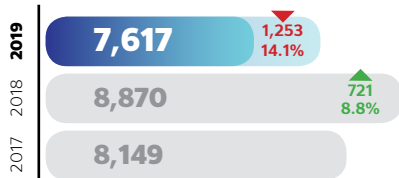
## Earnings per share (THB)



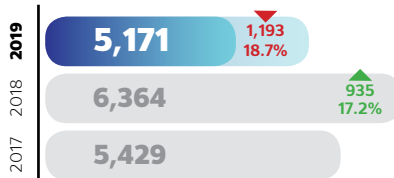
## Dividend per share (THB)



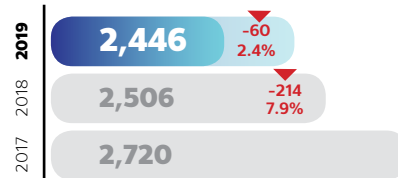
## Total assets (Million THB)



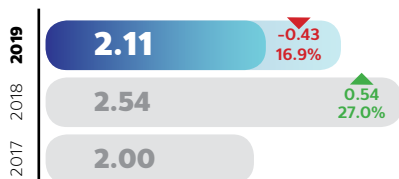
## Total liabilities (Million THB)



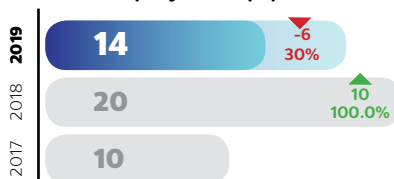
## Total shareholders' equity (Million THB)



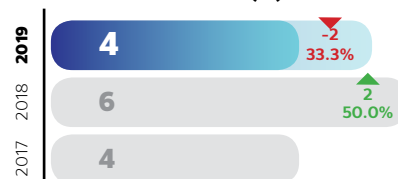
## Debt to equity ratio (time)



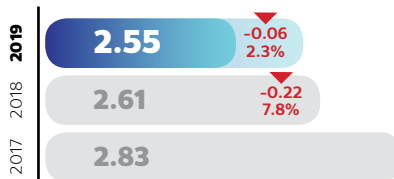
## Return of equity ratio (%)



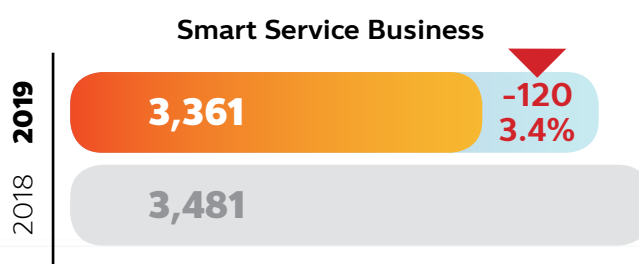
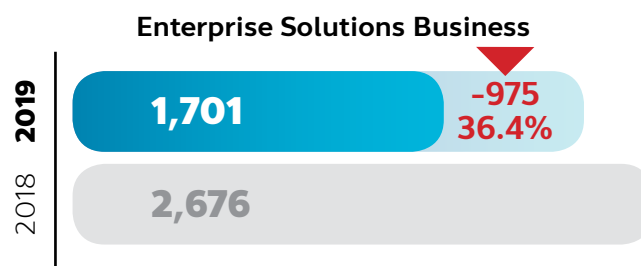
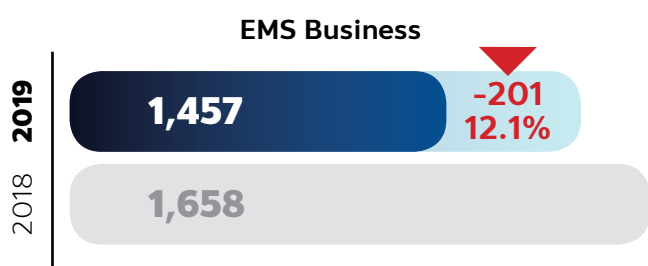
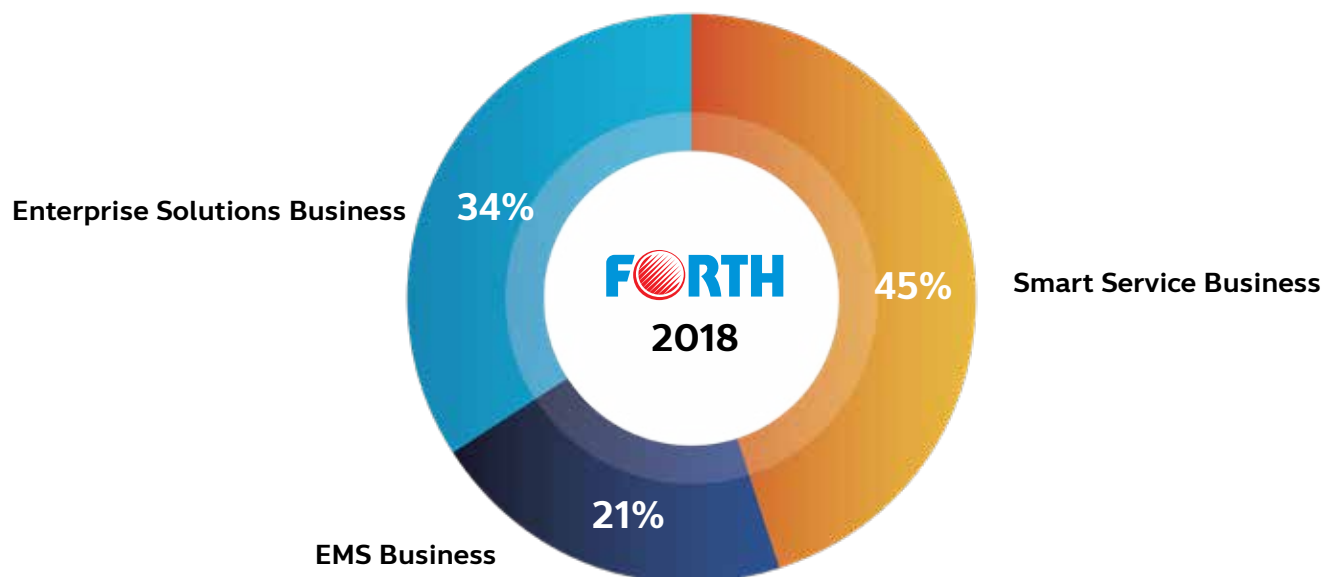
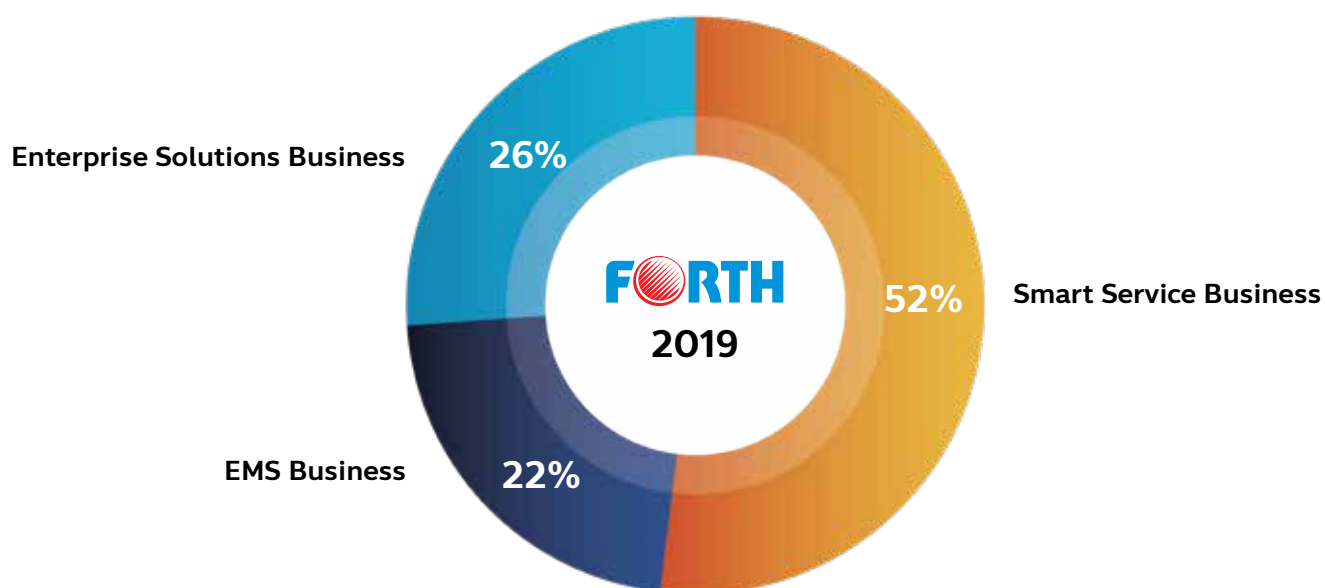
## Return of assets ratio (%)



## Book value per share (THB)



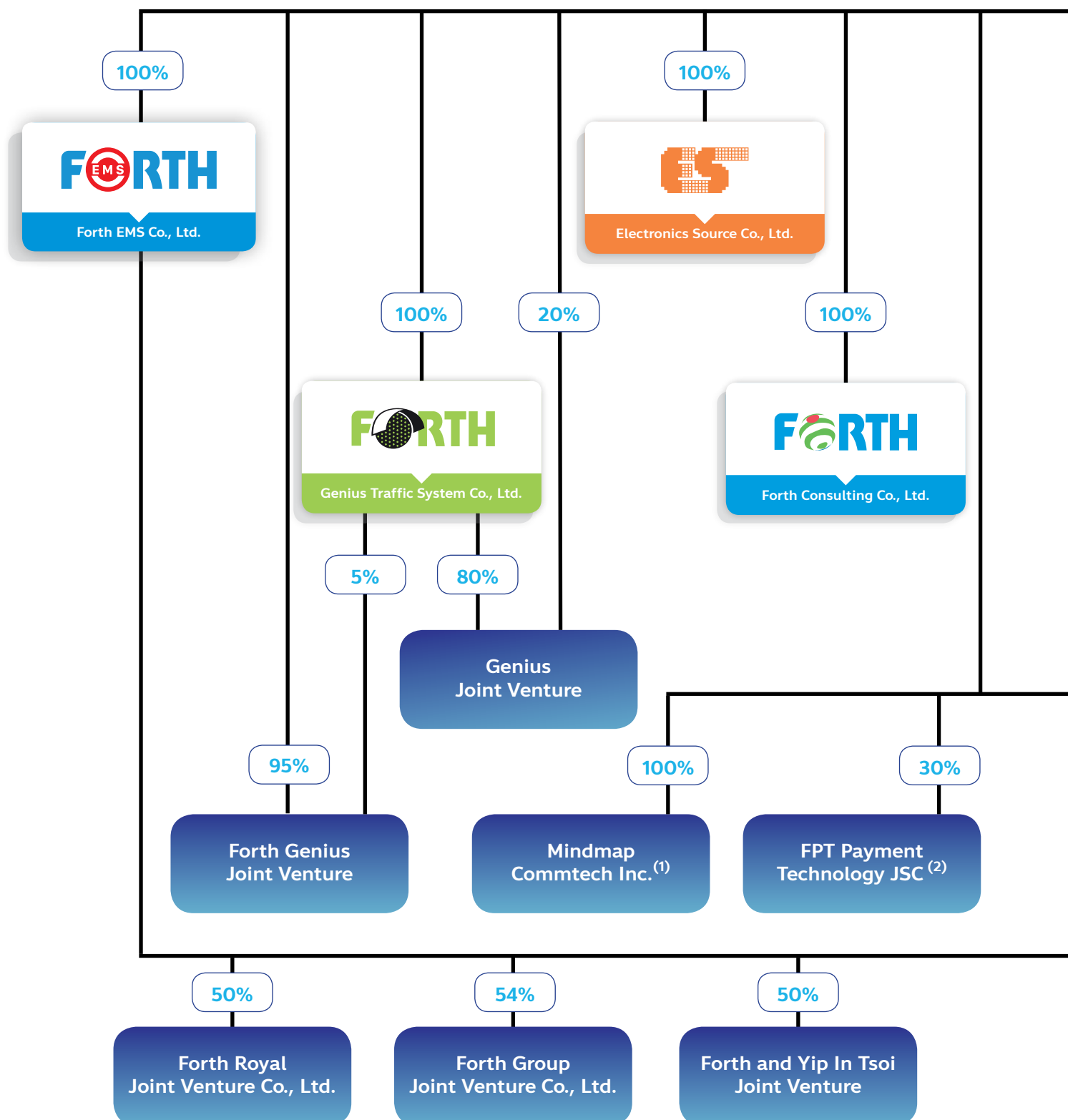
## Revenue Structure

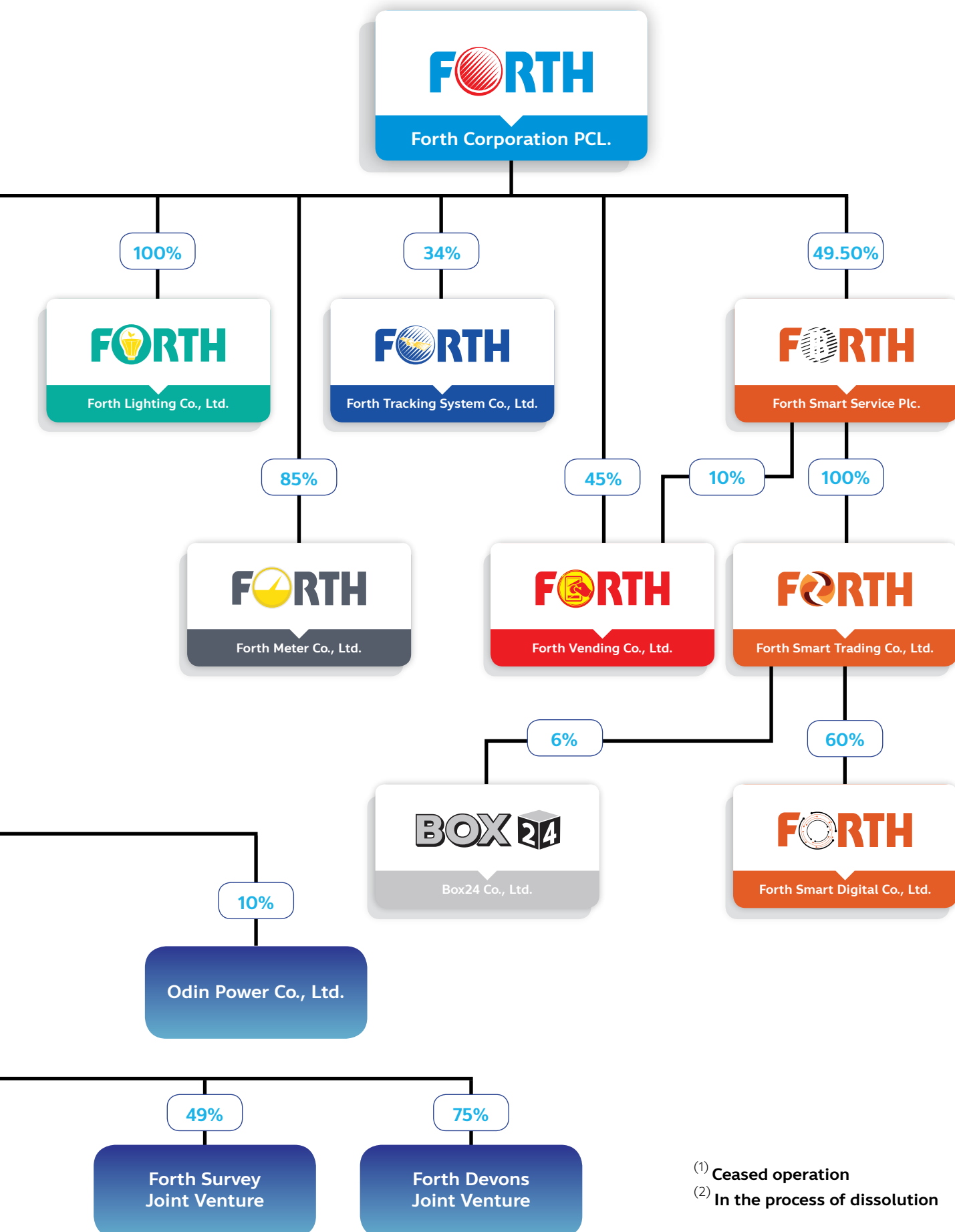




# Group shareholding structure

Forth Corporation Public Company Limited





(1) Ceased operation

(2) In the process of dissolution

As of 7 January 2020

## Overview and Business Nature

Forth Corporation Public Company Limited was established in 1989 under the old name of Genius Communication System Company Limited by Amatanon Group with registered capital beginning at 1 million baht. Later, in 2005, the Company was listed on the Stock Exchange of Thailand and transformed into a public company and also changed the name to Forth Corporation Public Company Limited. At present, the nature of the company's business and its subsidiaries are divided into 3 business groups, which are EMS Business, Enterprise Solutions Business, and Smart Service Business.

**The business nature of the 3 business groups are as follows:**

### 1) EMS Business

#### 1.1 Business of producing circuit boards, electronic equipment and telecommunications under the customers' brand

It is operated by Forth EMS Company Limited, a 100% subsidiary company under the trademark **FORTH**, providing complete service ranging from designing, procurement, production, assembly of circuit boards and electronic devices. The company has a production plant on a total area of over 66,000 square meters, consisting of factory buildings, building for light measurement and testing, warehouse and modern machinery with an engineering team and experienced work team. The service model of this business is the consign assembly of electronic circuit boards and the production of turnkey such as production contracting for assemble control systems of various devices for the electrical appliance business, telecommunication business, medical business, energy business and other businesses in which the main customers are leading electrical and telecommunication distribution companies both domestical and international, such as San Judo (Thailand) Co., Ltd., Pioneer Manufacturing (Thailand) Co., Ltd., Toshiba, Carrier (Thailand), Fusion Electronics Limited, Garmin Switzerland etc.



#### 1.2 Business of electronic components procurement and distribution

It is operated by Electronics Source Company Limited, a 100% owned subsidiary of the Company under the trademark **ES**, providing sourcing and distribution of electronic components, Semiconductor which is the raw material for producing electronic circuit boards both retail and wholesale such as IC, transistor, diode, semiconductor Opto-electronics, display device, relays, batteries, connector, buzzer, power switch, EMC filter, Thermal printer, Capacitor, Resistor, Crystal oscillator etc. In addition, Electronics Source Company Limited is a distributor of electronic components for the owners of many leading brands, both domestic and international, such as FUJITSU, ZARLINK, MICROCHIP, KEC, ELITE, Ischaffner, ETT, SILA, I\_NEX etc. via shop and [www.es.co.th](http://www.es.co.th). Moreover, many manufacturers such as FUJITSU, ZARLINK and MICROCHIP. They also appointed ES as an official distributor in Thailand as well. With over 30 years of experience and expertise, the company is well-known in the electronics industry and is well-trusted to buy raw materials for use in the production process from more than 300 production plant customers.





## 2) Enterprise Solutions Business

### 2.1 Telecommunications business

The business is operated by Forth Corporation Public Company Limited, a designer of next-generation telecommunications networks (NGN) to provide Narrowband and Broadband services via copper and fiber optic networks by a team of engineers who have experience and expertise in design for more than 3 decades, including distribution of telecommunications equipment under the trademark **FORTH** for the major service providers in the country, including the Telephone and Internet Exchange (MSAN), Telephone Exchange (DLC), Internet Exchange (DSLAM), Media Equipment (FORTH WDM Access Switch), Digital Telephone System and IP Phone, High speed Electronic Telephone Exchange (IP DSLAM), PABX with IP technology (IP-PBX), control device for charging and converting (Inverter / Charger) with a project management team with potential, experience in management and successfully completed more than 100 project management tasks within the time specified by the customer, starting from 1 billion baht worth of projects respectively down, such as MSAN, DWDM projects, etc. The Company provides system services and sells a variety of products, such as the Call Center System, Nurse Call, Multi-Interface Broadband Router, an electronic monitoring device called EM (Electronic Monitoring) for use in court processes to temporarily control and monitor the release of the accused or defendant who do not have enough securities. Ship tracking electronics (ship EM) for tracking and controlling vessels in designated areas, Smart Grid for systematic management of electricity (Power distribution) via internet data connection between the department of electricity and the smart meter of the household etc.



### 2.2 Traffic light system integration and distribution business

The business is operated by Genius Traffic System Company Limited which is a 100-percent owned subsidiary under the trademark of **FORTH**, providing complete system service and distribution of traffic light system products since the company has expertise in SI (System Integration) covering from consulting, designing, installation system, management on a technology connection via a network that can be controlled from a central location including system maintenance for public and private organizations as well as distributing related equipment such as Full Color LED Screen, Message Signs (VMS), HID Electronic Ballast, Signal Lamp, Countdown Timer for Road, CCTV Camera, Solar Flashing Light Device, Intelligent pedestrian crossing signal system and Traffic light control system by computer etc.



### 2.3 Electricity lamps and lighting equipment procurement and distribution business

Operated by Forth Lighting Company Limited, a 100% owned subsidiary of the Company under the trademark **FORTH**. The business covers production and distribution LED lighting products and various lighting equipment such as LED Street Light, LED High Bay, which is suitable for use in high roof areas and requires a lot of lighting such as factories, warehouse, oil pump, supermarket and sports stadium, etc. spiral bulb (E27), halogen lamp (MR16), fluorescent tube (T8). This LED technology will help to solve the problem of power consumption by up to 80 percent with longer lifespan and generate less heat than ordinary tubes.



### 2.4 Electronic electricity meters products distribution business

Operated by Forth Meter Company Limited, a subsidiary in which the Company holds 85% of shares (15% is held by non-connected persons) under the trademark **FORTH**. The main products include both one-phase and three-phase kWh electronic meter which is able to connect as an automatic processing system via RS485 Interface or LAN or to Ethernet and connect to the Billing program of the Exchange system of the Company. In addition, one-phase kWh meter is a prepaid card via RFID card and the water meter that is connected to the automatic processing system together with the kWh meter and it can be added via a wireless data transmission device for automatic water reading.



## 2.5 Vehicle tracking systems via satellite distribution business

It is operated by Forth Tracking System Co., Ltd., an associated company with 34% shareholding (66% of shares held by non-connected persons) operated under trademark **FORTH** with the main business covering production and distribution of vehicle data transmission equipment via satellite (Vehicle Tracking) for recording vehicle usage via satellite with GPS (Global Positioning System) system by reporting the vehicle data such as the location of the vehicle, travel route and speed of use including reporting the current status of the vehicle which will be alerted to the driver of the vehicle if driving off the route or driving at a speed that is overdue enabling users to manage vehicle usage more efficiently.



## 2.6 Business of Enterprise Resource Planning

Operated by Forth Corporation Public Company Limited and / or Forth Consulting Co., Ltd., a 100% owned subsidiary of the Company, to provide enterprise resource management services. Target customers are government agencies and state enterprises such as the Metropolitan Electricity Authority, the State Railway of Thailand, Thai Airways International Plc. Etc.





### 3) Smart Service Business

#### 3.1 Top-up and payment services via automated machines Businesses

It is operated by Forth Smart Service Public Company Limited, a subsidiary which the Company holds 49.50% shares (50.50% held by unrelated persons) under the trademark **FORTH**. It provides electronic payment services, accepting payment service for some business partner and electronic money services (e-Money) as well as personal loans. The company provides financial services via automatic online kiosks under the trademark **ฮับเงินเดิม** or Boonterm kiosk which has a variety of services, such as prepaid mobile top-up services, electronic top-up services (e-Wallet), deposit services into bank accounts, Line sticker sales service, utility Bill payment, credit card loan, bill payment service for other services and products covering more than 70 items and supporting up to 4 languages including Thai, English, Burmese and Cambodian in which customers can make various transactions by self-servicing 24 hours through Boonterm kiosks that are distributed throughout all regions of Thailand of more than 130,000 kiosks, with a Boonterm Call Center (Tel. 1220) that provides 24-hour customer service. The company operates Boonterm business in the form of a network through more than 200 agents nationwide and kiosk management with leading business partners such as convenience stores, Gas stations, transportation companies, etc. The company has products under the brand "Boonterm" such as online top-up kiosks. Boonterm Counter Service, Water Vending & Top Up Machine and, including selling SIM Card with e-KYC Service Kiosk, etc.



- Further details can be found on the Annual Information Statement (56-1) of Forth Smart Service Public Co., Ltd. -

### 3.2 Beverage and vending machine business

It is operated by Forth Vending Company Limited, with Forth Corporation Public Company Limited and Forth Smart Service Public Company Limited, holding 45 percent and 10% of the shares in that company respectively (45% share by unrelated parties) under the trademark **FORTH**, in order to operate a beverage vending machine and automatic products such as canned water, snacks, household medicines and consumer products along with the pre-paid mobile phone top-up service (Pre-paid) and the online payment service of Boonterm and operates a coffee vending machine by selling a variety of coffee menus such as Americano, Espresso, Mocha Latte and other coffee menus in which fresh coffee beans are freshly ground by glass as well as other beverage menus such as cocoa, Thai tea, Taiwanese tea, etc. with automatic ice making system inside the machine making it able to sell beverages in both hot and cold menus with a function for choosing the sweetness level of each menu manually through the modern touch screen and supports payment both in cash and electronic money (QR Code).



### 3.3 E-Marketplace for online trading and e-Commerce businesses

Forth Smart Trading Company Limited established Forth Smart Digital Company Limited as a subsidiary by holding 60% of the shares under the trademark **FORTH** to conduct business as an e-commerce related businesses, BeWallet, the electronic wallet business on mobile application provided electronic payment services whether it is topping up mobile phones, top up games, pay bills, buy cards, cash and more that will make all spending easier and more convenient.



## Revenue structure

The Company's revenue structure for 3 years which can be summarized as follows:

	2019		2018		2017	
	(Million THB)	%	(Million THB)	%	(Million THB)	%
<b>Revenues from major business</b>						
EMS Business						
- Manufacturing and distribution of telecommunication and electronics equipment under customer brands	521	7.66	673	8.33	1,347	18.80
- Distribution of electronics parts	936	13.78	985	12.19	953	13.30
Enterprise Solution Business						
- Procurement projects of government and state enterprise and projects of private organization	959	14.17	818	10.12	483	6.74
- Integration and Distribution of traffic light system and related equipment, CCTV and electronic boards	670	9.86	1,767	21.87	800	11.17
- Development and implementation of ERP system	11	0.16	9	0.11	70	0.98
- Others	61	0.89	82	1.01	43	0.60
Smart Service Business	3,361	49.44	3,481	43.08	3,254	45.41
<b>Total revenues from major business</b>	<b>6,519</b>	<b>95.90</b>	<b>7,815</b>	<b>96.72</b>	<b>6,950</b>	<b>97.00</b>
Other revenues	278	4.10	265	3.38	215	3.00
<b>Total revenues</b>	<b>6,797</b>	<b>100.00</b>	<b>8,080</b>	<b>100.00</b>	<b>7,165</b>	<b>100.00</b>

# Market Outlook and Competition

## Competitive Strategies of the Company

From conducting business in various aspects related to the products in the electronics industry for 30 years, the Company is well-equipped in the marketing, research and completed production, as well as having subsidiaries and associated companies that operate the business supporting each other business strategies as follows:

### Product Strategies

#### Continuous product development in order to increase variety of products and business lines

From long experience in doing business, the Company realizes that to be able to operate the business sustainably the Company must add new products to be diverse and make the product always up to date. Therefore, the Company has always focused on research and product development and establish them as a department which consists of personnel with expertise in the production of electronic-related products, serving to develop new products for the Company to meet the needs of customers. In the past, the said department has continuously developed the product to be the new product of the Company. Therefore, this enhances the Company to have a wider customer base and can reduce the risk of operating the business of the Company.

#### Use of production technology that are supportable to the modification of new product production

The Company has a policy to regularly invest in machinery with modern technology in order to support the production of sophisticated products for customers, the factory also has production standards, received ISO 9001: 2008 certification from the SGS (THAILAND) LIMITED SYSTEM SERVICE Certification Institute which allows customers to be confident that the Company has standardized production processes. In addition, the production line management is able to accommodate in the production of new products in order to be able to use the machine efficiently under changed orders and can also support production for various products of the Company as well.

#### Focus on after-sale services and customer satisfaction

The Company focuses on providing continuous after-sales service by the Company's customer service department and receiving support from dealers across the country, such as providing advice on using products with expertise, providing spare parts services with adequate reserves and have a quick fix repair service. These create customers' positive perception for the products and the product trademarks' recognition, and enhance trust and confidence in using the products or services resulting in the Company earning as well as building good relationships with customers. This also includes survey on customer satisfaction for continuous improvement of the services.

#### Focus on use of FORTH's trademark for the marketing of the Company's products

Since the Company has been operating for a long time with a variety of products under the trademark FORTH, therefore, currently the products of the Company are known and are widely recognized for quality and service, enabling the Company to market the Company's products for consumers to accept more easily.

## EMS Business

### Competition in Electronic Industrial Business and Electric Appliances

The electrical and electronic appliance industry is considered an important industry for the country's economy which can generate income from exports to many countries. The electrical and electronic industry has been expanding rapidly and continuously, therefore, making it an industry that is more important to the economy of the

country. It is also an industry that plays an important role in supporting labor in the industrial sector because it is an industry that has hired a lot of workers. Thailand has the potential of production factors, whether human resources, knowledge resources with the development of the production of products or products that are more diverse. As when considering the geography, it was found that Thailand has a commercial advantage in the Indochina region and have the potential to be a regional center. Therefore, it is a factor that has a positive influence on transportation. The growth rate of the electrical and electronic industry in Thailand is a rapid leap growth which results in benefits for the national economy, both directly and indirectly, ie employment and increased investment. However, Thailand still lacks the potential to compete in innovation or creative diversity when compared to other countries.

For the printed circuit board in the competitive world market, there is a strong competition especially the competition from China which has the advantage of production cost and also a manufacturer of products for companies in the United States, EU countries And Japan which, despite the price pressures caused by PCB manufacturers in China that have caused the production of cheap products to increase in the market and result in indirect price comparisons but the electronic printed circuit board products manufactured in China are not direct competitors of the Company because manufacturers in China will focus on the lower-end product market due to the production technology used in mass production, which focuses on mass production with low cost and lower product quality standards compared to Thailand which the Company is considered a manufacturer of high technology PCBs, which, if it is able to control production costs well, the business will not be affected by that competition since the Company focuses on quality and reliability rather than price competition. Apart from that, China's production cost is likely to increase. Thailand therefore has the advantage of producing electrical and electronic circuit boards compared to other ASEAN competitors. In addition, the expansion of contracted electronic manufacturing companies (CEM) makes Thailand, a core market of electronic circuit board assembly with the opportunity to grow in the future and the Company has been trusted by customers both domestic and foreign customers on continuing manufactures.

For the long term, the electronics industry in Thailand will have to adjust the new strategy to maintain this production base in Thailand. The important strategy is to use advanced technology for the production. It will be a challenge because technology has changed over time. By using more skilled workers which can happen here by, the Company requires cooperation between the government, the private sector and education as well as strengthening the supply chain systems.

## **Enterprise Solutions Business**

### **Competition in Telecommunication Industry and Telecommunication Device Manufacturing and Distribution**

The overall market for the telecommunications industry is still growing. The value of the equipment market of wired communications has not grown significantly compared to the wireless communications market with a leap growth rate. However, competition is intense from wired broadband internet providers especially the new comer entering the market who offers broadband services via fiber optic network technology which encourages other service providers to invest and develop their networks to such technology in order to maintain or increase market share. For the overall communication service market, there is a tendency to grow from mobile phone services but fixed telephone services that are likely to decrease due to changes in telecommunication network technology and the behavior of consumers who have needs for high-speed internet. Using internet on smartphones tends to grow. In addition, it is promoted by the government for national broadband policies with the objective to support and develop the use of broadband services as a basic public utility to allow people to access and utilize broadband development



fully which will help reduce inequality and improve the quality of life of the people and to increase the competitiveness of the telecommunications of the country.

#### **Competition and marketing strategies of the production and installation of traffic light systems**

The Company is considered the market leader of the country in the traffic light system product business by being the first Company in Thailand who has developed the LED traffic light system products. With outstanding products from functional tests by various agencies such as in 2003, the traffic light control cabinet products, LED traffic light and LED countdown timer have passed the quality certification from the Thai Industrial Standards Institute (TIS). In the year 2004 - 2005, traffic light lamp products and traffic lights for road crossing has been certified by the Department of Science Service, etc. and with the properties of such LED lamps that use less electricity than Halogen lamps, the service life is 5 – 10 years longer than the traditional ones and provides safety to the car users and people using the road higher since the traffic lights consists of a large number of LED bulbs, if one of the tubes has expired or deteriorated, the lamp will still function normally as the road users may not feel the difference. Therefore, various government agencies both in Bangkok and upcountry have accepted the Company's products for installation to replace the old traffic lights that have deteriorated or use to install along the emerging intersection. At present, the Company focuses on production to replace the existing products that are damaged and deteriorated.

#### **Competition of the manufacture and distribution of electric lamps and lighting equipment**

Lamp market and lighting lamps in Thailand worth 20 billion baht, which is likely to continue to expand in line with the expansion of the property sector and orders from government and private agencies. In addition, the End consumer's behavior that wants to change to use better quality products, more energy saving or have a more beautiful form including changing new products instead of old ones that are damaged or expired as well as the government policies that promote the use of energy-saving lighting products. All those factors have a significant impact on the growth of this business.

At present, the LED tube technology is becoming more and more popular since LED bulbs save more energy, longer life and have more flexibility in use than conventional lamps. Even though the price is higher, the benefits mentioned above make it more popular. The operators predict that the LED lighting market will increase to 50% in the next 5 years and increase to 80% in the next 10 years from the current 25% of the total lamp market while the chopsticks have a proportion of 40%, 25% moonlight bulbs and 10% incandescent bulbs. As a result of increasing market share, the lighting industry is affected and the competitive situation with more new entrepreneurs in the business force them to compete in terms of quality, price and beauty of the product. The operator who cannot adapt will be affected and may have to terminate the business.

#### **Competition of satellite vehicle tracking system products (GPS Tracking)**

In 2018, the market conditions for GPS tracking systems continue to grow due to the expansion of domestic transportation business and the growth of the AEC, CLMV market, as well as the policy from the Department of Land Transport for buses and trucks to be equipped with a GPS that is certified and standardized, causing the GPS Tracking market to be quite awake and with high competition. There are many manufacturers and suppliers of GPS tracking to compete in the market share with both companies producing their own products and importing them.

## Smart Service Business

The mobile phone service market is still growing and the access to technology continues to develop even more due to the driving force of the non-voice data service market, consumer behavior that enters the online internet society through the use of smartphones, especially the popularity of social networking applications that has continuously increased with support factors for smartphones and tablets and other IT devices that consumers can buy at easily accessible prices as well as the development of telecommunication network technology which is much faster together with the competition of mobile phone network providers, both pre-paid and post-paid systems that are increasing. All of these directly affect the mobile phone prepaid service business.

There are various top-up channels for mobile phones such as top-up via applications on smartphones, top-up via mobile phones (Refill On Mobile), top-up codes via convenience stores (E-Pin Code), the Scratch Card including Top-up Kiosk, etc. In the future, the scratch card will decrease as operators want to reduce the cost of card production and top-up via applications on smartphones is likely to be a more popular channel especially from customers who prefer to use electronic money or who have cash flow in bank accounts while the Top-up Kiosk is a popular channel for customers who prefer to use cash or people of low income since they can top up a small amount with a minimum amount of 10 baht through our 24-hour service which is fast and easy to use.

Currently, the business of payment services via automatic payment machines or top-up kiosk still has a lot of competition according consumers need. This results in the increase in the number of top-up machines in the market. At the end of 2019, it was found that there were more than 21 million subscribers using the top-up service via Boonterm kiosk representing 30% of the number of pre-paid mobile phone numbers (over 69 million in domestic numbers). The company continues to maintain its leadership in the automatic payment business and holds the market share from the pre-paid mobile phone market through Boonterm kiosk accounted for more than 20% of the market value of more than 1.28 billion baht.

In addition, as the banking industry is trying to reduce operating costs by reducing the number of branches nationwide and with the promotion of online money transfers of up to 5,700 million times, this result in a growth of 87% from 2018, which is an opportunity for the company to operate as a bank representative business. In the past year, there were 12 million transfers in the Boonterm network, growing 17% from year 2018. The company represents a total of 6 banks with the largest number of banks providing services in the country and still have many more opportunities to provide services.

### **The company has a competitive advantage from economies of scale and new innovation**

New entrepreneurs who want to enter the top-up Kiosk business will encounter barriers to entry such as economy of scale, Capital investment, Knowledge and experience in server system and agent management, as well as after sales service. Boonterm kiosk has the highest number of kiosks in the country with a network covering all areas throughout the country of more than 130,000 kiosks with various services by the efficient and precise server systems as well as the reliability in providing financial services with standardized management systems such as payment service, selling sim cards and mobile top-up services, depositing-withdrawing, transferring and loan service including payment of credit which has been approved by the Bank of Thailand to be a bank representative including the development of new products and services continuously such as vending machines, fresh coffee vending machines, Boonterm Counter Service, Clean drinking water dispenser and top-up mobile, battery charging station for electric vehicle (EV Changer) etc.



# Research and Development Project

## Coffee Vending Machine

At present, it is found that the Thai people are more and more popular to consume fresh coffee which can be clearly seen from the market research work and the number of fresh coffee shops that are abundant. To respond to consumers' ability to buy fresh coffee 24 hours a day, including in areas where coffee shops cannot be located, the company has researched and developed fresh coffee vending machines and adding sales of other beverages with online systems to be able to check sales and check immediately for problems that may occur as well as able to perform various top-up transactions perfectly, like the Boonterm kiosk.



## Motorcycle EV Locker

Generally when the battery of an electric motorcycle runs out, it must be plugged in at home which requires a long time and sometimes in various residences such as rental houses or condos that are not procured or prepare the power plug or place for parking and charging. This results in owners having to carry more weight batteries to charge in the room which is not convenient so it encourages people to use electric motorcycles.

Having seen these problems, the Company therefore researched and developed a battery charging station for electric motorcycle by bringing the removable battery to change at the station. Users can look at the mobile application to see which stations have batteries that are ready for immediate change. This help eliminating the waste of time waiting for charging by just look at the distance to go to the battery changing station and then plan the trip to it. This provide convenience for people in using electric motorcycles and encourage them to turn to use more which will help reduce the pollution from the smoke caused by oil and save money for users because the price per kilometer is cheaper.



## Control kiosk for an automatic vending machine

Since the Company has designed the vending machine for a while now it was found that some areas where the clear glass vending machines were unable to be installed along with the automatic can water vending machines used for controlling due to not enough space resulting in the loss of opportunity in some areas. The company has therefore designed a vending machine control cabinet in another way which will use less installation space if placed with a vending machine.

### Automatic withdrawal machine

The Company has researched and developed automatic withdrawal machines to increase channels of withdrawing cash from various banks in some areas where people are not able to travel to find a bank's cash withdrawal machine or set up with a bank withdrawal machine for withdrawing small bills that cannot be withdrawn in the normal machine.

### SIM Card Vending Machine

The Company has researched and developed a kiosk to sell SIM cards for mobile phone to extend the service for the mobile top-up kiosk at Boonterm. This kiosk will be a stand that is designed to connect with the Boonterm kiosk. Inside the kiosk will consist of a SIM card dispenser and an ID card reader to support the process of identifying customers that can identify themselves and proof of identity (Verification) via electronic system (e-KYC), a process for selling SIM cards.



### Internet of Things (IoT Gateway)

Internet of Things (IoT) technology, or "internet of all things", means that things was linked to the internet allowing humans to command and control the use of various devices easily at your fingertips via the internet, such as ordering – switching on and off electrical appliances in houses and everyday appliances, etc. The Company has researched and created IoT Gateway which can check Temperature, humidity, including surveillance cameras, control various electrical equipment and can control the LED display via the internet. This technology is very useful in daily life since it can meet the needs and helps to facilitate life well.



### Electronic Monitoring Device

The Company has designed and researched the electronic monitoring devices (EM) of the second generation that are smaller in size but higher efficiency for use in court proceedings to control and monitor the release of the suspect or the defendant who does not have enough securities to reduce the number of inmates. It can reduce more social inequality. The device will be able to monitor and restrict travel by wearing to the ankle, which will be able to specify the location and temporarily send coordinates of the person who is released every 2 minutes including warning real-time when thing goes wrong with the device such as hammering, breaking, cutting or removing equipment without permission.



### Electronic Monitoring for ship

Boat tracking equipment is an electronic device for use under the responsibility of the Harbor Department to be installed on the offender's ship. This device will lock the steering wheel of the ship including being able to track and locate the ship every 2 hours if it is moving, is trying to open or destroy the device without permission, there will be Real-Time notifications to the control room.



### Internet Protocol (IP Nurse Call)

Internal communication systems for hospitals to communicate between patients and nurses allowing the patient to communicate with the nurse whenever needed, without the need to pick up the phones, just one press of a button can talk like talking in the same room. The IP Nurse Call equipment is an extension to increase the ability and stability of the system by changing the original Nurse Call device to use the communication of all devices in one system via Internet Protocol (IP), which can increase the efficiency for nurses and helps build confidence and trust from patients and patients' relatives, especially when the patients are in the emergencies, they can call for help at any time.



### Electric Vehicle Charging Station

The Company has researched and developed Electric Vehicle Charging Station for continuously charging electric vehicle batteries. Both wall type and charging station which supports the use of the charging nose of J1772 Type 1 standard (for cars from America and Japan) and 62196-2 Type 2 (for cars from Europe). The electronic vehicle Charging station can be categorized into 2 models which are models for sale that can charge electric vehicles automatically (Standalone) and the paid model according to actual use and pay via the BeWallet Application to meet with the advance of today's technology.



### Glass Front Vending Machine

The Company has researched and developed a clear glass vending machine which can sell a variety of products in various containers such as sachets, cups, boxes, bottles and cans, etc. and can hold more products than automated vending machines with lockers by having an elevator system to receive the product so the product is not damaged and has a cooling system as well. This type of vending machine has both attached to the automatic beverage vending machine like a vending machine with lockers and the one that does not attach to the beverage vending machine.



# Technovation

- Electronic Monitoring Device

2560



- Online Gasoline Vending Machine
- Passive Optical Network GPON-8 for High Speed Internet

2559



2561

- EV Charger Station
- Electronic Monitoring for ship
- Electronic Monitoring Device (V.2)
- Glass Front & Locker Vending Machine



2558

- Boonterm 10"
- Weight Scale
- LED Streetlight ECO-S
- Water Vending & Top-up Machine
- Vending Machine
- LED T8
- Golf Caddie



2532-2546

- Analog PBX
- Key Telephone
- V5.2 PBX
- Digital PBX
- ISDN PBX
- IP Trunk
- Circuit Board and Electronics Devices
- LED Traffic Count Down
- Traffic Light Control System
- LED Traffic Light

2549

- Implement DLC to TOT (TDM-Voice)







# 2562

- Coffee Vending Machine
- EV Charger
- Automated Kiosks, SIM Card, e-KYC



# 2557

- Counter Service
- Set Top Box
- Antenna Indoor / Outdoor
- E27 / MR16 / Downlight
- Wi-Fi EasyPass
- Mini IPX

- IP PBX, IP Phone
- VoIP Gateway

# 2550



# 2555-2556

- Android Tablet
- Smart IP Phone
- Speaker
- ONU
- Wi-Fi Outdoor
- Wi-Fi Indoor
- LED Streetlight

# 2553-2554

- FORTH WDM Access Switch
- Top UP Machine





## Forth Direction

Since the Company has an important mission that focuses on manufacturing and innovative services that use modern technology to reduce production costs and meet the needs of customers effectively. The Company therefore would like to summarize the directions or operation guidelines of 3 main areas as follows.

### • EMS Business

The EMS business group continues to focus on the development and improvement of production technology by introducing new technology to increase efficiency and add value to the product and focus on developing the team to have more knowledge, ability, and expertise including encouraging the team to be aware of the use of production resources in a cost-effective and safe manner. In addition, another important factor that makes customers decide to buy products and services is the quality of products and services. Therefore, the EMS business group attaches importance greatly to the quality of products and services, thus, it focuses on design, production process, product inspection as well as after sales service in order to be able to meet the needs of customers and to increase the potential for business competition according to the company's expansion plans aimed at expanding the customer base to more international markets.



### • Enterprise Solutions Business

The Enterprise Solutions business group has expertise in operating business in System Integration which provides complete and comprehensive services since the design, procurement, installation, system installation and technology connection through a network that can be controlled from the center such as traffic light control, Electronic monitoring, etc. in which most of the work is from procurement project. As this business group has expertise in doing SI business, including the engineering team, specialist in finance and understanding of regulations various practices of government and state enterprises. This results in the company being able to expand to various agencies more of the government sector. In addition, the Company continues to develop, innovate new products and services as well as to focus on using the modern technology or the Internet of thing (IoT) to fix the problem and support customers' need. The Company has plans to bid for many procurement projects in government sector and do the work from private organizations continuously.



## • Smart Service Business

Smart Service business group has expertise in the business of selling product and service via online automated kiosks which has been researched, Developed and produced by an affiliate company. Therefore, it is easier to adjust and develop both software and hardware systems. In order to be in line with the changing behavior of customer that are gradually change from technology changing. At the present, customers has a variety of needs and more unique need in buying products and services as well as need convenience, fast in getting products and services.

As the leader of online payment service business via automated kiosk or Boonterm kiosk, which has 130,000 kiosks nationwide along with its service agents, the business group can add new services to the system such as traffic fine payment service, depositing with the National Savings Fund service, BAAC savings lottery service and social security fee payment service in order to meet customers' need in each area. In addition, new Boonterm kiosk has been developed to provide 1) SIM card selling kiosk with electronic-Know-Your-Customer (e-KYC) service that customers can choose mobile phone number, buy pre-paid SIM card and top-up money at the kiosk. 2) A one-stop financial service point, i.e. cash deposit, money withdrawal, money transfer, payment, and new account opening with electronic-Know-Your-Customer (e-KYC) service, and lending business with target customer is Boonterm kiosk's Master Agents (MAs), sub-agents, MAs' employees, and FSMART affiliated companies' employees. These targeted customers have a business relationship with the group, which shall greatly lessen the credit default risk. 3) Vending machines, namely the vending and top-up service machine, the flexible (spiral) vending machine, the fresh roasted coffee machine and the electric motorcycle charging and battery replacement service stations and electric vehicle charging stations. The business group focuses on strengthen and leverage its network to build more competitive advantage and expand new business opportunities to have sustainable growth and profits in the future.



## Risk Factors

The Company has reviewed and assessed significant risks on regular basis and has implemented a comprehensive risk framework to help controlling the risks to the acceptable level. In addition, the Company has diversified risks to other business lines apart from the main business for example the manufacturing and distributing of telecommunication products, telecommunication solution, the traffic light system, electronic boards, electronic parts, electronic meter, vehicle tracking system, enterprise resources planning consulting service and online top-up services and etc. The Company has assessed the main risks that can affect the business operation as follow:

### 1. Operational risk

#### Risk relating to project delivery

The operations of projects by the Company and its subsidiaries normally have duration of 3 months to 1 year depending upon project size. If the Company and its subsidiaries fail to deliver the project on the due date stated in the contract, the Company and its subsidiaries may be fined or lose credibility to the project operator. The penalty will affect the profitability of each project. Therefore the Company and its subsidiaries have policy to closely and carefully monitor and manage projects. In the last 3 years, the Company and its subsidiaries were fined less than 0.05% of project's value. In order to prevent such risk, the Company and its subsidiaries always coordinate with customers and manufactures in order to solve problems in a timely manner.

### 2. Risk from dependence on an executive or a major shareholder

Mr. Pongchai Amatanon is the founder and Chief Executive Officer of the Company with experience in the business for a long times. With his vision as well as direct responsibility for policy-making and the Company's direction, if there are any changes to the Executive, the Company may confront with the business operation problems. The Company then established the organizational structure for decentralization by appointing professional boards with more working experiences as well as authorizing the deputy executives' level to participate in decision making and planning for future of the Company. In addition, the Company decentralized management to subsidiaries and associates. However, he still has significant role on main policy and management of the Company, subsidiaries while other executives are responsible for their business operations in depth. This aims to reduce risk reliance on the executive.

### 3. Financial risk

#### Risk from the liquidity of distribution to public sector

The target customers of our telecommunication business and related technology business are mainly public sectors, which the payment terms are usually longer than the private customers. This group has 60 days of average account receivable turnover depending on the budget of each department. The Company and its subsidiaries expected to acquire more revenue from them through auctions and also contractors. The Company and its subsidiaries therefore needed to manage efficiently liquidity system to support public sector's project. However, the Company and its subsidiaries have gained experience and expertise from public projects for a long time and this enhances the professional liquidity management for the customers of the public sector and the ones of the long credit duration. The Company and its subsidiaries especially hold a circulating capital sufficient for supporting the long-term cash flow of those specific customers. Apart from that the Company and its subsidiaries also reserve sufficient loan provision and request additional loan from commercial banks to support efficient liquidity management in the long run.



#### 4. Marketing risk

##### **Risk relating to change in government policy**

Telecommunication business and related technology business involve in bidding projects from government agencies, which budget of the projects should be approved from government. Therefore, if there are any changes in the government policy, it might also impact on the Company's business opportunities. However, the Company monitors such policies closely and diversifies our business to retail business in order to minimize fluctuation of revenue and profit.

##### **Risk from the obsolete products that results in changing of manufacturing technology**

The Company and its subsidiaries produce and distribute electronic and telecommunication products, which are greatly subjected to changes in technology. Large number of inventories from slow distribution might result in obsolete products, which require high management cost. Hence, the Company and its subsidiaries continuously have consideration to set up the allowance for obsolete inventories in order to cover and to be realistic. However, the Company and its subsidiaries have a plan to manage and reduce overstocks by continuously meet with related departments such as production, sales and R&D to determine the methods to resolve on inventories turnover together with apply information technology system to improve production planning and sale forecasting, determine inventories level.

#### 5. Risk affecting the rights or investments of holders of securities

##### **Risk from a shareholder group, which held of more than 50% of the Company's share capital**

As at 7<sup>th</sup> January 2019 Amatanon family was still the major shareholder of the Company with shareholding of 54.44% %, which is more than 50% of the Company's paid-up capital. As a result, this family is able to manipulate the resolution of shareholders' meeting in every agenda; either appointment of directors, the approval of other matters with a majority votes, exempt the matter related to law or article of association, which required at least three fourth votes of shareholders in meeting. However, it is impossible for minor shareholders to gather, vote and check and balance of power on the matter proposed by major shareholders.

Investors can get information about risk factors of Forth Smart Service Public Company Limited, which is the subsidiary, from the annual report and annual filing (Form 56-1) of Forth Smart Service Public Company Limited.

## Security and shareholder information

### Registered and paid-up capital

As on December 31, 2019, the Company has registered capital of Baht 480 million, consisting of 960 million ordinary shares with a par value of Baht 0.5 each. The Company's issued and paid-up capital is Baht 480 million, consisting of 960 million ordinary shares with a par value of Baht 0.5 each.

### The Company's treasury shares

On 17 July 2019, the meeting of the Board of Directors of the Company approved a share repurchase program for financial management propose with a budget of up to Baht 300 million, to repurchase no more than 50 million shares (par value of Baht 0.5 each), which accounts for not more than 5.21 percent of the total number of shares in issue. The shares were to be repurchased on the Stock Exchange of Thailand from 15 August 2019 to 14 February 2020. The share resale period was determined after 6 months from the completion date of share repurchase but no later than 3 years.

During 2019, the Company has purchased back 6,413,900 ordinary shares (par value of Baht 0.5 each), or 0.7 percent of total number of shares in issue, a total of Baht 36.8 million. In addition, the Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to Baht 36.8 million.

### Shareholders

Top 10 shareholders of the Company as at 7<sup>th</sup> January 2020 were as follows:

No.	Name		Number of shares (shares)	Percentage of shareholding (%)
1	Amatanon family		522,657,900	54.44
	Mr. Pongchai Amatanon	366,744,400		
	Mrs. Rangsee Lertripinyo	59,465,500		
	Mr. Kaelic Amatanon	57,924,000		
	Mrs. Wantana Amatanon	34,089,600		
	Mr. Chawin Lertripinyo	2,150,000		
	Ms. Rasinee Lertripinyo	1,494,400		
	Mr. Pattanun Amatanon	193,000		
	Mr. Autsila Amatanon	257,100		
	Ms. Nisa Amatanon	191,300		
	Mr. Sitthichok Amatanon	28,600		
	Ms. Laksika Amatanon	20,000		
2	Thongtang family		61,238,100	6.38
	Ms. Vi-orn Thongtang	17,350,850		
	Mr. Attikhun Thongtang	17,350,850		
	Mr. Att Thongtang	13,945,450		
	Mr. Itti Thongtang	12,590,950		



No.	Name		Number of shares (shares)	Percentage of shareholding (%)
3	Ninnoennon family Mr. Boonyong Ninnoennon Ms. Boonyanit Ninnoennon	41,913,400 6,440,300	48,353,700	5.04
4	Siripongpreeda family Mr. Poonsak Siripongpreeda Mr. Somruek Siripongpreeda	32,431,900 2,400,000	34,831,900	3.63
5	Mrs. Matinee Wandeepirom	24,750,400	24,750,400	2.58
6	Tantipanichapun family Mrs. Vipawan Tantipanichpun Mr. Boonya Tantipanichapun	13,350,000 11,361,400	24,711,400	2.57
7	Pongrattanakul family Mr. Supat Pongrattanakul Mr. Somchai Pongrattanakul	21,102,300 2,300	21,104,600	2.20
8	Leelatheerakul family Mr. Kumthorn Leelatheerakul Mrs. Duangporn Leelatheerakul Ms.Chittima Leelatheerakul	15,457,600 25,000 10,000	15,492,600	1.61
9	Sujjaboriboon family Mrs.Chuleeporn Sujjaboriboon Mr. Thanin Sajjaboriboon Mr Worakun Sajjaboriboon Mr.Komsam Sujjaboriboon Mr.Suwakij Sujjaboriboon	4,334,800 3,039,300 2,095,000 1,930,000 1,340,000	12,379,100	1.33
10	Thai NVDR Company Limited	12,685,197	12,685,197	1.32
	Others		181,795,103	18.90
	<b>Total</b>		<b>960,000,000</b>	<b>100.00</b>

## Dividend payment policy

The Company has a policy to pay dividends of not less than 40% of net profit after corporate income tax and accumulated losses (if any) in the separate financial statements. However, the Board of Directors may require that the dividend payment be less than the rate specified above depending on the operating results, financial position, liquidity and the need to expand the operation as well as use as working capital in the operating of the business.

Forth Smart Service Public Company Limited ("FSMART") has a policy to pay dividends of not less than 40 percent of net profit after deduction of income tax and other reserves of all types as specified in the company's regulations and as required by law if there is no other necessity and the payment of the dividend does not affect the normal operation of the subsidiary significantly.

Other subsidiaries have a policy to pay dividends at a rate of not less than 20% of net profit after corporate income tax according to the financial statements of the subsidiaries depending on the investment plan, other needs and appropriateness in the future.

<b>Dividend payment</b>	<b>Year</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Net profit per share (Baht / share)		0.30	0.31	0.41
Dividend rate per share (Baht / share)		0.42	0.55	0.42
Dividend payout ratio per net profit (%)		140	177	102

# Significant Changes and Development

**In 2019, the Company and its subsidiaries had significant changes and development as follows**

- In April, the Company established Joint Venture Forth Group Co., Ltd. in order for the business of demolition, transportation, assembly, installation, construction, adjustment, system installation, machine performance testing with a registered capital of 1 million baht (100,000 ordinary shares with par value of Baht 10 each) and the Company holds 49.00% of the registered capital.

- In March, the Company established Forth Devons Joint Venture for the business of Anti-Drone with a registered capital of 10,000 baht and the Company holds 75.00% of the registered capital.

- In May, the Company established Forth EMS Co., Ltd. For the production services and turnkey electronic products with a registered capital of 1 million baht (100,000 ordinary shares with par value of Baht 10 each) and the Company holds 99.99% of the registered capital.

- In May, the Company established Forth Survey Joint Venture for business of improving the district information system in geographic information system with a registered capital of 10,000 baht and the Company holds 49.00 percent of the registered capital

- In July, Forth EMS Co., Ltd. increased the registered capital for 1 million baht (100,000 ordinary shares with par value of Baht 10 each) to 250 million baht (25 million ordinary shares with par value of Baht 10 each). The Company purchased newly issued ordinary shares in order to maintain the exiting proportion of shares.

- In July, the Board of Directors of the Company approved a share repurchase program for financial management propose with a budget of up to Baht 300 million, or no more than 50 million shares. The shares were to be repurchased on the Stock Exchange of Thailand from 15 August 2019 to 14 February 2020.

- In July, The Company has a partial business transferred which are assets, liabilities and officers related to the business to Forth EMS Company Limited.

- In September, the Company established Forth and Yip In Tsoi Joint Venture, with a registered capital of 4 million baht, to operate the Smart Metro Grid network business. The Company holds 50% of the registered capital.

- In October, Forth Vending Co., Ltd. increased its registered capital from 320 million baht (32 million ordinary shares with par value of Baht 10 each) to 620 million baht (62 million ordinary shares with par value of Baht 10 each) by issuing 30 million new ordinary shares, with par value of Baht 10 each. Forth Corporation Public Company Limited and Forth Smart Service Public Company Limited exercised the right to purchase those newly issued ordinary shares in order to maintain the exiting proportion of shares.

- In December, the Company established the Forth Royal Joint Venture Co., Ltd. with a registered capital of 2 million baht (200,000 common shares with par value of Baht 10 each) for the business of airplane distribution. The Company holds 50 percent of the registered capital.

- In December, the Board of Directors of the Company approved the purchase of ordinary shares of Forth Smart Service Public Company Limited with a budget of up to Baht 210 million, or no more than 30 million shares, which will increase the proportion of the Company's shareholding from 50.76% to 54.61%.

## Entities that own, directly and indirectly, 10% or more of the total issued shares

Item No.	Business name/Location	Business type	Share type	No. of Outstanding shares	No. of Shareholding	Percentage of Shareholding
1	Genius Traffic System Co., Ltd. 77 Moo 11 Phuttamonthon 5 Road, Raikhing, Sampran, Nakornpathom 73210 Tel : 0-2811-7925, Fax : 0-2811-7935	Manufacture and distribution of traffic system	Common	2,000,000	1,999,994	100.00%
2	Electronics Source Co., Ltd. 256, 5 <sup>th</sup> Floor and 6th Floor Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel : 0-2062-4970, Fax : 0-2062-4999	Distribution of electronic parts	Common	500,000	499,994	100.00%
3	Genius Joint Venture 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok 10400	Concession for traffic board project	-	-	-	100.00%
4	Forth Smart Service Pcl. 256 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel : 0-2278-1777, Fax : 0-2279-7195	Online top-up services and automated prepaid mobile phone	Common	800,000,000	395,965,800	49.50% <sup>(1)</sup>
5	Forth Consulting Co., Ltd. 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok 10400 Tel : 0-2265-6700, 0-2271-2888 Fax : 0-2615-0615, 0-2279-4888	Consulting service for management and computer software management	Common	330,000	329,998	100.00%
6	Forth Lighting Co., Ltd. 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok 10400 Tel : 0-2271-4888, Fax : 0-2271-3040-41	Manufacture and distribution of lamps and lighting equipment	Common	100,000	9,996	100.00%
7	Forth Tracking System Co., Ltd. 252 S.P.E. Tower Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel : 0-2615-0808, Fax : 0-2615-0809	Distribution of vehicle tracking system	Common	300,000	101,991	34.00%
8	Forth Meter Co., Ltd. 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok 10400	Distribution of Electronic Meter	Common	4,000,000	3,399,997	85.00%
9	Forth Vending Co., Ltd. 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok 10400	Management of vending machine	Common	62,000,000	34,099,970	55.00% <sup>(2)</sup>
10	Mindmap Commtech Inc. 8 <sup>th</sup> Floor, Salamin Building, 197 Salcedo, Legaspi Village, Makati City, Metro Manila, Philippines	Ceased the operations	Common	150,000	150,000	100.00%



Item No.	Business name/Location	Business type	Share type	No. of Outstanding shares	No. of Shareholding	Percentage of Shareholding
11	FPT Payment Technology JSC FPT Tan Thuan Building – 2nd Floor. 29B - 31B - 33B, Tan Thuan Street, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, Dist.7, HCM City, Viet Nam	Ceased the operations	Common	4,200,000	1,260,000	30.00%
12	Forth Smart Trading Co., Ltd. 256 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel : 0-2278-1777, Fax : 0-2279-7195	Selling products and services relating to Boonterm kiosk	Common	30,000,000	29,997,000	100.00% <sup>(3)</sup>
13	Odin Power Co., Ltd. 333/3 Moo.6 Bangpreang Bangbor, Samutprakarn 10560	Investment in renewable energy power plant companies	Common	2,000,000	200,000	10.00%
14	Forth Smart Digital Co., Ltd. 256 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400	Selling products and operate as a platform for online trading	Common	10,000,000	5,999,998	60.00% <sup>(4)</sup>
15	Forth Genius Joint Venture 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok 10400	Installing Closed-circuit television camera	-	-	-	100.00%
16	EMS Company Co., Ltd. 77 Moo 11, Phutthamonthon Sai 5 Road, Rai Khing Subdistrict, Sam Phran District, Prathom 73210	The production of circuit board and electronic and telecommunication equipment under the customer's brand	Common	25,000,000	24,999,994	100.00%
17	Forth Survey Joint Venture 1053/1 Phahonyothin Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok 10400	Contracting to improve the district information system in geographic information system	-	-	-	49.00%
18	Forth Devons Joint Venture 1053/1 Phahonyothin Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok 10400	Distribution of Anti-Drone systems	-	-	-	75.00%
19	Forth and Yip In Tsoi Joint Venture 1053/1 Phahonyothin Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok 10400	Smart Metro Grid system.	-	-	-	50.00%
20	Forth Royal Joint Venture Co.,Ltd. 1053/1 Phahonyothin Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok 10400	Plan distribution	Common	200,000	99,998	50.00%

Item No.	Business name/Location	Business type	Share type	No. of Outstanding shares	No. of Shareholding	Percentage of Shareholding
21	Forth Group Joint Venture Co.,Ltd. 1053/1 Phahonyothin Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok 10400	Removing machinery / equipment	Common	100,000	54,000	54.00%

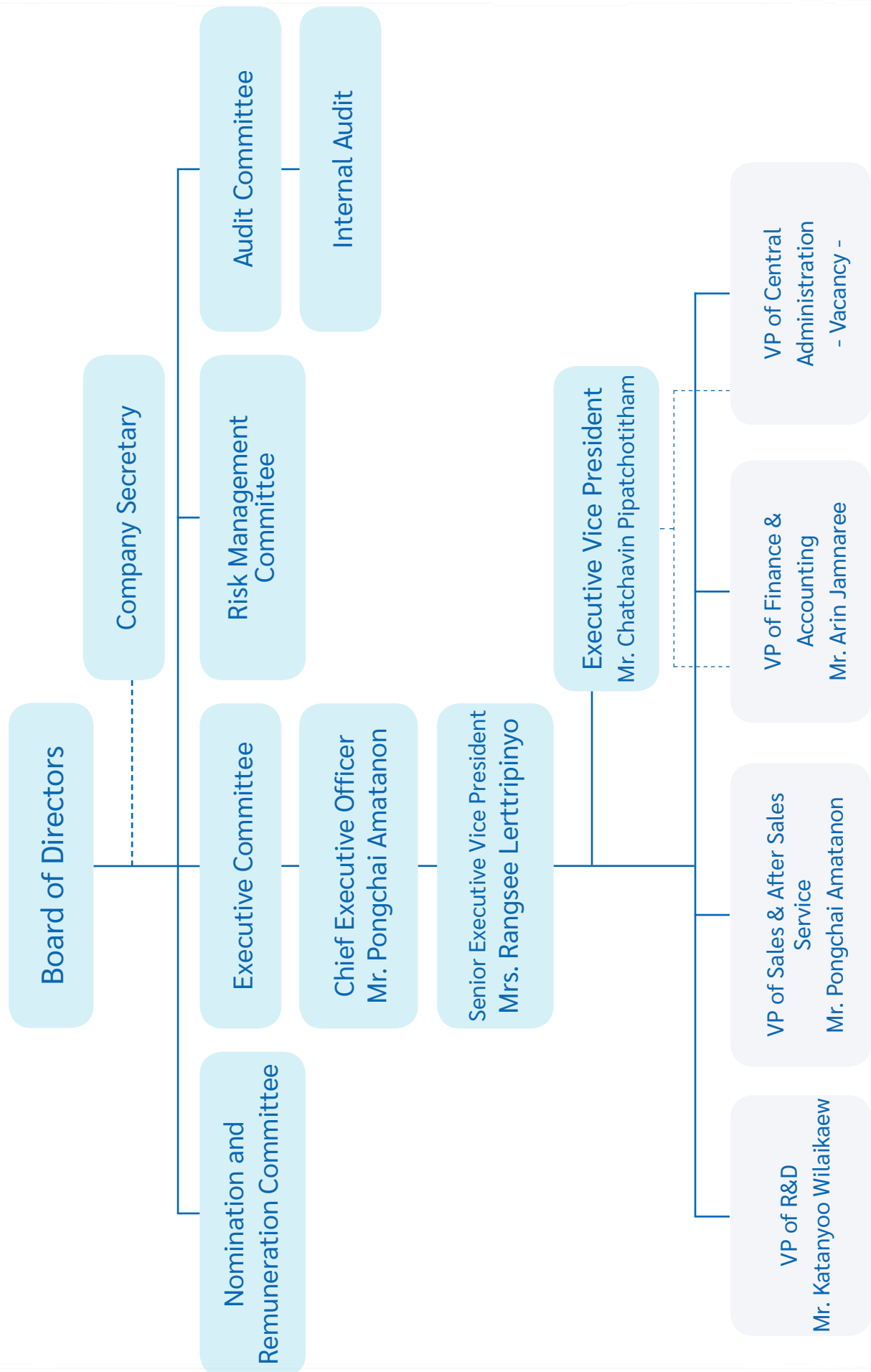
Remark: <sup>(1)</sup> Including treasury stock that held by Forth Smart Service Pcl.

<sup>(2)</sup> 45% held by the Company and 10% held by Forth Smart Service Pcl.

<sup>(3)</sup> 100% held by Forth Smart Service Pcl.

<sup>(4)</sup> 60% held by Forth Smart Trading Co.,Ltd.

# Organization Chart



# Board of Directors

## Mr. Sanit Vorapunya

Age 81 years old

Chairman of BOD / Independent Director

Company's Shares Procession (%)

As of 7th January 2020: -None-

### Education and Training Background

- M.A. (Econ.), University of Wisconsin, USA
- B.A. of Economics, Thammasat University
- Certification of Thailand National Defence College
- Director Accreditation Program (DAP) No. 24/2004, Thai Institute of Directors (IOD)

### The relevant important positions of the other companies

- Chairman of Audit Committee of Thai Summit Harness Public Company Limited
- Director of Southeast Insurance Public Company Limited
- Director of Southeast Life Insurance Public Company Limited
- Director of Southeast Capital Company Limited
- Director of Thai Research and Training Company Limited
- Director of Electronic Source Company Limited
- Director of Genius Traffic System Company Limited

## Mr. Pongchai Amatanon

Age 56 years old

Director / Executive Committee / Risk Management Committee

Company's Shares Procession (%)

As of 7th January 2020: -41.75- (\*)

(\*) Including spouse and immature children

### Education and Training Background

- B.A. of Engineering, King Mongkut's Institute of Technology Ladkrabang
- Certification of Thailand National Defense College Batch 58
- Top executives program, Capital Market Academy, Batch 14
- Director Accreditation Program (DAP) No. 30/2004, Thai Institute of Directors (IOD)

### The relevant important positions of the other companies

- Director of Forth Smart Service Public Company Limited

- Independent Director / Audit Committee of Thai Airways International Public Company Limited
- Director of Forth Smart Trading Company Limited
- Director of Forth Vending Company Limited
- Director of Forth Lighting Company Limited
- Director of Forth Consulting Company Limited
- Director of Electronic Source Company Limited
- Director of Forth Tracking System Company Limited
- Director of Forth Meter Company Limited
- Director of Genius Traffic System Company Limited
- Director of Odin Power Company Limited
- Director of Forth EMS Company Limited

## Mrs. Rangsee Lerttripinyo

Age 59 years old

Director / Executive Committee / Risk Management

Committee/ Nomination and Remuneration Committee

Company's Shares Procession (%)

As of 7th January 2020: -6.19- (\*)

(\*) Including spouse and immature children

### Education and Training Background

- BBA, Ramkhamhaeng University
- Director Accreditation Program (DAP) No. 30/2004, Thai Institute of Directors (IOD)
- Land and Building Tax Course, Omega World Class Institute
- IPO TOTAL STRATEGY Course, Omega World Class
- PROPERTY TAX, Omega World Class Institute

### The relevant important positions of the other companies

- Director of Forth Smart Digital Company Limited
- Director of Forth Smart Service Public Company Limited
- Director of Forth Smart Trading Company Limited
- Director of Forth Vending Company Limited
- Director of Forth Lighting Company Limited
- Director of Forth Consulting Company Limited
- Director of Forth Meter Company Limited
- Director of Electronic Source Company Limited
- Director of Forth EMS Company Limited



## Board of Directors

### Mr. Kaelic Amatanon

Age 64 years old

Director

Company's Shares Procession (%)

As of 7th January 2020: -6.03-

#### Education and Training Background

- Vocational Certificate of Accounting, Chetupon Commercial College
- Director Accreditation Program (DAP) No. 30/2004, Thai Institute of Directors (IOD)

#### The relevant important positions of the other companies

- Director of Electronic Source Company Limited

### Mrs. Vilasinee Puddhikarant

Age 65 years old

Director / Independent Director / Audit Committee /

Nomination and Remuneration Committee

Company's Shares Procession (%)

As of 7th January 2020: -None-

#### Education and Training Background

- B.A. of Economics, East Texas State University, Texas, USA.
- Certificate of Good Governance for Medical Executives, The Medical Council of Thailand
- Capital Market Academy (CMA), Capital Market Academy
- Director Certification Program (DCP) No. 134/2010, Thai Institute of Directors Association
- Advanced Audit Committee Program (AACP) No. 29/2018, Thai Institute of Directors Association
- Strategic Customer Management Universal Network Intelligent, Singapore
- The 7 Habits of Highly Effective People KLC, United Kingdom

#### The relevant important positions of the other companies

- Director of Rama 9 Hospital Public Company Limited

- Independent Director / Member of Executive Committee of SC Asset Corporation Public Company Limited
- Consultant of SCB Abacus Company Limited
- Consultant of Advanced Info Service Public Company Limited

### Miss Noparat Siripongpreeda

Age 45 years old

Director

Company's Shares Procession (%)

As of 7th January 2020: -None-

#### Education and Training Background

- B.A. of Economics, Chulalongkorn University
- Director Accreditation Program (DAP) No. 154/2018 Thai Institute of Directors (IOD)
- Senior Leader of Team Course (Shell, 2013)
- Women's Career Development Program (Shell, 2011)

#### The relevant important positions of the other companies

- Director of Electronic Source Company Limited

### Mr. Somboon Muangklam

Age 68 years old

Director / Independent Director / Chairman of Audit Committee /

Chairman of Nomination and Remuneration Committee

Company's Shares Procession (%)

As of 7th January 2020: -None-

#### Education and Training Background

- B.A. of Laws Program (LL.B), Ramkhamhaeng University
- Barrister at Law, the Institute of Legal Education Thai Bar Association
- Director Accreditation Program (DAP) No. 77/2009 Thai Institute of Directors (IOD)

#### The relevant important positions of the other companies

- Member of Bangkok Metropolitan Council
- Qualified Committee, the Institute for the Promotion of Teaching Science and Technology (IPST)

## Board of Directors

### Mrs. Porntip Lerttanongsak

Age 43 years old

Director / Independent Director / Audit Committee/Chairman of Risk Management Committee

Company's Shares Procession (%)

As of 7th January 2020: -None-

#### Education and Training Background

- Training on "UP DATE, Important Tax in 2019 and Various Tax Issues" on 10 January 2019
- Training on "Financial Reporting Standards No. 9 Financial Instruments" on 4 June 2019
- Training on "The Role of Auditors in Risk Assessment and IT Application Control" on June 5, 2019
- Seminar on "(Draft) Financial Reporting Standards Amendment 2019 (BV 2019) with amendment / addition of principles (8 issues)" on 18 June 2019
- Participated in the discussion on "4 Know Digital Assets" on 11 July 2019.
- Workshop on "Thai Financial Reporting Standard No. 9 Financial Instruments (TFRS 9) and Financial Reporting Standard No. 16 Leases (TFRS 16)" on 12 September 2019
- Seminar on "International Quality Management Standards No. 1 and 2 ("ISQM 1 and 2") and the Personal Data Protection Act B.E. 2562 including Cyber Security" on 18 November 2019
- Seminar on "Issues that auditors must consider in compliance with financial reporting standards TFRS9, TFRS15 and issues of auditing practice encountered by listed companies in the past 2 quarter of 2019" on 26 November 2019
- A speaker for AST Master Company Limited, Course: Accounting Technical Excellence 2019, June 17-21, 2019
- A speaker for AST Master Co., Ltd., a workshop on: Summary of inspection guidelines from 19-20 September 2019

#### The relevant important positions of the other companies

- Audit Partner of AST Master Company Limited

### Mr. Boonya Tantipanichapun

Age 58 years old

Director / Executive Committee / Risk Management Committee

Company's Shares Procession (%)

As of 7th January 2020: -2.57- (\*)

(\*) Including spouse and immature children

#### Education and Training Background

- B.A. of Engineering, King Mongkut's Institute of Technology Ladkrabang
- Director Accreditation Program (DAP) No. 30/2004, Thai Institute of Directors (IOD)
- Certification of Thailand National Defense College Batch 60
- Top executives program, Capital Market Academy, Batch 23

#### The relevant important positions of the other companies

- Director of Genius Traffic System Company Limited

### Mrs. Matinee Wandeepirom

Age 58 years old

Director / Nomination and Remuneration Committee

Company's Shares Procession (%)

As of 7th January 2020: -2.58-

#### Education and Training Background

- B.A. of Engineering, King Mongkut's Institute of Technology Ladkrabang
- Director Accreditation Program (DAP) No. 30/2004, Thai Institute of Directors (IOD)

#### The relevant important positions of the other companies

- Director of Genius Traffic System Company Limited

# Management Team

## Mr. Pongchai Amatanon

Age 56 years old

Chief Executive Officer

Company's Shares Procession (%)

As of 7th January 2020: -41.75- (\*)

(\*) Including spouse and immature children

### Education and Training Background

- B.A. of Engineering, King Mongkut's Institute of Technology Ladkrabang
- Certification of Thailand National Defense College Batch 58
- Top executives program, Capital Market Academy, Batch 14
- Director Accreditation Program (DAP) No. 30/2004, Thai Institute of Directors (IOD)

## Mrs. Rangsee Lerttripinyo

Age 59 years old

Senior Executive Vice President

Company's Shares Procession (%)

As of 7th January 2020: -6.19- (\*)

(\*) Including spouse and immature children

### Education and Training Background

- BBA, Ramkhamhaeng University
- Director Accreditation Program (DAP) No. 30/2004, Thai Institute of Directors (IOD)
- Land and Building Tax Course, Omega World Class Institute
- IPO TOTAL STRATEGY Course, Omega World Class
- PROPERTY TAX, Omega World Class Institute

## Mr. Chatchavin Pipatchotitham

Age 47 years old

Executive Vice President / Risk Management Committee

Company's Shares Procession (%)

As of 7th January 2020: -None-

### Education and Training Background

- MBA, Chulalongkorn University
- B.A. of Accounting, Thammasat University

## Mr. Arin Jamnaree

Age 47 years old

Vice President of Accounting and Finance / Corporate Secretary

Company's Shares Procession (%)

As of 7th January 2020: -None-

### Education and Training Background

- MBA., Thammasat University
- B.A. of Accounting, Thammasat University

## Mr. Katanyoo Wilaikaew

Age 50 years old

Vice President of Research and Development

Company's Shares Procession (%)

As of 7th January 2020: -0.02-

### Education and Training Background

- B.A. of Electronics Engineering, Rajamangala Institute of Technology
- High Vocational Certificate of Electronics, Rajamangala Institute of Technology

# Management Structure

## 1. The Board of Directors and Sub-Committees

The management structure of the Company consists of 5 committees, including:

- 1) Board of Directors
- 2) Audit Committee
- 3) Risk Management Committee
- 4) Nomination and Remuneration Committee
- 5) Executive Committee

Details of each committee are as follows:

### Board of Directors

The Board of Directors consists of 10 directors, 6 of which are executive directors or 60% of the total number of directors and 4 independent directors or 40 percent of the total number of directors.

List of the Board of Directors of the Company at 31 December 2019

No	Name	Position
1	Mr. Sanit Vorapunya	Chairman of the Board of Directors
2	Mr. Somboon Muangklam	Director
3	Mrs. Vilasinee Puddhikarant	Director
4	Mrs. Porntip Lerttanongsak	Director
5	Ms. Nopparat Siripongpreeda	Director
6	Mr. Pongchai Amatanon	Director
7	Mrs. Rangsee Lerttripinyo	Director
8	Mr. Kaelic Amatanon	Director
9	Mrs. Matinee Wandeepirom	Director
10	Mr. Boonya Tuntipanichapun	Director

All directors are fully qualified according to the law, such as the Public Limited Company Act and the Securities and Exchange Act and do not have any prohibited characteristics according to the laws and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand. of Thailand.

### Authorized Director for the Company

Authorized directors consist of Mr. Pongchai Amatanon, signed with Mr. Kaelic Amatanon or Mrs. Rangsee Lerttripinyo or Mrs. Matinee Wandeepirom, totaling 2 persons and the Company's seal.



### Scope of duties and responsibilities of the Board of Directors

1. The Board of Directors must perform duties in accordance with the laws, the Company's objectives and regulations as well as the resolution of the shareholders' meeting with honesty and carefulness to protect the interests of the company.

2. Arrange for an annual general meeting of shareholders within 4 months from the end of the accounting period of the Company.

3. Arrange for a Board meeting at least once in 3 months' time.

4. Arrange for the Company balance sheet and profit and loss statement at the end of the accounting period which is audited by the auditor and presented to the shareholders' meeting for consideration and approval.

5. The director may appoint any other person to operate the business of the Company under the control of the director or may authorize such person to have the authority as the director deems appropriate and the Board of Directors may cancel, revoke, change or amend such authority as deemed appropriate.

In this regard, the authorization must not have the characteristics of giving power to the attorney to consider and approve items that may have conflicts, have interests or have conflicts of interest with the company except for approval of items that are in accordance with the policies and criteria approved by the Board of Directors.

6. Determine policies and directions of the Company's operations including effectively and efficiently supervising the management to comply with the policy and strategies defined.

7. Determine the vision, mission, policies and business strategies of the Company and review them every year.

8. Consider to approve the Company's investment and annual budget.

9. Supervise the Company's operation to comply with the Securities Exchange Act including the regulations and requirement of the Securities and Exchange Commission i.e. connected transactions or acquisition or disposal of assets according to the regulations of the Stock Exchange of Thailand and the laws related to the business of the Company

10. Consider the management structure, appoint the Board of Executive Directors, Chief Executive Officer and other sub-committees, as well as evaluate the performance of Chief Executive Officer in order to follow up the progress of achievement of the Company's objectives.

11. Directors must inform the Company directly and indirectly of any conflicts of interest, such as holding shares of the company or affiliated companies in increasing or decreasing numbers, etc.

However, the director must not conduct business or become a partner or to be a director in other juristic persons that operate the same business and compete with the business of the Company, whether for their own benefit or for others unless he has informed the shareholders' meeting prior to the appointment.

### Scope of approval authority of the Board of Directors

The Board of Directors has the scope of authority to approve various matters as summarized below:

- Consider administrative work
- Consider approving of the business plan and business strategy
- Consider and approve the annual budget
- Consider and approve vision and mission

- Consider approving various matters in the management of decision making
- Consider operational tasks
- Consider and approve various policies
- Consider and approve the application for permission from the government agency
- Consider and approve various matters as specified by the Public Limited Companies Act.

#### Role of the Chairman

Role of the Chairman covers the duties mentioned above and other mentioned below:

- Acting as Chairman of the Board of Directors Meeting
- Casting vote in the event that the Board of Directors' meeting has 2 equal votes
- Calling the Board of Directors meeting
- Acting as the chairman of the shareholders' meeting

#### Statistics of the Board of Directors' meeting in 2019

No.	Name	Attendance/Meeting
1	Mr. Sanit Vorapunya	7/7
2	Mr. Somboon Muangklam	6/7
3	Mrs. Vilasinee Puddhikarant	6/7
4	Mrs. Pornthip Lerttanongsak	7/7
5	Mrs. Nopparat Siripongpreeda	7/7
6	Mr. Pongchai Amatanon	6/7
7	Mrs. Rangsee Lerttripinyo	7/7
8	Mr. Kaelic Amatanon	7/7
9	Mrs. Matinee Wandeepirom	7/7
10	Mr. Boonya Tuntipanichapun	7/7

#### Definition of Independent Directors

Independent directors are directors who are independent from major shareholders or a group of major holders and have the following qualifications:

1. Holding shares not more than 1% of the total number of shares entitled for voting of the Company, parent company, subsidiary company, associated company or juristic person that may have conflict, including shares held by related parties.

2. Not being a director assigned to be responsible for business administration in the normal course of business and authorized directors signing for the Company, staffs, employees, advisors who receive regular salary or the person with current control power of the Company, parent company, subsidiary company, associated company or juristic person that may have conflict unless such status has been terminated for not less than 2 years

3. Not being an independent director of the Company in the group, i.e. parent company, subsidiary company, and company in which the parent company / subsidiary holds more than 50% of shares of a listed company.

4. Not having a relationship by blood or by being registered as a father, mother, spouse, sibling and child including spouses of children with executives, major shareholder, controlling person or a person who will be nominated as an executive or a person with control of the Company or subsidiary.

5. There is no business relationship with the Company, parent company, subsidiary company, associated company or person who may have conflict in a manner that may hinder independent judgment or the executive of a person who has a business relationship with the Company, the parent company, a subsidiary company, an associate company or a juristic person that may have conflict unless such status has been terminated for not less than 2 years

6. There are no other characteristics that make it impossible to give independent opinions about the operations of the Company.

The qualifications of the above independent directors are equal to the rules relating to the independent committee of the SEC Office, except Article 3, which is higher than the criteria regarding the qualifications of the independent committee of the SEC.

As of December 31, 2019, the Company has 4 independent directors from 10 directors of the Company, representing 40% of the Board of Directors and in accordance with the good corporate governance principles of the Stock Exchange of Thailand. The names of the independent directors are listed below:

No.	Name	Position
1	Mr. Sanit Vorapunya	Independent Director
2	Mr. Somboon Muangklam	Independent Director
3	Mrs. Vilasinee Puddhikarant	Independent Director
4	Mrs. Pornthip Lerttanongsak	Independent Director

#### Audit Committee

An office term of Audit Committee is same as the Board of Directors. The Company has determined the qualifications of the Audit Committee as follows:

1. Being an independent director.
2. Not being a director assigned by the Board of Directors to make decisions on the operation of the Company, the parent company, subsidiary company, associated company, same-level subsidiary or juristic person that may have conflict of interest.
3. Not being a director of the parent company, subsidiary company and subsidiary in the same order.
4. There are at least 1 member of the Audit Committee with sufficient knowledge and experience to review the reliability of financial statements.

The Audit Committee has provided or called the meeting as it deems appropriate at least 1 time per quarter (4 times per year) with clear agenda for the meeting in advance and submit meeting documents to the Audit Committee and attendees in advance in order for the Audit Committee to have time to consider various matters or requesting additional information for consideration. The meeting agenda will cover various matters as required by law and / or regulatory agencies, announcements and as assigned by the Board of Directors.



As at 31 December 2019, the Audit Committee consists of 3 members as follows:

No.	Name	Position
1	Mr. Somboon Muangklam	Chairman of the Audit Committee
2	Mrs. Vilasinee Puddhikarant	Audit Committee
3	Mrs. Pornthip Lerttanongsak	Audit Committee

The third number of Audit Committee is knowledgeable and experienced enough to be able to review the reliability of financial statements.

#### Scope of duties and responsibilities of Audit Committee

1. Review to ensure that the Company has accurate and adequate financial reports.
2. Review the internal control system and internal audit system that are appropriate and effective and consider the independence of the internal audit unit as well as approve the appointment, transfer, terminate the employment of the head of the internal audit department or any other agency responsible for internal audit.
3. Review the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand and laws related to the business of the company.
4. Consider, select, propose to appoint and terminate employment of the person who is independent to act as the auditor of the company including offering compensation for such persons to the Board of Directors in order to provide an opinion to the shareholders' meeting. However, there shall be meetings held with the auditor without the management attending the meeting at least 1 time per year.
5. Consider connected transactions or transactions that may have conflicts of interest to be in accordance with the laws and regulations of the Stock Exchange of Thailand and the Office of the SEC in order to ensure that such transactions are reasonable and highly beneficial to the Company.
6. Prepare the report of the Audit Committee to be disclosed in the Company's annual report which must be signed by the Chairman of the Audit Committee and contain at least the following information:
  - (1) Opinions on the accuracy, completeness and reliability of the Company's financial report,
  - (2) Opinions on the adequacy of the Company's internal control system,
  - (3) Opinions on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
  - (4) Opinions on the appropriateness of an auditor,
  - (5) Opinions on the transactions that may lead to conflicts of interests,
  - (6) The number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - (7) Opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter,
  - (8) Other transactions which, according to the audit committee's opinion, should be known by the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
7. Perform any other tasks as assigned by the Board of Directors with the approval of the Audit Committee.



8. In performing the duties of the Audit Committee, if there are any doubts found or suspected of having the following transactions or actions which may have a significant impact on the financial position and operating results of the Company, the Audit Committee shall report to the Board of Directors of the Company for rectification within the time that the Audit Committee deems appropriate.

- (1) Transaction that may cause conflicts of interest
- (2) Corruption or irregularities or significant defects in the internal control system
- (3) Violation of the law on securities and exchange, regulations of the Stock Exchange of Thailand or laws related to the business of the Company

Statistics of the Audit Committee meeting in 2019

No.	Name	Attendance/Meeting
1	Mr. Somboon Muangklam	4/4
2	Mrs. Vilasinee Puddhikarant	3/4
3	Mrs. Pornthip Lerttanongsak	4/4

#### Risk Management Committee

The Risk Management Committee has a term of 3 years. The Company has determined the qualifications of the Risk Management Committee as follows:

1. Being the executive director of the company and / or experts and was appointed by the Board of Directors
2. The committee consists of at least 3 directors with at least 1 independent director.

The Risk Management Committee shall call the meeting when seen as appropriate (at least 1 times a year) and has power to call for an additional meeting as necessary.

As at 31 December 2019, the Risk Management Committee consists of 5 members as follows:

No	Name	Position
1	Mrs. Porntip Lerttanongsak	Chairman of the Risk Management Committee
2	Mr. Pongchai Amatanon	Risk Management Committee
3	Mrs. Rangsee Lerttripinyo	Risk Management Committee
4	Mr. Boonya Tuntipanichapun	Risk Management Committee
5	Mr. Chatchavin Pipatchotitham	Risk Management Committee

#### Scope duties and responsibilities of the Risk Management Committee

1. Define the risk management policy and set the overall risk management framework of the Company which covers various types of risks especially the strategic risk, operational risk, financial and accounting risk, compliance risk and information system risk, etc.
2. Lay down such strategies in line with the risk management policies by assessing, monitoring and controlling the Company's overall risks to stay at an acceptable level.

3. Support and encourage cooperation in the Company's overall risk management; and review the sufficiency of the risk management policy and system, as well as the effectiveness of the system and compliance with the policy.

4. Provide an assessment and analysis of damage that may occur systematically and continuously in both normal and crisis situations to ensure that risk surveys cover all processes of business operations.

5. Support and develop risk management continuously throughout the organization and comply with international standards.

6. Regularly report to the Board of Directors on what needs to be improved to comply with the policies and strategies.

7. The Risk Management Committee can hire external consultants to seek advice at the Company's expense which must be approved by the Board of Directors.

8. Perform other duties as assigned by the Board of Directors.

Statistics of the meeting of the Risk Management Committee in 2019

No.	Name	Attendance/Meeting
1	Mrs. Porntip Lerttanongsak	2/2
2	Mr. Pongchai Amatanon	1/2
3	Mrs. Rangsee Lertripinyo	2/2
4	Mr. Boonya Tuntipanichapun	2/2
5	Mr. Chatchavin Pipatchotitham	2/2

#### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee has a term of 3 years. The Company has determined the qualifications of the Nomination and Remuneration Committee as follows:

1. Being the executive director of the Company and / or experts and was appointed by the Board of Directors.

2. The Committee must consist of at least 3 directors, with independent directors not less than half of the whole committee.

3. The Chairman of the Nomination and Remuneration Committee should be an independent director to be able to perform duties and express opinions independently.

The Nomination and Remuneration Committee shall provide or call the meeting as it deems appropriate at least 2 time a year and has power to call for additional meetings as necessary as well as perform duties as assigned by the Board of Directors.

As at 31 December 2019, the Nomination and Remuneration Committee consists of 4 members as follows:

No	Name	Position
1	Mr. Somboon Muangklam	Chairman of the Nomination and Remuneration Committee
2	Mrs. Vilasinee Puddhikarant	Nomination and Remuneration Committee
3	Mrs. Rangsee Lerttripinyo	Nomination and Remuneration Committee
4	Mrs. Matinee Wandeepirom	Nomination and Remuneration Committee

### Scope of duties and responsibilities of the Nomination and Remuneration Committee

#### Nominating

1. Determine criteria and policies for recruiting the Company's directors and sub-committees by considering the appropriateness of the number, structure and composition of the board, determine the qualifications of directors to propose to the Board of Directors and / or propose to the shareholders' meeting, as the case may be.

2. Recruit, select and propose persons to be directors of the Company, Sub-committee, top management and company secretary present to the Board of Directors meeting and / or shareholders to consider and approve in case of vacancy due to completion of the term and in other cases.

3. Perform any other actions related to recruitment as assigned by the Board of Directors

#### Remuneration

1. Propose a remuneration policy, guidelines for payment remuneration and other benefits for directors in the Board of Directors, Sub-committee and senior management to be appropriate with the responsibilities in accordance with the Company's performance and market conditions are always.

2. Determine the necessary and appropriate remuneration, both monetary and non-monetary of the Board of Directors on an individually each year by considering the appropriateness of obligations, responsibility, performance and comparison with companies in similar businesses and benefits expected from the directors to propose to the Board of Directors for approval and present to the shareholders' meeting for approval.

3. Report on policies, principles / reasons for determining remuneration for directors and executives according to the regulations of the Stock Exchange of Thailand by disclosing in the annual information disclosure form (56-1) and the annual report.

4. Perform any other duties related to the determination of remuneration as assigned by the Board of Directors.

#### Statistics of the meeting of the Nomination and Remuneration Committee in 2019

No.	Name	Attendance/Meeting
1	Mr. Somboon Muangklam	2/2
2	Mrs. Vilasinee Puddhikarant	2/2
3	Mrs. Rangsee Lerttripinyo	2/2
4	Mrs. Matinee Wandeepirom	2/2

## Executive Committee

As at 31 December 2019, the Executive Committee consists of 3 members as follows:

No.	Name	Position
1	Mr. Pongchai Amatanon	Chairman of Executive Committee
2	Mrs. Rangsee Lertripinyo	Executive Committee
3	Mr. Boonya Tuntipanichapun	Executive Committee

## Scope of duties and responsibilities of Executive Committee

1. To operate and manage the business of the Company in accordance with the objectives, regulations, policies, rules, requirements, orders and resolutions of the board of directors and / or the shareholders' meeting resolution in all respects.

2. To determine policies, business plans, directions, strategies, budgets and the main management structure and various administrative powers of the Company in business operations including monitoring and following up the Company's performance to achieve the goal.

3. Consider the annual budget allocation as proposed by the management before proposing to the Board of Directors for approval including considering and approving changes to the annual budget. If there is no Board of Directors meeting, it has to be presented to the Board of Directors for acknowledgment at the next meeting.

4. Consider and approve the withdrawal of money to conduct business as usual including approving important investment expenditures as specified in the annual budget as assigned by the Board of Directors or as the Board of Directors had previously approved in principle.

5. To be a management advisor on matters relating to financial policy, marketing, personnel management and other operations.

6. Define organizational structure, organizational management power including the appointment, hiring, transfer, determination of wages, compensation, bonus, executive level employees and termination of employing.

7. To be able to authorize one or more directors or any other person to perform any act which is under the control of the Executive Committee or may authorize such person with power as the Executive Committee deems appropriate and within the time that the Executive Committee deems appropriate which the Board of Directors may cancel, withdraw, change or amend the authorized person or that power as appropriate.

8. Take other actions as assigned by the Board of Directors from time to time.

However, the authority of the Executive Committee does not include approval of any items that may have conflicts or any items that the Executive Committee or a connected person to the Executive Committee have an interest or benefits or any other manner that has a conflict with the company or subsidiary according to the rules of the Stock Exchange of Thailand. The approval of such transactions must be submitted to the



Board of Directors and / or the shareholders' meeting for consideration and approval as specified by the Company's regulations or related laws.

### Management Team

The management of the Company as at 31 December 2019 consisted of:

No.	Name	Position
1	Mr. Pongchai Amatanon	Chief Executive Officer/ Vice President of Sales and After Sales Service
2	Mrs. Rangsee Lerttripinyo	Senior Executive Vice President
3	Mr. Chatchavin Pipatchotitham	Executive Vice President
4	Mr. Arin Jamnaree	Vice President of Accounting and Finance
5	Mr. Katanyoo Wilaikaew	Vice President of Research and Development

### Scope of roles and responsibilities of Chief Executive Officer

1. Supervise the operation and / or daily management of the Company to be in accordance with policies, plans and budgets approved by the board of directors and / or the Executive Board of the Company.

2. Manage the business of the Company in accordance with the objectives, regulations, rules, requirements, orders, and resolutions of the shareholders' meeting and / or resolutions of the board of directors and / or the executive Committee of the Company.

3. Have the authority to delegate authority and / or assign other persons to perform specific tasks for by delegating power and / or such assignments under the jurisdiction of the power of attorney and / or according to the regulations, requirements or orders that the Board of Directors of the Company and / or the Company has specified.

4. Follow up and evaluate the implementation of policies and guidelines for the Company's management to be effective in order to prevent business risks.

5. Consider the business contracting of the Company and other contracts which are beneficial to the Company including determining procedures and methods for preparing such contracts to present to the Executive Committee and / or the Board of Directors.

6. Consider hiring employees and appointing as well as transferring, transferring or retiring from being an employee including determine the wage rate or consider the allocation of wages, compensation, bonuses, rewards and welfare approved by the Board of Directors to employees or employees of the Company or any person acting for the Company.

7. Have the authority to issue orders, regulations, and announcements notes to ensure that the operations are in accordance with the policies and benefits of the Company and to maintain work discipline within the organization.

8. Perform other duties as assigned by the Board of Directors from time to time.

However, the authority and the power of attorney will not include the authority and / or delegation of authority to approve any transactions that he or a person may have conflicts, a conflict of interest or other benefits in conflict with the Company or its subsidiaries in accordance with the regulations of the Stock Exchange of Thailand Unless approved by the Board of Directors and / or the shareholders' meeting.

### **Nomination of the Board of Directors and the Executives**

The Board of Directors assign the Nomination and Remuneration Committee to determine the criteria and policies for the nomination of the Company's directors and sub-committee by considering the appropriateness of the factors, qualifications, abilities and various experiences of directors including considering recruiting, selecting and nominating the right person to hold the position of director of the company whose term has expired and / or in case of vacant positions and / or additional appointing which takes into account the necessary skills that are still lacking in the board according to the policy and criteria for nomination of directors as determined by the Company in or der to propose the appointment from the Board of Directors and / or propose for approval from the shareholders' meeting, as the case may be. However, the nominating must provide sufficient details for the Board and shareholders' meeting to make decision.

The election of directors at the shareholders' meeting will use the voting method, whereby one shareholder has one vote per share which can be used to vote for the nominees individually or in multiple persons at the same time as the shareholders' meeting deems appropriate. Such shareholders will not be able to divide their votes to any person more or less. The persons receiving the highest votes in descending order will be elected as directors equal to the number of directors that should be. If there are equal votes, let the person who is the chairman of the meeting casts an additional vote.

In the event that the position of the director is vacant due to other reasons other than the expiration of the term of the director, the Nomination and Remuneration Committee will consider nominating persons who are qualified and have no prohibited characteristics according to the law and propose to the Board of Directors to consider appointing to be directors in the next Board of Directors meeting unless the term of the director vacating office is less than 2 months, the person replacing the director will be in the position of the director for only the remaining term of the director whom he replaces and the appointment must receive votes of not less than three-fourths of the remaining directors.

In the recruitment of the Chief Executive Officer, the Nomination and Remuneration Committee will preliminary consider in screening for the qualified persons with knowledgeable skills and experiences that are beneficial to the operations of the Company, who understand the business of the Company as well and are able to manage the work to achieve the objectives, targets set by the Board of Directors and propose to the Board of Directors for further approval.

### **Corporate Secretary**

The Board of Directors appointed Mr. Arin Jamnaree to be the Corporate Secretary.

### **Scope of duties and responsibilities of the Corporate Secretary**

1. Provide basic advice to directors regarding the requirements, laws, rules and regulations involved including reporting changes and ensuring compliance and consistency.
2. Organize meetings as required by laws and regulations, prepare and maintain the minutes including coordinating for effective compliance with the resolutions of the Board of Directors or shareholders.
3. Supervise the disclosure of information and provide reports to regulatory agencies.
4. Encourage the orientation of new directors and arrange training on various courses for directors and executives.

5. Store and maintain important documents such as director registration, Board meeting invitation letter, Board meeting minutes, Annual reports, Notice of shareholders' meeting, Minutes of the shareholders' meeting and reports on the interests of directors or executives.

6. Perform other activities as specified by the Capital Market Supervisory Board.

The Company has disclosed the qualifications of the company secretary in the annual filing (Form 56-1).

## 2. The Remuneration of Directors and Executives

The Company has clearly and transparently determined the policy for remuneration for directors. Consideration of remuneration for directors and high-level executives is based on duties and responsibilities performance of each director or executive including the operating results of the company in accordance with the compensation rate in the market or industry. The Company has determined the remuneration for directors as meeting allowances and annual gratuities.

Directors' remuneration which was approved by the Annual General Meeting of Shareholders for the year 2019 on 24 April 2019 is as follows:

Meeting Allowance	Per each meeting attendance/ Baht
Chairman of the Board of Directors	33,000
Member of the Board of Directors	22,000
Chairman of the Audit Committee	49,500
Member of the Audit Committee	46,200
Chairman of Risk Management Committee	15,000
Member of the Risk Management Committee	10,000
Chairman of Nomination and Remuneration	15,000
Member of the Nomination and Remuneration	10,000

### Annual gratuity

The amount of gratuity is not more than Baht 1.5 million and shall be allocated to only the non-executive directors.

**Monetary remuneration**

Unit: Baht

Name	Board of Directors		Audit Committee		Nomination and Remuneration Committee		Risk Management Committee	
	2019	2018	2019	2018	2019	2018	2019	2018
Mr. Sanit Vorapunya	606,000	198,000	-	421,200	-	-	-	-
Mr. Pongchai Amatanon	132,000	110,000	-	-	-	-	20,000	-
Ms. Rangsee Lertripinyo	154,000	132,000	-	-	20,000	20,000	20,000	-
Mr. Boonya Tuntipanichapun	154,000	110,000	-	-	-	-	20,000	-
Ms. Matinee Wandeepirom	154,000	110,000	-	-	20,000	20,000	-	-
Mr. Kaelic Amatanon	154,000	132,000	-	-	-	-	-	-
Mr. Chatchavin Pipatchotitham	-	-	-	-	-	-	20,000	-
Ms. Nopharat Siripongpreeda	154,000	66,000	-	-	-	-	-	-
Mr. Somboon Muangklam	132,000	110,000	573,000	523,500	30,000	15,000	-	-
Ms. Vilasinee Phuddikarant	132,000	88,000	513,600	467,400	20,000	10,000	-	-
Ms. Pornthip Lerttanongsak	154,000	110,000	559,800	513,600	-	-	30,000	-
<b>Total</b>	<b>1,926,000</b>	<b>1,276,000</b>	<b>1,646,400</b>	<b>2,021,400</b>	<b>90,000</b>	<b>90,000</b>	<b>110,000</b>	<b>-</b>

<b>Executive Remuneration</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Executive Remuneration (Million Baht)	67.72	67.48	71.24
Number of Executive Director (Persons)	17	16	16
Fringe Benefit	Salary, Social Security Fund, Provident Fund, Bonus, gas and car maintenance	Salary, Social Security Fund, Provident Fund, Bonus, gas and car maintenance	Salary, Social Security Fund, Provident Fund, Bonus, gas and car maintenance
Other welfares	Executive transportation and mobile phone	Executive transportation and mobile phone	Executive transportation and mobile phone

**Other remuneration**

-None-



### 3. Human resource

The Company is confident that the growth of the Company depends on the cooperation and quality of the employees. Therefore, every employee is a center for sustainable development of the company.

#### The number of employees and remunerations

Number of employees of the company and subsidiaries (excluding directors and executives) can be summarized as follows:

Item no.	Workplace	2019		2018		2017	
		Number (person)	Amount (Million Baht)	Number (person)	Amount (Million Baht)	Number (person)	Amount (Million Baht)
1	Forth Corporation Plc.	307	179.51	1,439	312.02	1,492	337.67
2	Electronics Source Co., Ltd.	199	96.90	204	94.33	198	100.76
3	Genius Traffic System Co.,	310	99.20	306	101.73	406	93.44
4	Genius JV	-	-	2	0.35	25	6.03
5	Forth Smart Service Plc.	306	97.70	334	96.63	331	93.75
6	Forth Consulting Co., Ltd.	-	-	-	-	1	0.76
7	Forth Lighting Co., Ltd.	18	7.42	12	4.41	21	7.47
8	Forth Meter Co., Ltd.	-	-	13	0.81	13	3.94
9	Forth Vending Co., Ltd.	64	11.87	45	9.53	26	7.46
10	Forth Smart Trading Co., Ltd.	-	-	-	-	-	-
11	Forth Smart Digital Co., Ltd.	15	4.51	14	5.63	30	2.60
12	Forth Genius JV	-	-	-	-	-	-
13	Mindmap Commtech Inc.	-	-	-	-	49	5.42
14	Forth EMS Co.,Ltd.	706	61.58	-	-	-	-
15	Forth Group JV Co., Ltd.	-	-	-	-	-	-
16	Forth Devons JV	-	-	-	-	-	-
	<b>Total</b>	<b>1,925</b>	<b>533.67</b>	<b>2,369</b>	<b>625.44</b>	<b>2,592</b>	<b>659.30</b>

During the past 3 years, the Company did not have any significant labor dispute that would cause negative impact to the Company.

#### Rewards for motivation in other work

The Company and subsidiaries as well as the employees of the Company and its subsidiaries jointly set up a provident fund in accordance with the Provident Fund Act BE 2530, the Company and its subsidiaries and employees pay monthly contributions to the fund at the rate of 3 percent of salary.

#### Auditor's Remuneration

##### 1) Audit Fees

The Company and its subsidiaries paid audit fees for 2019 to EY Office Limited amounting to Baht 5,960,500.

**2) Non-audit fee**

The Company and its subsidiaries paid compensation for other services to EY Office Limited in 2019, including service fees for observing the destruction of inventories of the Company in the amount of baht 60,000.

# Corporate Governance

## Corporate Governance Policy

The Company's Board of Directors recognized the good corporate governance is the best practice to generate the high beneficence to shareholders and stakeholders. Also, it can bring the achievement of business operation and sustainable development organization. Therefore, the Board of Directors had defined and approved the policy of corporate governance and code of conducts under good governance principle regarding the practice of The Stock Exchange of Thailand. The Board of Directors has reviewed the good corporate governance policy in accordance with the principles of good corporate governance for listed companies 2017 (CG Code) to ensure that the policies can be deployed according to the business context of the Company and the Board of Directors, executives as well as employees have accepted and applied strictly.

## Compliance with the Principles of Good Corporate Governance

In 2019, the Company complied with the principles of good corporate governance in various matters as follows:

### Section 1

#### Rights of Shareholders

The Board of Directors recognizes the importance of fundamental rights of shareholders and makes every effort to treat the shareholders equally and legally. The basic legitimated rights of shareholders include the rights to buy, sell, or transfer shares, rights on eligibility to receive dividend payment, the right to receive sufficient information in a timely manner to participate in shareholders' meetings, the right to vote on various businesses agenda, the right to appoint a proxy to participate, the right to vote on the annual appointment of directors and independent auditors, the right to give opinions and enquiry of business matters of the Company during the shareholders' meetings, the right to set up in advance on agenda and nominate any external candidate for director position. The Company has control corporate governance on shareholder right tasks and avoids any action that violated of any right of shareholders.

#### Organizing the Shareholders' meeting

The Company held the Annual General Meeting of Shareholders for the year 2019 in accordance with the regulations of the Stock Exchange of Thailand, guidelines for organizing the shareholders' meeting of the Securities and Exchange Commission (SEC) as well as using the Annual General Meeting Checklist, which is a project for assessing the quality of ordinary shareholders' meetings of listed companies. In the 2019 Annual General Meeting of Shareholders, the Thai Investors Association evaluated the general meeting of shareholders of the Company, which received 96 points from the full score of 100 points, higher than the average score of 93.70 points.

#### Meeting venue

Along with the Company's Articles, the Company is required to have an annual general meeting of shareholders within a period of 4 months from the end of the fiscal year. In 2019, the Company had held the Annual General Meeting of Shareholders on 24 April 2019 at 02.00 p.m., on the 7<sup>th</sup> floor at Forth Smart Service Office Building, 256 Phaholyothin Road, Samsennai, Phayathai, Bangkok.

**Before the meeting date**

To allow shareholders to have sufficient time to study the information, The Company had assigned the Thailand Securities Depository Co., Ltd. as the share registrar of the Company to be the delivery of the meeting invitation including supporting documents, the meeting agenda and documents for attending the meeting at least 7 days prior to the meeting date. Such documents aim to help shareholders have sufficient information to consider and vote on each agenda item and facilitate shareholders to exercise fully their rights. The documents contained:

- Facts and reasons along, with the opinion of the Board of Directors for each agenda.
- Important information such as the history of individual directors and the definition of independent directors for consideration in the agenda regarding the election of directors to replace those retiring by rotation and details of remuneration for directors and sub-committees for proposing to consider and approve the directors' remuneration.
- Details of the meeting procedure and proxy of the shareholders, which shareholders can appoint independent directors to be proxy and shareholders can specify their opinion on voting in the proxy form.
- The Company gives importance to respecting the rights of shareholders. In the 2019 Annual General Meeting of Shareholders, the Company did not add any agenda or change important information at the meeting all of a sudden.
- The Company has published the invitation letter and documents for the shareholders' meeting on the Company's website. ([www.forth.co.th](http://www.forth.co.th)) before the meeting and notifying such announcement to the Stock Exchange of Thailand to allow shareholders to have sufficient time to study the information in advance before receiving the information in the form of printed documents.

**Meeting date**

The Company arranged and facilitated the registration of meeting attendance for shareholders to with transparency and convenient. Especially, the Company granted an opportunity to shareholders to ask questions and make any suggestion in the following topics.

- Encourage directors, senior manager, the auditor attended the shareholders' meeting to answer questions and acknowledge the opinions of the shareholders. In the year 2019, there were 8 directors attending the meeting from 10 persons, representing 80 percent of the total number of directors.
- Conducting the shareholders' meeting in accordance with the agenda set out in the notice of the shareholders' meeting.
- Provide equal opportunities to express opinions, asking questions to the meeting on each agenda according to the agenda. The chairman of the meeting concentrated and answered questions in every issue by recording the meeting completely
- The Chairman of the Board of Directors at the meeting had allocated sufficient time and conducted the meeting appropriately and transparently by voting and summarizing the resolution of each agenda.
- Arrange to use ballots in every agenda for transparency and verification by counting votes. The Company will count 1 share to 1 vote and hold a majority vote as a resolution of the normal agenda. If the votes are equal, the chairman of the meeting will cast his vote in addition to voting as



a shareholder. The voting on special occasions would be complied with the company's regulations or laws and regulations of relevant agencies.

- The shareholders, which have special benefits from any agenda, are not permitted to vote on that agenda.
- The Company hired outsource law advisor as inspector to review agenda resolution and voting results.

#### ***After the date of meeting***

In 2019, the Company publicized the resolutions of the Annual General Meeting of Shareholders through the Stock Exchange of Thailand a day after meeting concerning the voting results on each agenda and submitted the minutes of Annual General Meeting of Shareholders which identified name of directors and executives attended the meeting, and the voting result of agree, disagree, or abstain the vote right on each agenda and informed the key issue on question and answer from shareholders including an explanation in detail from executives to The Stock Exchange of Thailand and related regulators within 14 days as well as post all information in the Company's website ([www.forth.co.th](http://www.forth.co.th)).

## **Section 2**

### **Equitable Treatment of Shareholders**

The Company has a policy to support equitable treatment of shareholders by giving priority to the basic rights of shareholders as follows:

#### **a) Right to appoint proxies to attend and vote in the shareholders' meeting**

Shareholders unable to participate in the meeting had the right to appoint proxies to the meeting. Proxies could be external person or independent directors nominated by the Company appointed to participate in voting on behalf of the shareholders. The assigned shareholder must submit proxy forms with voting right detail and attach ID card or passport or other identification document to the Company before the day of Annual General Meeting of Shareholders. The Company sent a notice to call the Annual General Meeting of Shareholders including proxy forms as an attachment with the notice or the shareholders can download from the Company's website ([www.forth.co.th](http://www.forth.co.th)).

#### **b) Rights to propose additional agenda**

The Company gives shareholders the opportunity to propose additional agenda items in addition to the annual general meeting agenda. In proposing additional agenda items, can be proposed by the processes as follows:

1. Shareholders who need to propose any additional issue to be included in the agenda items have to attach the information and the reason supporting, facts, and necessary document in proposed the Annual General Meeting agenda form, which can be download on the Company's website ([www.forth.co.th](http://www.forth.co.th)) or contact the Company directly to get the form.

2. The Company will verify the shareholders' rights of the proposer who want to add the additional agenda of the meeting and who were registered as shareholders at the closing date of the shareholders register book. The criteria for considering the agenda proposed by the person to be added as an additional agenda is that it must relate to the business operation or may have a significant impact on the operation of the Company. If the Board of Directors has approved the proposed agenda, it will be included as a meeting agenda and stated that it was the agenda proposed by the shareholders.

However, the matters that do not pass the approval of the Board of Directors, the Company will inform shareholders via the Company's website.

**c) Right to propose qualified persons to be elected as directors**

The shareholders have right to propose qualified persons for the director nomination. The persons, who are proposed must have qualifications according to the criteria as follows:

1. Having the qualification according to the Public Company Act, Securities and Exchange Act and the Good Corporate Governance.
2. Having educational qualifications, working experience, or other properties as specified by the Company
3. Must devote sufficient time and fully devoting their ability for the best benefit of the Company which is considered a duty, and ready to regularly attend the Company meeting.
4. Should not serve board positions of more than 5 listed companies.

The Board of Directors will consider those qualified persons to propose in the Annual General Meeting of Shareholders for the resolution. However, if the Board of Directors do not select those persons to propose in the meeting, those candidates will be proposed in the Annual General Meeting of Shareholders without opinion of directors for final resolution. The documents, which must be attached for the proposal, are (1) the form of director nomination's proposal and (2) the personal information of the person who are proposed to be elected as directors or confirmation agreement from securities/agencies which the data owner must sign off and certify the accuracy of documents. Those documents must be submitted and delivered to the Company within issued date by registered mail.

**d) Usage of inside information**

The Company has policy to limit the use of inside information to only the directors, executive directors or higher executives within the Company. Financial statements that went through the validation would be kept with the Vice President of Accounting and Finance. The other confidential information would be used for consulting in the management level only. The Company set penalties to the related person for the use of inside information which causes damage to the Company.

Furthermore, the directors and the executives must report the change of Company's security holding to the Securities and Exchange Commission which based on the regulation of the Securities and Exchange Commission and the Stock Exchange of Thailand under Section 59 of the Act on Securities and Stock Exchange B.E. 2535. They acknowledged the punishment pursuant, also required to be disclosed is the change in ownership of assets by a spouse and immature children within 3 days from the change. They have to inform the Company's Corporate Secretary to make the record of the change and summarize the number of securities of each director and executive individually for presenting to the Board of Directors in the next Board of Directors' meeting.

**e) The governance concerning securities trading of insiders**

The Company has a policy not to allow employees, executives and those who know internal performance information, financial statements or other information that affect the securities price of the Company, disclose to outsiders or those who are not involved and prohibiting trading of securities during 1 month period before financial statements or other information that affect the price of the Company's securities will be made public. The Company has penalties with related persons in case of using the internal information to create price for the Company's securities.

## Section 3

### Roles of Stakeholders

The Company has given the rights and importance to stakeholders in all groups, including shareholders, customers, employees, partners, creditors as well as environment and society by focusing on treating various groups of stakeholders as follows:

#### Shareholders

The Company takes into account the interests of shareholders at the highest level by striving to operate the business for sustainable and stable growth with increased competitiveness and risk management to add value to the Company in the long term.

#### Employees

The Company considers human resources as the most valuable asset who have personal rights and have the right to be protected from violating personal rights including the right to be treated and get equal opportunities. The Company pays attention to the determination of compensation welfare care as well as the safety of employees according to the following details:

- Compensation of Employees

The Company determines the employee' compensation to be in accordance with the Company's operating results, both in the short and long-term period, and it also reflects the employee's knowledge and competency based on Key Performance Indicator (KPI) as a remuneration management tool. This includes other welfares and payment schedule that is appropriate and comparable to other companies in the industry, in order to maintain and motivate the employees for the Company's achievement.

- Welfare and fringe benefit of employees

1. Accident insurance
2. Life and health insurance
3. Provident Fund and Social Security Fund
4. Subsidy money for the death of employee and their parents, spouse and children
5. Employee's uniform and sport field for employee activities
6. Annual New Year Party, Outing Trip and Sport Day
7. The employee reward for whom has completed 10 and 20 years of work
8. Medical check every year and vaccination against influenza

- Employee Development Policy

The Company has a policy to develop the organization as Learning Organization, in order to support the business growth and keep up with the economic and social changing. Therefore, the Company encourages employees to improve their knowledge and competency for the jobs by focusing on in-house knowledge transfer by skilled and knowledgeable personnel, together with external learning for developing knowledge base and best practices through continuous learning at individual, division and department levels. The learning is to be developed by practices, and the knowledge will be transferred through on-the-job teaching and teamwork, including external learning consisting of personal development training and seminars in general as well as a specific training to improve the employee's potentiality.

In 2019, the employees of the Company group had an average of 12.74 training hours per each per year.



- **Employee Safety Policy**

The Company is committed to process of occupational health and safety management system or OHSAS 18001 (version 2007) which emphasizes on the safety and health of employees through a design of systems and tools for the maximum safety according to the API Standard. For instance, the employees in the production department are required to wear gloves, ground wires and shoes to relieve static electricity buildup. This includes installation of fire protective and extinguishing equipment such as water spray, fire alarm, smoke detector, etc. This consists of risk estimation for all operating locations and provision of fire evacuation and protection drills for the employees annually.

In 2019, there were no incidents of occupational accidents, according to the occupational accident statistic of the Group.

#### Customers

The Company aims to promote customer satisfaction by offering high quality products and full integrated services through ISO 9001 standard (version 2008). The Company pays attention and holds itself accountable to customers, and more importantly, provides high significance to the protection of their confidential information.

Moreover, the Company provides Forth Service Call Center to take care of customer's problems both pre and post sales. The customers can complain, consult, use service of installation and fix products of business communication system. The customers can contact as below address:

#### **Forth Service Call Center**

226/25, 26 Phaholyothin Road Samsennai, Phayathai, Bangkok, 10400

Tel: 0-2615-0606

Fax: 0-2615-0606 ext. 2199

Email: [service@forth.co.th](mailto:service@forth.co.th)

#### Competitors

The Company has policy on fair business operation and will not distort any fact or information, commit a swindle, or use any other improper approaches for the competition. The Company performs business under the proper rules of competition. The Company does not seek to obtain the competitors' confidential information by dishonest or inappropriate means such as bribing the competitors' employees including not competing with slandering, bullying or distorting facts of competitors.

#### Business Partners

The Company respects to provide goods and services with standard, and aims to create and keep long-term relationship with counter party and contract party with clear objectives in quality of product and services; therefore, the Company has procedure to deal the business with counter parties as follows:

- Selection of partners based on price and quality with competition by information that is received fairly and transparently
- In business negotiations, directors, executives and employees of the Company must refrain from accepting money, gifts, assets or dishonest benefits from business partners or contractors.
- Payment to partners and contractors on time according to the terms of payment agreed strictly



- Protect information and keep it confidential between the business partners and contractor
- Practice with integrity, reliability and inform partners and contractor of the relevant laws, regulations and policies.

#### Lenders

The Company strictly complies with the loan agreement by repaying the loan according to the schedule and cooperated with financial institutions in disclosing financial reports and other information as required correctly and completely as well as supervising the collateral and cooperate in solving problems together if there is a case that the contract cannot be fulfilled.

#### Government agencies

The Company is committed and ready to follow the principles of corporate governance, legal penalties and standards of conduct of related state agencies.

#### Copyright and Intellectual Property Policy and Procedures

The Company has defined policies and guidelines on non-infringement of intellectual property and operates businesses lawfully according to any agreements about intellectual property, trade secret and respect for other persons' intellectual property. This covers requirement of authentic computer programs and strict prohibition on illegal computer software uses and installations.

#### Policy and Procedures for Effective Use of Resources

The Company has policy and procedures for effective use of resources by energy saving and recycle such as controlling air-conditioner's temperature properly, turning off air-conditioner and lights during lunch break, changing the office's lights to LED, Installation of solar power generation systems, turning on lights as necessary for working, using stairs instead of elevators, using reused paper, etc.

#### Social Responsibility

The Company focuses on business operations together with social responsibility. Procedures for the social responsibility are determined such as good governance, fair business operation, human rights respect, fair treatment of labor, consumer responsibilities, collaboration for community or social development, and environment protection, with details stated in the "Social Responsibility".

#### Measurement for Environment care

The Company gives consideration to environment and takes special precautions to prevent any adverse effects on the environment and its surrounding communities. The Company's plant is certified by the ISO 14001 (2004) for the environmental management system by the SGS. The certification is under both UKAS and NAC for the compliance with the environmental laws, and this ensures that the Company's plant will not release any industrial waste into the environment. This is started from the plant's design by providing waste management, electronic waste sorting systems as well as Wet Scrubber system for treatment of dust and smoke caused by the production process, and purification of air before being released into the environment. This includes continuous improvement of the environmental management works.

In addition, the Company has defined policies and guidelines for environmental preservation through promotion of education and training employees in the organization to be aware of the responsibility towards

the environment and the standard of safety management on duty, including campaigning to use resources in the most cost-effective and efficient manner under relevant laws and regulations.

#### The mechanism of stakeholders' complaint

- Complaint

The Company develops communication channel to deal with appeal from all stakeholders mention above. Stakeholder who possesses appeal must submit documentary appeal to the Company secretary as mentioned address below, and then the Company secretary will review and process their appeal to the audit committee, the Board of Directors or executive director for improvement by:

- 1) In the case of complaints from shareholders, they will be forwarded to the Audit Committee and / or the Board of Directors. In this case, the shareholder may contact the Chairman of the Audit Committee directly or at the Company address specified.
- 2) In the case of complaints of customers, general public partners, they will be sent to the management team to find a solution and report to the Board of Directors
- 3) In the case of complaints from creditors, the complaints will be sent to the management team. or the management may consider submitting such complaints to the Board of Directors for further consideration

The stakeholders can make complaint and suggestion the Company's directors and audit committees through the following detail of contact person and address:

#### **Corporate Secretary**

Forth Corporation Public Company Limited

1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok, 10400

Tel: 0-2265-6700

Fax: 0-2265-6799

- Whistleblower Protection

Whistleblower's personal information will be kept confidential. The Company will give priority to security and safety of the whistleblower. The whistleblower will disclose a source of information or related persons only as necessary. In case of any troubles suffered by the whistleblower resulting from it, the Company will determine a protection measure followed by an appropriate and fair process.

## **Section 4**

### **Disclosure and Transparency**

Realizing the importance of transparent information disclosure, the Company has set up and supervised clear policies concerning communication with external parties timely and accuracy. The objective of these policies is to ensure that the disclosures of Company's financial information and operating performance, and non-financial by download financial reports, annual report, annual filing (Form 56-1) from related agency website e.g. the Stock Exchange of Thailand, the Securities and Exchange Commission or the Company's website ([www.forth.co.th](http://www.forth.co.th)) that has been periodically update.

During the year, the Company provided opportunity for group or groups of individuals such as shareholders, reporters, financial institutions, customers or educational institutes to visit the factory. In addition, the Company is aware of the important of information to investors and stakeholders. The Company has a policy to disclose information in accordance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission in the annual report and AGM invitation letter of shareholders' meeting about the roles and duties of the Board of Directors and audit committee, the number of meetings and number of directors attending the board meeting in the past year as well as comments from the duties of the Audit Committee and presented the report on the responsibility of the Board of Directors to the financial report together with the auditor's report.

### **The Investor Relations**

The Company has established the Investor Relations Department with the specific purpose of being responsible for investor relations with the responsibility for preparing the action plan, activities and disseminating the Company's information to shareholders, investors, securities analysts and the media in order to promote the image and reliability in the operation of the Company. The investor relations ethics prescribed by the Company are as follows:

#### The investor relations ethics

1. Conduct duties with integrity
2. Disclose necessary information completely and fairly to all relevant groups equally
3. Allow all relevant groups to access and enquire the information
4. Perform duties by mainly adhering to benefits of the shareholders and the stakeholders
5. Preserve confidential information of the Company and must not use inside information for personal gain
6. Perform duties at his/her best and professionally
7. Keep on studying to develop efficiency of the work

Related parties can contact the IR of the Company as follows:

#### **Investor Relations Department**

1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok, 10400

Tel : 0-2265-6700, Fax : 0-2265-6799

Website : <http://www.forth.co.th/investor>

Email : [investor@forth.co.th](mailto:investor@forth.co.th)

The Company has specified a period of non-communication with analysts and investors (quite periods) with respect to financial results, including not holding press conferences or disclosing financial information publicly by executive and/or investor relation officers, at least fourteen (14) days prior to the quarterly and yearly result release so as to avoid any unfair treatment and possibly affecting the Company's share price.



## Section 5

### Responsibilities of The Board of Directors

The Board of Directors has an important role in corporate governance. For the best benefit of the Company, shareholders and stakeholders, the Company has a policy regarding to committees as follows:

#### The Board of Directors' structure

The Board of Directors consists of 10 directors who are 4 independent directors, representing 40% of total members to counterbalance the Board. The qualifications of the Company's independent directors are equivalent to the regulations of the Securities and Exchange Commission. Qualifications of independent director, name list and responsibility of the Board of Directors and selection process have been disclosed in section of "Management structure".

#### The Board of Directors' structure

The Company established the policy that defined the term of service of each director and managing director is able to hold the position in the Board of Directors not more than 5 listed companies. However, the Company has not defined the term of service of directors yet but the Company considers the knowledgeable competency of directors to retain their term of services instead.

The Company has a policy to separate the persons who hold the position of chairman and executive chairman to be different persons for clarity and transparency in administration by clearly defining the scope of authority and responsibility of the Executive chairman including disclosure of qualifications and term of office of each director in the annual registration statement (Form 56-1).

### The Performance of Board of Directors

#### Policy and Business Direction

The Board of Directors has clearly defined the vision and mission by disclosing them in the topic "Vision and Mission". The Board reviews and approves the policy and direction of business operations on a yearly basis to provide the Company with a strategic plan to achieve effectively, efficiently, and in line with its vision, mission and compliance with the annual strategic plan for the business operation.

#### Conflicts of interest policy

The Board of Directors has set policy on conflict of interest by taking into account the maximum benefit of the Company. Directors, executives and employees are prohibited from engaging in any business that competes with the Company and they have to avoid acts that create conflicts of interest. The persons who are involved or have interest in the transaction must report to the Company about their relationship or interest in the transaction and do not participate in the decision making as well as do not have authority to approve such transaction. If the Company considers it to be an important transaction, the persons need to report to the Board for consideration and approval as appropriate.



Risk management policy

The Company determined risk management policy by risk assessment of the incident both inside and outside the Company as follows:

1. Determining the risk management plan of each unit within the Company according to the Company's master plan and the risks of business operations that may occur so that the risk management plan is in line with the business plan and goals.
2. Risk management according to the risk management plan mentioned above, each responsible unit will prioritize the risks from assessing opportunities and the impact that such risks will have on the organization. Then determine the measures to manage risks as appropriate with an internal audit unit to coordinate and participate in reviewing risks according to such risk reduction measures.
3. The above risk management measures will be monitored and reviewed by the Risk Management Committee which consists of management from all relevant departments. The meeting will be held every quarter to monitor and review the results of such risk management. The internal audit unit will monitor and review the risk management of each company or unit in order to achieve the objectives set by the Company.

Quorum and Meeting

The Company set prior annual meeting schedule and will inform the schedule to each director for preparation and arrangement for meeting participation. The Company has a policy for the minimum quorum; two-thirds of the directors are required to attend a meeting to be regarded as constituted quorum and details of directors' attendance for 2019 with total 7 meetings were disclosed in section of "Management structure".

The Company delivers meeting invitation letter including the meeting agenda and enclosure documents to the directors at least 7 days in advance, except special sessions if necessary.

The Meeting of Non-Executive Directors

The Company provides the meeting of non-executive directors appropriately in order to give opportunity to non-executive directors to discuss problems and suggestion for company operation development.

Code of conduct

The Board of Directors encourages the preparation of business ethics for directors, executives and employees which is considered a general burden and responsibility of all for the maximum benefit of the stakeholders of the Company as well as creating credibility in the business that will make the Company grow sustainably.

The policy of internal information usage

The Company established a policy to prohibit employees and management from gaining access to internal information relating to the Company's operation, as well as the buying and selling of the Company's securities from the date information is known until the date the information is made public, especially trading within 1 month before financial statement public announcement. Information that should not be disclosed cannot be circulated for the purpose of increasing the value of the Company's securities.

In addition, directors and executives must report the ownership of the Company's securities to the Securities and Exchange Commission regarding the Statement Act B.E. 2535, as well as they acknowledged the punishment pursuant, also required to be disclosed when the change emerged in ownership of securities by a spouse and immature children. The directors and executives must submit a copy of the notification to the Company on the same date the notification is submitted to the Securities and Exchange Commission. The notification is required to be submitted within 3 working days.

#### Guide for remuneration of the directors and top executives

Remuneration for directors is determined by duties and responsibilities of directors including the performance of the directors as well as the operating results of the Company in accordance with the compensation rate in the market or industry. Directors' remuneration is approved by the Nomination and Remuneration Committee and presented to the Board of Directors to consider before presenting to the shareholders' meeting for approval.

Remuneration of the top executives shall be in accordance with principles and policies specified by the Nomination and Remuneration Committee. Such remuneration is in the appropriated level and can be comparable with the rate of the same industry by taking into consideration duties, responsibilities and performance of the Company as well as performance of each top management. In addition, it must be able to motivate and retain the qualified and capable personnel. Annual remuneration and bonus of the top executives shall have the fixed consideration criteria by based on performance of the Company, overall economic conditions and individual performance.

#### Development of directors and managers

The Board of Directors requires the orientation of new directors in order for that they have knowledge and understanding of the business of the Company and related regulation operation and related law and regulation. Besides, the board has a policy to encourage all directors, executives and company secretaries to participate in training relating to management of the Company's operation. Such training shall be consistently help both internally and by outside institutions such as the Stock Exchange of Thailand, the Securities and Exchange Commission or Thai Institute of Directors (IOD).

#### Self-Assessment of the Board of Directors

The Company has evaluated the performance of directors at least once a year on an annual basis to help the Board of Directors review the results, issues and obstacles during the past year.

In the evaluation of the Board and sub-committees by individual and group assessment will be conducted. The Corporate Secretary will submit the evaluation form to all committee members. After that the evaluation form will be returned to the Corporate Secretary to summarize the results of the evaluation and summarize the performance of the Board of Directors for the year and report to the Board of Directors for further consideration.

Criteria for self-assessment of the Board and sub-committees are as follows:

- 1) Structure and qualifications of the Board of Directors
- 2) Roles, duties and responsibilities of the Board of Directors
- 3) The Board of Directors' meetings

- 4) Performance of the directors
- 5) Relationship with the management
- 6) Self-development of the directors and development of the management team

From the 2019 assessment which been completed were as follows:

- The assessment which been completed by the Board members, the Board of Directors of the Company has a very good evaluation by obtaining average score 87.06%
- The assessment which been completed by the Board members individually, the Board of Directors of the Company has an excellent evaluation by obtaining average score 96.35%
- The assessment which been completed by the sub-committees, the sub-committees has excellent evaluation by obtaining average score 96.30%

#### **Sub-committees**

The Company has established 4 sub-committees; the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee. The qualification and duty of these sub-committees have been described in “**the management structure**” section.

#### **Term of positions**

In every year, one-third or approximately one-third of the Board of Directors must retire from the position. Directors who retire from the position may be reappointed for another term and the chosen one will be in position from the nominated date until the next Annual General Meeting of Shareholders.

#### **Succession Plan**

The Board of Directors established the policy, basic of the selection of executives and succession plan for emergency case or retirement of the executives with transparent process. The board considers the person from education and competency including experience and business ethic.

#### **The orientation of new directors**

For the new directors and executives, the Company would supply basic company information such as the organization structure, management structure, nature of business, main products, rules and regulation and laws relevant to the Company including the Securities and Exchange Commission and the Stock Exchange of Thailand's regulation and law. This will facilitate the new director's understanding of the Company's operation and the duties and responsibilities associated with being a director or independent director.

#### **Corporate management and the management of subsidiaries and associates**

The Board of Directors uses its authority to oversee and manage the Company's subsidiaries and associates according to the Company's objectives and Articles of Association, as well as in compliance to any resolutions passed at shareholders' meeting. The management and oversight is performed through the appointment of the Board of Directors, or by authorizing any other persons if necessary, to perform the business operations in compliance with the directions set by the Board of Directors to ensure good corporate governance and maximum benefits for the Company and its shareholders.



The Company's Board of Directors will assign Chief Executive Officer to select and appoint eligible persons for the member of the Board of Directors of the subsidiaries and associates. Those persons are to be the member of the Company's Board of Directors. Selection criteria of the director position and management position included qualification, skill and working experiences. The nominated persons shall operate and/or oversee the activities of the subsidiaries and associates in accordance with the Company's policies and good corporate governance. Furthermore, they have to comply with regulations regarding connected transactions and the acquisition and disposals of assets, preparing correct and reliable financial information and financial statements, and maintaining sufficient and adequate internal control systems.

#### Principles for Board

In accordance with good Corporate Governance principles for the listed company in 2017 (CG Code), the Board of Directors is required to apply the guidelines for the Board of Directors to proper implementation for beneficially creating value for the Company sustainably. The 8 practice guidelines for the Directors are as follows:

Code of Conduct 1 Recognize the role and responsibility of the Board as a leader that creates value for the business sustainably.

Code of Conduct 2 Define objectives and goal of the business for sustainability

Code of Conduct 3 Strengthen the Board of Directors

Code of Conduct 4 Recruit and develop senior management and personnel management

Code of Conduct 5 Promote innovation and responsible business operations

Code of Conduct 6 Ensure appropriate risk management systems and internal controls

Code of Conduct 7 Maintain financial credibility and disclosure.

Code of Conduct 8 Support participation and communication with shareholders

#### The implementation of corporate governance code for Listed Companies 2017

In terms of good corporate governance in compliance with the principles of good corporate governance for listed companies 2017 (CG Code) that the Company has not yet implemented, the Company will use it as a guideline for appropriate deployment including below:

Item of no compliance	Reasons
The Company should provide training to employees to educate them about the anti-corruption policies and practices of the Company.	The Company is in the process of considering the training of its employees. However, the Company has set up a policy against corruption to prevent any involvement in corruption by defying duties and responsibilities, guidelines and appropriate operating procedures for clarity and understanding. It also communicates on the standards of practice to all directors, executives, staffs and employees of the Company as well as its subsidiaries.
The Board of Directors should provide and disclose business ethics and / or code of ethics for directors, executives and employees of the Company. The ethics and / or ethical guidelines should also be defined and disclosed including the follow up on such practices.	The Company has been operating and conducting its ethics and business ethics. However, the official code of conduct has not been formally printed.



Item of no compliance	Reasons
The Board of Directors should clearly state the term of the independent director in the corporate governance policy for no more than 9 years without exception.	A Board of Directors, namely, Mr. Sanit Vorapanya, is an independent director for a period of more than 9 years. Office of the SEC. However, the Board of Directors has considered that Mr. Sanit Vorapanya has qualifications in accordance with the qualifications of the independent committee of the SEC.
The Board of Directors should evaluate the annual performance of the CEO of the organization. The Board should disclose short-term and long-term CEO remuneration policies including the performance of the CEO.	Because the top executive (CEO) of the organization is in the board of directors and the Company arranges for an evaluation of the Board of Directors on a group basis
The Board of Director should appoint CG Committee.	The Board of Directors has not appointed CG Committee.

## Change of Shareholding of the Board of Directors and Executives

Name	Position	Number of shares (shares)		Increase (Decrease)
		As of 18 Mar 2019	As of 7 Jan 2020	
Mr. Sanit Vorapunya	Chairman of BOD Independent Director Audit Committee	-	-	-
Mr. Somboon Muangklam	Director Independent Director Chairman of Audit Committee Chairman of Nomination and Remuneration Committee	-	-	-
Mrs. Vilasinee Puddhikarant	Director Independent Director Audit Committee Nomination and Remuneration Committee	-	-	-
Mrs. Porntip Lerttanongsak	Director Independent Director Audit Committee Chairman of Risk Management committee			
Mr. Pongchai Amatanon <sup>(1)</sup>	Director Executive Committee Chief Executive Officer Risk Management Committee	400,834,000	400,834,000	-
Mrs. Rangsee Lerttripinyo	Director Executive Committee Senior Executive Vice President Risk Management Committee Nomination and Remuneration Committee	59,465,500	59,465,500	-
Mr. Kaelic Amatanon	Director	57,924,000	57,924,000	-
Mrs. Matinee Wandeepirom	Director Nomination and Remuneration Committee	24,750,400	24,750,400	-
Mr. Boonya Tantipanichapun <sup>(1)</sup>	Director Executive Committee Risk Management Committee	24,711,400	24,711,400	-
Mrs. Noparat Siripongpreeda	Director	-	-	-
Mr. Chatchavin Pipatchotitham	Executive Vice President Risk Management Committee	-	-	-
Mr. Pramote Pantina <sup>(2)</sup>	Vice President of Production	-	-	-
Mr. Arin Jamnaree	Vice President of Accounting and Finance	-	-	-
Mr. Katanyoo Wilaikaew	Vice President of Research and Development	156,000	156,000	-

Remark: (1) Including spouse and immature children.

(2) Transferred to be an employee of a subsidiary due to the partial business transfer of the Company on 1 August 2019.

# Corporate Social Responsibility Report

## Corporate Social Responsibility Policy

Forth Corporation Public Company Limited ("the Company") has established guidelines for demonstrating social responsibility, including good corporate governance. Operating a fair business Respect for human rights Treatment of labor fairly Responsibility to consumers Community or social development and care for the environment.

### Good Corporate Governance

The Company has efficient and transparent management system, which can be verifiable. This would build trust and confidence to shareholders, investors and relevant groups in order to achieve sustainable growth for the business.

### Business fairness

The Company gives precedence to fair business under corporate governance principle. The Company also respects the society restrictions, encourage fair business competition, respect property rights, and follow related regulations.

### Observance of human rights

The Company gives precedence to human right, fundamental freedom and allows equitability operation without sex distinguish, level out the organization hierarchy and prevent child labour.

### Fairness to employees

The Company takes consideration on guard the society right of employees, including occupational health and safety according to the law. Furthermore, the Company has built great relationship between employees and organization by preparing fair human resource management including compensation, welfare, career development, and promote society participation.

### Responsibility to consumers

The Company concentrates on fair marketing practices which mainly consider meeting the need of customer satisfaction, including customer complaints, user suggestions and services. This is to maximize customer satisfaction and sustain the relationship.

### Community and society development

The Company supports public activities, and also encourages and supports the employees' engagement in volunteering and working with the local communities.

### Environment preservation

The Company is committed to effectively and strictly manage environment according to standards, in order to prevent and reduce environmental problem. Furthermore, joining and creating activities with other society segments helps the company to reserve and improve environment quality.

## Social activities in 2019

In 2019, the Company has organized activities for the benefit to society and environment (CSR After Process) as follows :

- **Blood Donation Project** for employees and executives to participated in blood donation which is organized continuously every year.



- **Project to assist and support the occupation of the disabled under Section 35**, the Company adheres to the guidelines by supporting funds for the disabled to apply for careers to make money for themselves e.g.



**Mr. Danai Khamkhao**

in Bo Kluea Tai Subdistrict Bo Kluea District, Nan Province, has a career in raising chickens, pigs, local cows and fish.

**Mr. Niyom Chanrueang**

from Samran Subdistrict, Mueang Yasothon District, Yasothon Province, after receiving financial support, began to build a house and buy cattle.

- **CheunJai vending for Social Help Project** by dividing 5 percent of sales from beverages to support the Innovation Foundation activities for helping the disabled to have a job and to help improve the housing repairing for the disabled to have a better life.



- **Activities to reduce waste separation (recycling) and proper disposal of waste** so that all employees can participate in helping to take care of the environment together, reduce the use of plastic, separate internal waste to properly dispose of waste as well as requesting cooperation with various stores inside the cafeteria to reduce the price of the product in the event that the employee refused to use plastic cups and refrain from using products that are not environmentally friendly.





# Internal Control and Risk Management

## Summary of the Board of Directors and the Audit Committee's opinions about the Company's Internal Control Systems

In the meeting of the Board of Directors No. 1/2020 on 24 February 2020 with the Audit Committee attending the meeting, the Board of Directors had evaluated the internal control system by asking information from the executives about the adequacy of the internal control system in 5 areas, namely the organization and environment, risk management, control of the operations of the management, information and communication systems and the follow up system which the Board evaluated and commented that the Company has sufficient internal control system on the transaction with major shareholders, directors, executives or those related to such persons and have internal control systems in all 5 areas that are appropriate and sufficient to protect assets caused by improper use or without executive authority including internal audits that are independent in monitoring and evaluating the internal control. In the past, the Company had no significant deficiencies in the internal control system. Furthermore, the Company also has a system to store important documents that allow directors, auditors and legal authorities to be able to verify within a reasonable period of time.

In addition, the auditor of the Company, EY Office Limited which is the financial auditor of the year 2019 had assessed the effectiveness of the internal control of the Company as deemed necessary and did not find any significant deficiencies in the internal control system.

Internal Control of the Audit System for the year 2019, internal auditors had chosen to inspect the main work systems of Genius Traffic System Co., Ltd., by inspecting all 3 systems, namely procurement systems. Project sales system and after sales service system including monitoring of internal audit results of all 3 systems. In addition, the Company monitored the risk management and assesses the annual internal control system. The consideration of the annual audit plan was mainly based on business and risk factors. These factors were monitored on a regular basis in order to adjust the annual audit plan if it was found that there were more important risk factors. The audit results would be presented and reported to the audit committee meeting and the board of directors in order to consider and implement further improvements. In the internal audit control system for the year 2019, the internal auditors did not find any significant defects in the internal control system.

The report of the Audit Committee is presented in this 2019 Annual Report and in the attachment of the annual filing (Form 56-1).

### Information about the internal audit unit

The Audit Committee Meeting No. 2/2019, held on May 13, 2019, appointed Mr. Kanapos Sae-Tang as the Internal Audit Manager, Chief of Internal Audit which was responsible for evaluating the efficiency and sufficiency of the internal control system and inspecting the operations of the Company and affiliated companies

The consideration and approval of the appointment of internal auditors has been approved by the audit committee with qualifications of the internal auditor presented in the attachment of the annual filing (Form 56-1)

# Prevention of the Involvement in Corruption

## Prevention of the involvement in corruption policy

The Board of Directors recognize that conducting business with integrity, an ideology of anti-corruption of all forms is a basis that would lead to the success of the business and strengthen the organization for sustainable growth. Therefore, to express the unwavering of the business practices on unaffiliated with fraud and corruption, in the Board of Directors' Meeting No. 7/2019, there was a review of the anti-corruption policy by defining responsibilities, practices and requirements for more appropriate action. The Company has considered "Anti-corrupt policy" and made in manual as well as clarified the understanding and communication of their standard practice to directors, management, and employees of the Company and its subsidiaries to be clear guidelines. In addition, for anti-corruption to be conducted in accordance with the change of the business, regulatory and legal requirements, the Board of Directors will monitor and review the policy by delegated to the Company's Secretary to report the results of monitoring and appropriate evaluation of the policy at least annually.

## Anti-corruption Definition

Corruption means any types of bribery; an offering, giving, promising or agreeing to give, demanding or accepting money, assets, or other inappropriate benefits from the government officers, government sectors, private sectors, or responsible person either in direct or indirect action so that such person could proceed or disregard his/her function in order to acquire, retain the business, recommend specific company to the entity, or achieve any improper benefits in business transaction. Exception shall be applied in case of laws, regulation, statement, standard, custom, or business traditions enable to do so.

## Anti-corruption Policy

Directors, management and employees are prohibited from operating or accepting every type of corruption both in direct or indirect manner that constitutes corruption for the benefit of themselves, their family members, friends, or acquaintances whether they are in the position of being the recipient, the provider or the proponent. The policy covers every business and related department in every country.

## Duties and Responsibilities

1. The Board of Directors has duties and responsibilities to establish a policy, conduct monitoring, and provide a system for supporting efficient anti-corruption efforts, in order to ensure that all persons are aware of, and recognize the importance of anti-corruption, as well as to foster anti-corruption values as part of the organization's culture.
2. The Audit Committee has duties and responsibilities to review the financial and accounting reporting system, internal control system, internal audit system, and risk management system, to ensure that they comply with international standards and are expedient, appropriate, up-to-date and effective. The Audit Committee also has duties to serve as an agent for whistleblowing on corrupted action or behavior related to the personnel of the organization, conduct an investigation and fact finding over the reported case, and present the case to the Board of Directors to jointly determine the appropriate disciplinary action and remediation plan.

3. Chief Executive Officer and management have duties and responsibilities to manage the implementation of anti-corruption action plan and impartially communicate the plan to the employees and their related persons, review the appropriateness of the systems, procedures and measures of each function to match the changing business environment, rules, regulations and relevant legislation. They also has the duty to assist the Audit Committee in investigating the facts as notified or the work assigned by the Audit Committee regarding the investigation of fraudulent and corruption. They can delegate tasks to the management team who can help identify the facts.
4. Internal Audit Department has duties and responsibilities to audit and review the business operations whether they are accurate and complied with policy, guidelines, approval authority, implement requirements, laws, and stipulations of the regulatory authorities, in order to assure that the internal controls are sufficient and suitable for probable risk in corruption. The internal auditor is to report the findings to the Audit Committee

#### **Practice Guidelines**

1. Directors, management, and employees at all levels must comply with the anti-corruption policy by avoiding involving with any course of corruption in direct or indirect manner.
2. Employees shall not be negligent in any corruption conditions involved directly with the Company. All employees must notify such act to supervisors or responsible person, including collaborate with investigation.
3. Employees must be aware of the importance of dissemination, knowledge sharing, and communications with other relevant person(s) who involve or affect the Company so that those parties shall conform effectively to the anti-corruption policy.
4. The Company is committed to cultivating and maintaining a corporate culture that adheres to corruption is unacceptable.

#### **Implementation Requirements**

1. The anti-corruption policy covers to Human Resource Management process starting from recruitment, promotion, training, evaluation, and benefits provided to staff. Every supervisor in every level must communicate to staff in order to apply in business transaction under their responsibility and to monitor such implementation to be the most effective.
2. For the purpose of clarity in dealing with matters that are exposed to a high risk of corruption, the Company's directors, management members, and employees at all levels must be careful when dealing with the following:

##### **2.1 Gifts, Hospitality and Expenses**

Giving or accepting gifts, entertainment and hospitality activities must not be intended to induce or refrain from any wrongdoing, nor should it be illegal or customary.

##### **2.2 Charitable contributions or sponsorships**

Giving or receiving charitable contributions or sponsorships must be transparent and lawful. The Company must ensure that no charitable contribution or sponsorship is used as a subterfuge for bribery.



### 2.3 Business relationships and government procurement

All dealings and interactions with the public sector must be transparent and honest, and must comply with applicable laws.

#### Risk assessment and internal control

1. To require management to assess the risk of possible corruption related to the Company's business operations by specifying high-risk events and assess the risk level, both the chance of occurrence and the impact on an annual basis.
2. Arrange for an inspection process to assess the internal control system that covers important work systems such as procurement, contract preparation, budgeting and control including the accounting system, paying / accepting payments etc. and providing suggestions on appropriate solutions.
3. Establish an annual internal audit plan and present the audit report to the audit committee and the Board of Directors respectively.
4. Monitoring the evaluation of the implementation of the risk management plan as well as reviewing risks in order to be able to make preventive plans in a timely and consistent manner.

#### Measures and channels for reporting clues or complaints

The Company has established measures to report clues or complaints about illegal acts, business ethics or behavior that may indicate corruption of directors, executives or employees in the organization by organizing various communication channels to provide opportunities for employees and stakeholders to report clues or complainants to the Company properly and conveniently. The whistleblowers must specify the details of the clues or complaint, including name, address, telephone number that can be contacted and send to channels provided as specified by the Company.

##### 1. Channels for receiving clues or complaints of corruption

The company has set up channels for giving clues or receiving complaints as follows:

- By mail

Delivered to the Chairman of the Board or the Chairman of the Audit Committee

Forth Corporation Public Company Limited

1053/1 Phahonyothin Road, Phaya Thai Sub-district, Phaya Thai District, Bangkok 10400

- via email:

Chairman of the Audit Committee: somboon.m@outlook.com

Company Secretary: arin@forth.co.th

- Via the company website [www.forth.co.th](http://www.forth.co.th)

- Suggestion box / comment / complaint within the Company



## 2. Protection and confidentiality measures

In order to protect the rights of the complainants and informants in good faith, the company will conceal names, address or any information that can identify the complainant or informant and keep the information of the complainants and informants confidential which is limited to those responsible for conducting investigations of complaints that can access information.

In case of a complaint regarding the corruption of the executive Senior management, the Audit Committee will protect the whistleblower or the complainant, the witness and the person who provided the information in the investigation for not to suffer from any danger, unrighteousness arising from whistle blowing, complaint, witnessing or giving information.

Those responsible for performing duties relating to complaints, are responsible for keeping data, complaints and evidences of the complainants and informants confidential and not to share the information with other people who do not have any responsibilities unless the disclosure of duties required by law.

### **Policy violations and penalties**

1. If the accused acts of actual corruption, the offender (directors, executives, employees) will be disciplined and the offender may be subject to legal punishment
2. Direct supervisors who ignore wrongdoing or acknowledge that there was a wrongdoing but do not proceed with the management in accordance with this policy, supervisors are subject to disciplinary action and may be subject to legal punishment.
3. Not being aware of this policy and / or related laws will not be used as an excuse for non-compliance.
4. Directors, executives, or related parties disclose the information of the whistleblower and the documents and evidence or not kept secret, that person will be disciplined unless it is disclosed as required by law.
5. Violation or non-compliance with this policy whether by the directors, any executive or staff member, they will be investigated in accordance with the disciplinary process of the company. In addition, there may be civil and criminal litigation if found to be a violation of intention.

## Connected Transactions

During 2019, the Company and its subsidiaries entered into inter-company transactions with related companies or persons that may cause conflict of interest. These businesses may be related by being the shareholder or having common shareholder or common director, details of which are disclosed in Notes to the financial statements. Details of significant inter-company transactions for the years ended 31 December 2018 and 2019 can be summarized in the table below:

Type of transaction	Related company/person	Relationship				Transaction value (Million Baht)	
		Associate	Major shareholder	Director/ Close person of director	Common shareholders/ common directors	31 December 2019	31 December 2018
<u>Expense</u>							
Purchase of goods/services	Forth Tracking System Co., Ltd.	X			X	7.75	9.46
Rental expense	Mr. Pongchai Amatanon		X	X		0.26	0.32
	Mrs. Rangsee Lerttripinyo			X		1.35	0.90
	Mrs. Punnee Siripongpreeda			X		-	-
Administrative expenses	Forth Tracking System Co., Ltd.	X			X	0.12	0.22
<u>Revenue</u>							
Sale of goods/ services	Forth Tracking System Co., Ltd.	X			X	10.33	24.63
Rental income	Forth Tracking System Co., Ltd.	X			X	-	0.08
Other income	Forth Tracking System Co., Ltd.	X			X	0.05	0.09
	Forth and Yip In Tsoi Joint Venture	X				0.01	-
Guarantee fee income	Forth and Yip In Tsoi Joint Venture	X				0.04	-
Interest income	Forth Tracking System Co., Ltd.	X			X	6.83	10.2

## The necessity and reasonableness of the transactions

### 1. Normal business transaction

Purchase of goods/service	The policy for purchase of goods or services from the related parties is the same as those for general partners. Prices are negotiated with a view to achieving the reasonable gross profit margin and competitiveness.
Sale of goods/service	The policy for sale of goods or services to the related parties is same as those of general partner. Prices are negotiated with a view to achieving the reasonable gross profit margin and competitiveness.

### 2. Supporting normal business transaction

Rental expense	This expense was incurred from land and building rental, used for business place of the Company and its subsidiaries from connected persons. The price is set in accordance with market price and/or acquisition cost plus related expenses with the justified condition and reason.
Rental income	This income was derived from building rental, used for business place of an associate. The price is set in accordance with market price and/or acquisition cost plus related expenses with the justified condition and reason.
Other income	The policy for sale of goods or services to the related parties is same as those of unrelated parties. Prices are negotiated with a view to achieving the reasonable price and condition.
Dividend income	Dividends received from investments in associates It depends on the operating results of the associated companies and in accordance with the resolutions of the board of directors or the shareholders' meetings of the associated companies.
Administrative expenses	The policy for purchase of goods or services from the related parties is same as those of unrelated parties. Prices are negotiated with a view to achieve the reasonable price and condition.

### 3. Transaction regarding offer or receipt of financial of financial assistance

Interest income	The Company has policy to determine interest rate of loan granted to an associate by refer to interest rate of the Company's loans which obtained from the financial institutions.
Guarantee fee income	The policy for specifying the guarantee fee rates for associated credit facilities of the Company are based on the guarantee fees of the companies that are received from the Financial Institutions Council.

**Measures or procedures for approval of connected transactions.**

In case of a connected transactions between the Company and a person who may have a conflict of interest or has a stake or may have conflicts of interest in the future, the Audit Committee will give opinions on the necessity of entering into the transaction and the appropriateness of the price of the transaction by considering the conditions to be in line with the nature of business operations in the industry and comparing to the price of outsiders or market prices. If the Audit Committee is not proficient in the consideration of connected transactions, the Company will arrange the independent expert or the Company's auditor to give comments on such connected transactions to be used for the decision of the Board of Directors, the Audit Committee or shareholders, as is the case. The committees who have a stake are not allowed to vote on the transaction. In addition, the connected transactions will be disclosed in the notes to financial statements audited or reviewed by the Company's auditors. Moreover, the connected transaction shall comply with the laws of securities and exchange and the regulations, notifications, orders or requirements of the Securities and Exchange Commission. Those who may have conflicts of interest or have a stake in the connected transactions will not have the right to vote on such connected transactions.



# Report of Risk Management Committee

Dear Shareholders,

The Risk Management Committee is appointed by the Board of Directors which consists of 5 directors, with Mrs. Pornthip Lerttanongsak as the Chairman of the Committee, Mr. Phongchai Amatanon, Mrs. Rangsee Lerttripinyo, Mr. Boonya Tuntipanichapun and Mr. Chatchavin Pipatchotitham as members of the Risk Management Committee.

The Risk Management Committee has performed the duties assigned by the Board of Directors which is defined in the charter of Risk Management Committee with a duty to acknowledge, determine risk management policy and strategies aligning with risk management policies as well as pushing and following up on cooperation in risk management and regularly report to the Board of Directors about the risks of the organization.

In 2019, the Risk Management Committee held 2 meetings of which results were reported to the Board of Directors in summary with important results as follows:

1. Consider and acknowledge the risks of the organization in 2019, the causes of the risks and the impact and approve the guidelines to cope with risk.
2. Consider and approve the risk management plan for the year 2020.

However, from the performance of risk management in the past year, the Risk Management Committee is confident that the Company's risk management process functions efficiently. Moreover, the executives of the Company is aware of the importance of risk management and is ready to support the risk management continuously.



**(Mrs. Pornthip Lerttanongsak)**

**Chairman of the Risk Management Committee**

# Report of the Nomination and Remuneration Committee

Dear Shareholders

Nomination and Remuneration Committee Appointed by the board of directors Which consists of 4 members in which Mr. Somboon Muangklam, Independent Director is the Chairman of the Nomination and Compensation Committee, Mrs. Vilasinee Puddhikant, Mrs. Rangsee Lerttripinyo and Mrs. Matinee Wandeepirom are the Nomination and Compensation Committee.

The Nomination and Remuneration Committee performs duties as assigned by the Board of Directors which is defined in the Charter of the Nomination and Remuneration Committee which is responsible for recruiting qualified persons to serve as directors of the Company, directors in various sub-committees and determine the necessary and appropriate remuneration of the directors. In addition, the Nomination and Remuneration Committee has considered the development plan for directors to improve knowledge and capabilities related to the business of the Company in order to create confidence for the shareholders that all persons who are directors are qualified, knowledgeable and have the potential to work to create maximum benefits for the Company and shareholders.

In 2019, the Nomination and Remuneration Committee arranged 2 meetings in which all directors attended all the 2 meetings and reported the meeting results to the Board of Directors for acknowledgment. The important results from the meeting are as follows:

1. Consider the determination of remuneration for directors from the Company's operating results, business size and responsibilities of the Board of Directors comparing with other companies that are in the same industry as the Company and presented to the Annual General Meeting of Shareholders in 2019 for further approval.
2. Considering the nomination of directors to replace the resigned and retired directors by considering the appropriate qualifications in various fields in accordance with the business strategy of the Company to propose to the Board of Directors for consideration and to propose to the general meeting of shareholders for appointment.
3. Review the qualifications of directors and sub-committees.
4. Consider the training program for the Board of Directors. And the management team to further develop the knowledge of the directors and executives in the administration of the Company.

(Mr. Somboon Muangklam)

Chairman of the Nomination and Remuneration Committee

## Report of the Audit Committee

The Audit Committee, appointed by the Company's Board of Directors, consists of three independent directors who have performed their duties in compliance with capability under their responsibility and authority assigned in correspondence with the good practices of the Audit Committee. In 2019, the Audit Committee had held 4 meetings with all 3 Audit Committee members attended all the five meetings as well as the external auditors, the management and the internal auditors to present the information and suggestions on related agendas and the resolutions of main discussions were:

1. To review the quarterly and annual financial report of 2019 before proposing to the Board of Directors to certify and approve in consideration of the accounting standards of the financial report and sufficient disclosure of information.
2. To consider the audit plan, acknowledge the auditing result together with the recommendations of the internal auditors relating to the analysis of the internal audit control system and present them to the Board of Directors to for revision as appropriate including follow up the progress of the improvement of deficiencies in order to ensure the efficient internal audit control considering the risk of all factors.
3. To review for ensuring that the Company complied with good practices for listed the practices of the Company under the promulgation of the Stock Exchange of Thailand including compliance with regulations and laws related to Company's business.
4. To review and propose opinions on connected transactions or transactions with conflict of interests as well as consider ensuring the disclosure of the correct and complete information.
5. To assess the independence of the external auditors and consider the appointment and remuneration of auditors for 2019.
6. The audit committee has evaluated its own performance for the year 2019. The result of the evaluation is at an excellent level. And have already reported to the Board of Directors

The Audit Committee has expressed their opinion that the quarterly and annual financial statements and financial report were conducted in accordance with Thai Financial Reporting Standards as well as the disclosure of the complete, correct and sufficiently detailed connected transactions. In addition, the Company has provided an internal control system with an efficient auditing mechanism as well as effective balance system. Moreover, the Company has kept a strong hold on the practices regarding to the laws and regulations of the Stock Exchange of Thailand, corporate government, business ethics and related business laws.

According to the financial statements for the year ending 31 December 2020, the Audit Committee has proposed for appointing EY Office Limited to pursue the Company's auditors same as the prior year since it is a reputable auditing firm and also is recognized best practice on auditing standards widely accepted. The appointment of the Company's auditor will be proposed to the Annual General Meeting of Shareholders for 2020 which will be held in April 2020 for next approval.



**(Mr. Somboon Muangklam)**  
Chairman of Audit Committee



**(Mrs. Vilasinee Puddhikarant)**  
Audit Committee



**(Mrs. Porntip Lerttanongsak)**  
Audit Committee

## The Board of Directors' Responsibilities Report to Financial Statements

The Board of Directors has considered the financial statements of Forth Corporation Public Company Limited and its subsidiaries including the financial information disclosed in the annual report and deemed that the financial statements have been prepared in accordance with Thai Financial Reporting Standards, using appropriate accounting policies consistently employed by the Company, as well as applying careful judgments and best estimation. The sufficient and transparent disclosure of important information was provided in the notes to the financial statements for the benefit of the shareholders and general investor.

The Board of Directors has arranged and maintained an efficient internal control system to ensure that accounting records are correct, complete and adequate to protect the Company's assets and uncover weakness to prevent fraud or materially irregular operations.

The Board of Directors has appointed an audit committee comprising of independent directors whose qualification have met requirement of the Stock Exchange of Thailand. They are responsible for the quality of financial statements and internal control system, whose comments on these issues are stated in the Audit Committee Report which has been attached in the annual report.

The Board of Directors opined that the consolidated financial statements of Forth Corporation Public Company Limited and its subsidiaries for the year ended 31 December 2019, which the audit committee have already reviewed with the management and the Company's auditors, presented fairly, in all material respects, the financial position and operating results in accordance with Thai Financial Reporting Standards.



**(Mr. Sanit Vorapanya )**

Chairman of the Board of Directors



**(Mr. Pongchai Amatanon)**

Chief Executive Officer



# Independent Auditor's Report

## Independent Auditor's report

To the Shareholders of Forth Corporation Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Forth Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of 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 Forth Corporation 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 Forth Corporation Public Company Limited and its subsidiaries and of Forth Corporation Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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

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

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

#### *Revenue recognition*

The Group is principally engaged in the sales of technology and telecommunications related products, and generates revenue from sales to a large number of customers with a variety of different commercial terms. Revenue from sales is one of the Group's significant accounts and it directly affects the Group's profit or loss for the year. I therefore focused on the recognition of sales income.

I have examined the revenue recognition of the Group by assessing and testing the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, on a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period and reviewing credit notes issued by the Group after the period-end date. I also performing analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period.

#### *Recognition of service income from rendering of services through online top-up machines*

The service income in the consolidated financial statements included service income from rendering of services through online top-up machines of a subsidiary, accounting for 27 percent of total revenue in the consolidated financial statements. There are numerous transactions through online top-up machines with a variety of services and the income from the rendering of these services directly affect to the Group's profit or loss. I therefore addressed the amount and timing of recognition of service revenue as a key audit matter.

I have performed audit procedures with respect to recognition of service income from rendering of services through online top-up machines by evaluating and testing the IT system and internal controls of the subsidiary related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representatives samples to test the operation of the designed controls. I also performed an analytical review of the service rates received from rendering services through online top-up machines in comparison with the rates stipulated for collection from users of online top-up machines, and performed an analytical review on disaggregated service income data in order to audit for unusual service income transactions occurring throughout the accounting period, including examined the related accounting entries made through journal vouchers.

#### *Provision for diminution in value of inventory*

Estimating the net realisable value of inventory, as disclosed in Note 9 to the consolidated financial statements, is an area of significant management judgment and the Group's products are technology-related, and are thus at the risk of becoming obsolete when there are technological changes. Consequently, there is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed the internal controls of the Group relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included gaining an understanding of the basis applied in determining provision for diminution in value of inventory, and reviewing the consistency of the application of that basis. In addition, I compared the data on inventory aging report prepared by product category, reviewed inventory movement, and comparing of proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory.

#### **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.



Sirirat Sricharoensup

Certified Public Accountant (Thailand) No. 5419

EY Office Limited

Bangkok: 24 February 2020

# Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		681,811,432	696,326,500	181,448,422	232,243,548
Current investment	7	50,000,000	-	-	-
Trade and other receivables	6, 8	1,584,787,439	2,681,345,381	329,705,834	770,577,114
Short-term loans to related parties	6	-	-	72,465,000	46,155,000
Unbilled receivables		496,135,337	641,239,992	94,738,525	169,273,038
Inventories	9	978,891,619	967,726,277	328,011,980	421,378,195
Current portion of loans to service representatives	11	25,044,635	-	-	-
Other current assets		298,494,530	261,365,851	65,235,533	51,075,899
<b>Total current assets</b>		<b>4,115,164,992</b>	<b>5,248,004,001</b>	<b>1,071,605,294</b>	<b>1,690,702,794</b>
<b>Non-current assets</b>					
Restricted bank deposits	10	441,500	9,919,000	-	-
Investments in subsidiaries	12	-	-	1,156,068,115	721,165,080
Investments in associates	13	33,463,788	32,464,443	24,252,736	21,247,856
Other long-term investments		31,151,815	31,151,815	20,000,000	20,000,000
Loans to service representatives - net of current portion	11	27,657,853	-	-	-
Investment properties	14	103,745,141	104,805,645	845,186,910	493,953,402
Property, plant and equipment	15	2,809,031,719	2,942,236,818	321,817,020	749,165,045
Intangible assets	16	112,706,219	105,313,909	5,076,357	44,676,266
Leasehold rights		14,903,271	16,028,179	14,903,271	16,028,179
Deferred tax assets	24	285,754,006	273,915,607	71,898,389	62,991,266
Other non-current assets		82,996,880	106,528,934	69,381,680	73,060,325
<b>Total non-current assets</b>		<b>3,501,852,192</b>	<b>3,622,364,350</b>	<b>2,528,584,478</b>	<b>2,202,287,419</b>
<b>Total assets</b>		<b>7,617,017,184</b>	<b>8,870,368,351</b>	<b>3,600,189,772</b>	<b>3,892,990,213</b>

## Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from banks	17	2,679,515,576	2,996,067,510	1,345,015,576	1,444,128,926
Trade and other payables	6, 18	834,639,476	1,347,651,602	245,092,646	269,598,696
Current portion of long-term loans	19	283,736,809	545,727,848	73,745,709	165,354,732
Advances received from customers		177,233,944	41,777,088	143,429,603	15,176,944
Corporate income tax payable		25,753,907	34,101,173	-	-
Other current liabilities		918,943,630	937,950,755	46,142,482	41,077,410
<b>Total current liabilities</b>		<b>4,919,823,342</b>	<b>5,903,275,976</b>	<b>1,853,426,016</b>	<b>1,935,336,708</b>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	19	116,695,040	374,206,623	116,695,040	169,771,079
Provision for long-term employee benefits	20	132,452,499	86,401,193	37,239,202	35,211,088
Other non-current liabilities		1,958,393	-	-	-
<b>Total non-current liabilities</b>		<b>251,105,932</b>	<b>460,607,816</b>	<b>153,934,242</b>	<b>204,982,167</b>
<b>Total liabilities</b>		<b>5,170,929,274</b>	<b>6,363,883,792</b>	<b>2,007,360,258</b>	<b>2,140,318,875</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
960,000,000 ordinary shares of Baht 0.5 each		480,000,000	480,000,000	480,000,000	480,000,000
Issued and fully paid-up					
960,000,000 ordinary shares of Baht 0.5 each		480,000,000	480,000,000	480,000,000	480,000,000
Share premium		362,557,877	362,557,877	362,557,877	362,557,877
Other deficits		(119,988,151)	(48,400,660)	-	-
Retained earnings					
Appropriated - statutory reserve	21	48,000,000	48,000,000	48,000,000	48,000,000
Appropriated - treasury shares reserve	30	36,835,920	-	36,835,920	-
Unappropriated		739,835,475	848,381,179	702,271,637	862,113,461
Treasury ordinary shares	30	(36,835,920)	-	(36,835,920)	-
Other components of shareholder's equity		(3,554,996)	(5,658,757)	-	-
Equity attributable to owners of the Company		1,506,850,205	1,684,879,639	1,592,829,514	1,752,671,338
Non-controlling interests of the subsidiaries		939,237,705	821,604,920	-	-
<b>Total shareholders' equity</b>		<b>2,446,087,910</b>	<b>2,506,484,559</b>	<b>1,592,829,514</b>	<b>1,752,671,338</b>
<b>Total liabilities and shareholders' equity</b>		<b>7,617,017,184</b>	<b>8,870,368,351</b>	<b>3,600,189,772</b>	<b>3,892,990,213</b>



# Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>	25				
Sales		1,867,549,467	2,967,127,632	573,859,546	442,925,468
Services		4,097,440,571	4,090,758,168	428,225,756	178,201,597
Revenues from project work		553,896,866	757,074,033	305,864,966	621,740,287
Other income					
Dividend income		-	-	344,342,682	292,330,080
Gain (loss) on exchange		(6,477,712)	2,834,215	(5,767,935)	(3,070,273)
Gain on partial business transfer	32	-	-	42,426,977	-
Others		284,962,526	262,274,508	59,395,211	38,185,795
<b>Total revenues</b>		<b>6,797,371,718</b>	<b>8,080,068,556</b>	<b>1,748,347,203</b>	<b>1,570,312,954</b>
<b>Expenses</b>					
Cost of sales		1,495,127,960	2,399,334,539	484,137,346	292,668,710
Cost of services		3,032,323,152	2,990,430,798	323,992,740	128,324,559
Cost of project work		453,975,115	654,952,484	245,633,305	527,177,574
Selling and distribution expenses		104,125,769	108,453,575	26,811,012	32,634,588
Administrative expenses		914,724,609	853,494,903	355,126,219	275,492,778
Impairment loss on investment in subsidiaries		-	-	-	23,000,000
Reversal of impairment loss on equipment	15	(444,495)	(3,132,875)	(3,132,874)	(3,132,875)
<b>Total expenses</b>		<b>5,999,832,110</b>	<b>7,003,533,424</b>	<b>1,432,567,748</b>	<b>1,276,165,334</b>
<b>Profit before share of profit from investments in associates, finance cost and income tax expenses</b>		<b>797,539,608</b>	<b>1,076,535,132</b>	<b>315,779,455</b>	<b>294,147,620</b>
Share of profit from investments in associates	13.2	4,827,862	5,580,106	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>802,367,470</b>	<b>1,082,115,238</b>	<b>315,779,455</b>	<b>294,147,620</b>
Finance cost		(101,990,156)	(128,126,885)	(40,870,568)	(38,361,447)
<b>Profit before income tax expenses</b>		<b>700,377,314</b>	<b>953,988,353</b>	<b>274,908,887</b>	<b>255,786,173</b>
Income tax (expenses) revenues	24	(94,543,497)	(134,182,307)	8,907,123	2,177,658
Profit for the year from continuing operations		605,833,817	819,806,046	283,816,010	257,963,831
Profit for the year from discontinued operations - net of tax	32	-	-	(3,756,068)	43,670,265
<b>Profit for the year</b>		<b>605,833,817</b>	<b>819,806,046</b>	<b>280,059,942</b>	<b>301,634,096</b>

## Statement of comprehensive income (continued)

For the year ended 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		2,103,761	1,312,058	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		2,103,761	1,312,058	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial losses	20	-	(11,961,777)	-	(5,160,774)
Less: Income tax effect	24	-	2,300,612	-	1,032,155
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(9,661,165)	-	(4,128,619)
<b>Other comprehensive income for the year</b>		<b>2,103,761</b>	<b>(8,349,107)</b>	<b>-</b>	<b>(4,128,619)</b>
<b>Total comprehensive income for the year</b>		<b>607,937,578</b>	<b>811,456,939</b>	<b>280,059,942</b>	<b>297,505,477</b>
<b>Profit attributable to:</b>					
Equity holders of the Company					
From continuing operations		331,356,062	526,148,380	283,816,010	257,963,831
From discontinued operations - net of tax		-	-	(3,756,068)	43,670,265
Total equity holders of the Company		331,356,062	526,148,380	280,059,942	301,634,096
Non-controlling interests of the subsidiaries		274,477,755	293,657,666		
		<b>605,833,817</b>	<b>819,806,046</b>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company					
From continuing operations		333,459,823	518,789,157	283,816,010	253,835,212
From discontinued operations - net of tax		-	-	(3,756,068)	43,670,265
Total equity holders of the Company		333,459,823	518,789,157	280,059,942	297,505,477
Non-controlling interests of the subsidiaries		274,477,755	292,667,782		
		<b>607,937,578</b>	<b>811,456,939</b>		
<b>Basic earnings per share</b>	26				
Profit attributable to equity holders of the Company					
From continuing operations		0.35	0.55	0.30	0.26
From discontinued operations		-	-	-	0.05
Total		0.35	0.55	0.30	0.31

## Statement of changes in shareholders' equity

For the year ended 31 December 2019

Consolidated financial statements												(Unit: Baht)	
Equity attributable to owners of the Company													
	Other surpluses (deficits)					Equity attributable to owners of the Company							
	Issued and fully paid-up share capital	Share premium	Retained earnings of subsidiaries arising from the Company's swapping shares of subsidiaries at a price lower than net book value of the subsidiaries as at the acquisition date	Capital surplus (deficit) from changes in shareholding in subsidiaries		Total other surpluses (deficits)	Retained earnings		Treasury shares	Exchange differences on translation of financial statements in foreign currency	Other components of equity -	Total equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				from changes in shareholding in subsidiaries	in subsidiaries		Statutory reserve	Appropriated Treasury shares reserve					
Balance as at 1 January 2018	480,000,000	362,557,877	40,891,171	156,140,112	200,031,283	48,000,000	-	819,904,090	1,894,522,425	825,255,720	2,719,778,146	2,719,778,146	
Profit for the year	-	-	-	-	-	-	-	526,148,340	526,148,340	263,687,666	819,808,046	819,808,046	
Other comprehensive income for the year	-	-	-	-	-	-	-	(8,621,281)	1,312,658	(969,884)	(8,369,107)	(8,369,107)	
Total comprehensive income for the year	-	-	-	-	-	-	-	517,477,099	518,769,157	262,697,782	811,468,939	811,468,939	
Dividend payment (Note 29)	-	-	-	-	-	-	-	(480,000,000)	(480,000,000)	-	(480,000,000)	(480,000,000)	
Purchases of investments in the subsidiary (Note 12.1)	-	-	-	(93,120,862)	(93,120,862)	-	-	-	(93,120,862)	(24,462,538)	(117,583,330)	(117,583,330)	
Change in the ownership interests in subsidiary from purchase of treasury stock of the subsidiary (Note 31)	-	-	-	(156,311,051)	(156,311,051)	-	-	-	(156,311,051)	(32,030,154)	(187,341,205)	(187,341,205)	
Increase in non-controlling interests of the subsidiary from investment in subsidiary	-	-	-	-	-	-	-	-	-	12,000,000	12,000,000	12,000,000	
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary (Note 12.2)	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2018	480,000,000	362,557,877	40,891,171	(89,291,831)	(48,400,000)	48,000,000	-	848,381,179	1,894,879,639	821,604,820	2,596,464,559	2,596,464,559	
Balance as at 1 January 2019	480,000,000	362,557,877	40,891,171	(89,291,831)	(48,400,000)	48,000,000	-	848,381,179	1,894,879,639	821,604,820	2,596,464,559	2,596,464,559	
Profit for the year	-	-	-	-	-	-	-	331,356,042	331,356,042	274,477,795	605,833,817	605,833,817	
Other comprehensive income for the year	-	-	-	-	-	-	-	2,103,761	2,103,761	-	2,103,761	2,103,761	
Total comprehensive income for the year	-	-	-	-	-	-	-	331,356,042	333,459,823	274,477,795	607,937,578	607,937,578	
Treasury shares during the period (Note 30)	-	-	-	-	-	-	-	(36,835,920)	(36,835,920)	-	(36,835,920)	(36,835,920)	
Transferred unappropriated retained earnings to treasury shares reserve (Note 30)	-	-	-	-	-	-	-	36,835,920	-	-	-	-	
Dividend payment (Note 29)	-	-	-	-	-	-	-	(403,065,846)	(403,065,846)	-	(403,065,846)	(403,065,846)	
Purchases of investments in the subsidiary (Note 12.1)	-	-	-	(71,587,461)	(71,587,461)	-	-	-	(71,587,461)	(22,766,194)	(94,353,655)	(94,353,655)	
Increase in non-controlling interests of the subsidiary from investment in subsidiary (Note 12.1)	-	-	-	-	-	-	-	-	-	-	114,462,680	114,462,680	
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary (Note 12.2)	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2019	480,000,000	362,557,877	40,891,171	(160,879,292)	(119,988,151)	48,000,000	-	739,815,475	1,506,850,205	819,237,705	2,346,087,910	2,346,087,910	

## Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

	Separate financial statements							(Unit: Baht)	
	Issued and fully paid-up share capital	Share premium	Retained earnings				Treasury shares		Total shareholders' equity
			Appropriated		Unappropriated				
			Statutory reserve	Treasury shares reserve					
Balance as at 1 January 2018	480,000,000	362,557,877	48,000,000	-	1,044,607,984	-	1,935,165,861		
Profit for the year	-	-	-	-	301,634,096	-	301,634,096		
Other comprehensive income for the year	-	-	-	-	(4,128,619)	-	(4,128,619)		
Total comprehensive income for the year	-	-	-	-	297,505,477	-	297,505,477		
Dividend payment (Note 29)	-	-	-	-	(480,000,000)	-	(480,000,000)		
Balance as at 31 December 2018	480,000,000	362,557,877	48,000,000	-	862,113,461	-	1,752,671,338		
Balance as at 1 January 2019	480,000,000	362,557,877	48,000,000	-	862,113,461	-	1,752,671,338		
Profit for the year	-	-	-	-	280,059,942	-	280,059,942		
Total comprehensive income for the year	-	-	-	-	280,059,942	-	280,059,942		
Treasury shares during the year (Note 30)	-	-	-	-	-	(36,835,920)	(36,835,920)		
Transferred unappropriated retained earnings to treasury shares reserve (Note 30)	-	-	-	36,835,920	(36,835,920)	-	-		
Dividend payment (Note 29)	-	-	-	-	(403,065,846)	-	(403,065,846)		
Balance as at 31 December 2019	480,000,000	362,557,877	48,000,000	36,835,920	702,271,637	(36,835,920)	1,592,829,514		



## Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before tax				
From continuing operations	700,377,314	953,988,353	274,908,887	255,786,173
From discontinuing operations	-	-	(3,756,068)	53,570,684
Total	700,377,314	953,988,353	271,152,819	309,356,857
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	472,209,122	470,817,075	59,049,110	56,525,750
Amortisation for intangible assets	14,981,697	10,748,804	4,204,270	2,830,377
Amortisation for leasehold right and others	1,124,908	1,124,909	1,124,908	1,124,909
Write-off of equipment	4,196,372	2,545,155	-	184
Doubtful accounts (reversal)	16,817,675	2,128,366	14,537,748	(10,889,303)
Decrease of inventories to net realisable value (reversal)	26,130,881	57,417,930	(3,065,844)	40,630,700
Loss from impairment on investment in subsidiaries	-	-	-	23,000,000
Loss from impairment on equipment (reversal)	(3,362,976)	312,654	(3,132,874)	(3,132,875)
Unrealised loss (gain) on exchange	764,037	(727,444)	991,130	(609,295)
Share of profit from investments in associates	(4,827,862)	(5,580,106)	-	-
Loss (gain) on sales of equipment	(3,093,971)	(5,195,811)	(1,247,336)	7,016
Gain on partial business transfer	-	-	(42,426,977)	-
Dividend income	-	-	(344,342,682)	(292,330,080)
Increase in provision for long-term employee benefits	47,096,694	13,624,651	20,128,741	5,756,908
Interest expenses	80,365,462	104,630,158	38,612,834	36,015,578
Profit from operating activities before changes in operating assets and liabilities	1,352,779,353	1,605,834,694	15,585,847	168,286,726
Operating assets (increase) decrease				
Trade and other receivables	1,078,816,839	(1,210,136,680)	512,643,424	(310,124,237)
Inventories	(37,296,223)	78,678,122	(105,586,483)	104,003,584
Unbilled receivables	145,104,655	(116,185,180)	74,534,513	(83,585,944)
Other current assets	(17,687,978)	73,177,656	2,228,573	14,154,498
Other non-current assets	24,778,030	26,260,797	3,678,646	19,350,531
Operating liabilities increase (decrease)				
Trade and other payables	(514,400,734)	370,991,246	(23,369,475)	(211,944,280)
Advances received from customers	135,456,856	(57,667,604)	128,252,659	(55,251,985)
Other current liabilities	(18,879,056)	56,042,879	5,065,072	17,545,017
Cash flows from (used in) operating activities	2,148,671,742	826,995,930	613,032,776	(337,566,090)
Cash paid for interest expenses	(80,566,181)	(104,650,795)	(39,109,871)	(35,791,431)
Cash paid for corporate income tax	(139,078,728)	(124,452,767)	(16,431,118)	(37,166,877)
Cash receipts from income tax	5,973,249	10,157,043	-	-
<b>Net cash flows from (used in) operating activities</b>	<b>1,935,000,082</b>	<b>608,049,411</b>	<b>557,491,787</b>	<b>(410,524,398)</b>

## Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Decrease (increase) in restricted bank deposits	9,477,500	(9,523,500)	-	-
Increase in current investment	(50,000,000)	-	-	-
Proceeds from sales of equipment	6,841,855	6,274,903	1,714,309	75
Proceeds from sales of computer software	-	-	9,410,908	-
Proceeds from partial business transfer	-	-	249,000,000	-
Acquisition of investment properties	-	(105,128,154)	(19,427,915)	(134,732,884)
Acquisition of property, plant and equipment	(339,543,344)	(265,126,815)	(28,863,443)	(103,413,474)
Acquisition of computer software	(22,374,007)	(48,421,311)	(16,545,361)	(32,631,281)
Increase in short-term loans to related parties	-	-	(50,000,000)	(5,799,207)
Cash receipts from loans to related parties	-	-	23,690,000	-
Cash paid to loans to service representatives	(89,460,000)	-	-	-
Cash receipts from loans to service representatives	36,757,512	-	-	-
Cash receipts from dividend of subsidiaries and associate	6,833,397	10,199,100	344,342,682	292,330,080
Increase in investment in subsidiaries	(94,355,685)	(117,583,530)	(434,903,035)	(167,583,500)
Increase in investment in associates	(3,004,880)	-	(3,004,880)	-
Cash received from decrease in share capital of subsidiary	-	-	-	2,000,000
<b>Net cash flows from (used in) investing activities</b>	<b>(538,827,652)</b>	<b>(529,309,307)</b>	<b>75,413,265</b>	<b>(149,830,191)</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loans from banks	(316,551,934)	745,067,510	(99,113,350)	814,628,926
Cash receipts from long-term loans	17,000,000	352,900,000	17,000,000	152,900,000
Repayments of long-term loans	(536,502,623)	(570,988,813)	(161,685,062)	(144,638,475)
Repayment of liabilities under finance lease agreement	(1,151,130)	(964,432)	-	-
Dividend paid	(403,065,846)	(480,000,000)	(403,065,846)	(480,000,000)
Cash paid for purchase of treasury ordinary shares of the Company	(36,835,920)	-	(36,835,920)	-
Cash paid for purchase of treasury ordinary shares of the subsidiary	-	(187,341,205)	-	-
Dividend paid to non-controlling interests of the subsidiaries	(248,539,456)	(251,825,790)	-	-
Increase in non-controlling interests of the subsidiaries from increase in share capital of the subsidiaries	114,462,680	12,000,000	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>(1,411,184,229)</b>	<b>(381,152,730)</b>	<b>(683,700,178)</b>	<b>342,890,451</b>
<b>Increase in translation adjustments</b>	<b>496,731</b>	<b>109,612</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(14,515,068)</b>	<b>(302,303,014)</b>	<b>(50,795,126)</b>	<b>(217,464,138)</b>
Cash and cash equivalents at beginning of year	696,326,500	998,629,514	232,243,548	449,707,686
<b>Cash and cash equivalents at end of year</b>	<b>681,811,432</b>	<b>696,326,500</b>	<b>181,448,422</b>	<b>232,243,548</b>
	-	-	-	-
<b>Supplemental disclosures of cash flows information</b>				
<b>Non-cash transactions</b>				
Acquisition of motor vehicle under lease agreement	2,981,456	-	-	-
Receivable - subsidiary from partial business transfer	-	-	11,218,884	-
Partial business transfer by offset of debts	-	-	76,678,765	-

## Notes to consolidated financial statements

For the year ended 31 December 2019

### 1. General information

Forth Corporation Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of telecommunication equipment, electronic equipment, assembly electronic parts and project work relating to design and install telecommunication equipment. The registered office of the Company is at 1053/1, Phaholyothin Road, Phayathai, Bangkok.

### 2. Basis of preparation

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

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

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

### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Forth Corporation Public Company Limited ("the Company") and the following subsidiaries ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholdings	
			2019	2018
			%	%
<u>Subsidiaries held by the Company</u>				
Electronics Source Co., Ltd.	Trading of electronic parts	Thailand	100	100
Genius Traffic System Co., Ltd.	Sale and installation of light boards and traffic systems	Thailand	100	100
Joint Venture Genius	Concession for traffic board project	Thailand	100*	100*
Forth Smart Service Plc.	Payment service via automatic teller machines	Thailand	51	49

Company's name	Nature of business	Country of incorporation	Percentage of shareholdings	
			2019	2018
			%	%
Forth Consulting Co., Ltd.	Consulting service for information management and computer software management	Thailand	100	100
Forth Lighting Co., Ltd.	Manufacture and distribution of lamps and lighting equipment	Thailand	100	100
Forth Meter Co., Ltd.	Distribution of electronic meter	Thailand	85	85
Forth Vending Co., Ltd.	Management of vending machines	Thailand	50**	50**
Mindmap Commtech Inc.	Payment service via automatic teller machines (cease operation)	Philippines	100	100
Joint Venture Forth Genius	Turnkey on installation of CCTV	Thailand	100***	100***
Forth EMS Co.,Ltd	Manufacture and distribution of telecommunication equipment, electronic equipment and assembly electronic parts	Thailand	99.99	-
Forth Group Joint Venture Co., Ltd.	Engineering services	Thailand	54	-
Forth Devons Joint Venture	Engineering services	Thailand	75	-
<u>Subsidiaries held through subsidiaries of the Company</u>				
Forth Smart Trading Co., Ltd.	Sales and other services via automatic teller machines and provide nano finance and personal loan services	Thailand	100	100
Forth Smart Digital Co., Ltd.	E-Commerce	Thailand	60	60

\* 20% of the shares are held by the Company, 80% by Genius Traffic System Co., Ltd.

\*\* 45% of the shares are held by the Company, 10% by Forth Smart Service Plc.

\*\*\* 95% of the shares are held by the Company, 5% by Genius Traffic System Co., Ltd.

- 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) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) The excess of book value of net assets, acquired in subsidiaries under common control, over the price at which they were exchanged is presented in other components of equity in the consolidated statement of changes in shareholders' equity under the caption "Retained earnings of subsidiaries arising from the Company swapping shares of subsidiaries at a price lower than net book value of the subsidiaries as at the acquisition date".

2.3 The separate financial statements present investments in subsidiaries, joint ventures 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 have adopted the revised financial reporting standards and its interpretation (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarification directed towards disclosure in the notes to financial statements. 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, as summarised bellows.

## TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations

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

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

This standard does not have any significant impact on the Group's financial statements.

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

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

#### Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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**Financial Reporting Standard Interpretations:**

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

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

The management of the Group expects the adoption of these accounting standards to result in the following adjustments.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets by not awaiting the provision credit losses event which be occurred. The Group will use simplified approach in order to consider allowance for expected credit losses through the contract lives with the customers.
- Classification and measurement of investments in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.

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

**TFRS 16 Leases**

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

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



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

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

#### **4. Significant accounting policies**

##### **4.1 Revenues recognition**

###### *Sales of goods*

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon 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.

###### *Rendering of services*

Service revenue is recognised at a point in time upon completion of the service.

Service revenue from rendering maintenance services is recognised over time when services have been rendered taking into account the stage of completion, measuring based on a straight-line basis over the contractual terms.

A subsidiary recognised fee income from rendering of top-up service for prepaid phone and receipt of other online services when services have been rendered and customers have already paid through online top-up machines, at net amount which is fee income of the subsidiary, excluding cost of telephone and other online services which is cost of telephone network operators and online service providers. Fee income from rendering of services through online top-up machines is recognised when services have been rendered and customers have already paid service fees through online top-up machines.

###### *Revenues from project work*

Revenues from project work are recognised when services have been rendered taking into account the stage of completion, measuring based on comparison of actual costs incurred up to the end of the period and total anticipated costs to be incurred to completion.

The recognised revenues which are not yet due per the contracts have been presented under the caption of "Unbilled receivables" in the statements of financial position. The amounts recognised as unbilled receivables are reclassified to trade receivables when the Group's right to consideration is unconditional such as upon completion of services and acceptance by the customer.



The amount that the Company receives or entitles to receive from customers, but the Company has performance obligations to transfer goods or services to customers. Such amount is shown under the caption of "Advances received from customers" in the statement of financial position. Revenue is recognised when contract's obligations are completely performed.

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

#### *Rental income*

Rental income is recognised over the period of rental.

#### *Dividends*

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

#### *Other income*

Other income comprised interest income, insurance received on online top-up machines, revenue from customers' credit top-ups, unsuccessful money top-ups and other income.

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

Income from insurance received on online top-up machines is insurance that the subsidiary receives from service representatives. The insurance received is recognised as income based on period.

Revenue from customers' credit top-ups/money transfer is the amount of credit that the online top-up machines retain from customers because the machines are unable to give change. The revenue from customers' credit top-ups/money transfer is recognised as income when customers' credit has remained unused for a period of more than 1 year.

Revenue from unsuccessful money top-ups is the amount of credit that were not able to be added in accordance with customer orders. The revenue is recognised when the customer has not claimed a refund for more than 1 year.

## **4.2 Cost of project work**

Costs of project work are recognised in accordance with the percentage of work completed based on total estimated costs. Provision for anticipated losses on project is made in the accounts in full when the possibility of loss is ascertained.

## **4.3 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.

#### 4.4 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

#### 4.5 Inventories

Finished goods and work in process are valued at the lower of cost (first-in, first-out method and weighted average method) or net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of cost (first-in, first-out method and weighted average method) or net realisable value and are charged to production costs whenever consumed.

#### 4.6 Investments

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

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### 4.7 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 of 20 years. Depreciation of investment properties is included in determining income.

No depreciation is provided on land classified as investment properties.

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

#### 4.8 Property, plant and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of asset (if any).

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

Land improvement	20	years
Building and building improvements	5, 20	years
Machinery	5, 10	years
Motor vehicles	5, 10	years
Others	3, 5, 8	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, plant and 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 profit or loss when the asset is derecognised.

#### 4.9 Intangible assets and amortisation

Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment assets (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 of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite useful lives are as follows:

Computer software	3, 5, 10 years
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#### 4.10 Related party transactions

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

They also include associates and individuals which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and operating direction of the Group.



#### 4.11 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term liabilities, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or 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.

#### 4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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.

#### 4.13 Impairment of assets

At the end of each reporting period, the Group perform impairment reviews in respect of the property, plant and equipment 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 profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the previously recognised impairment loss is reversed and recognised in profit or loss.



#### 4.14 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 Company, its subsidiaries 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 Company, its subsidiaries have obligations in respect of the severance payments to employees upon retirement under labor law. The Group treat 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.

#### 4.15 Provisions

Provisions are recognised when the Group have 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.

#### 4.16 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 recognise 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 review and reduce 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 record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.17 Forward currency contracts**

Forward currency contracts are presented in the financial statements at fair value. Any gains or losses arising from changes in the fair value of those forward currency contracts are recorded in profit or loss.

#### **4.18 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 apply 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 assets or liabilities or when a quoted market price is not available, the Group measure 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 determine 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.

### **5. 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:

### **Consolidation of subsidiaries that the Company holds less than half of shares**

The management of the Company determined that the Company has control over certain subsidiaries in which the Company holds less than half of shares, as follows:

- (a) Forth Smart Service Public Company Limited: Even though the Company holds 49% of the shares and voting rights, or less than half, the Company is the major shareholder and has the ability to direct the significant activities of the subsidiary, while other shareholders are only retail investors. As a result, Forth Smart Service Public Company Limited is deemed to be a subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.
- (b) Forth Vending Company Limited: Even though the Company holds 45% of shares and voting rights, which is less than half, Forth Smart Service Public Company Limited, one of the subsidiaries, holds 10% of the shares. As a result, the Company and its subsidiary are major shareholders, together holding more than half of shares, and have the ability to direct the significant activities of this company. As a result, Forth Vending Company Limited is deemed to be a subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.

### **Revenue from contracts with customers**

#### ***Identification of performance obligations***

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

#### ***Determination of timing of revenue recognition***

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Group recognises revenue over time in the following circumstances:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date



Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

In calculating the revenue recognised over time, the management is required to use judgement regarding measuring progress towards complete satisfaction of a performance obligation, measuring based on comparison of actual costs incurred up to the end of the period and total anticipated costs to be incurred to completion.

#### **Allowance for doubtful accounts**

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

#### **Net realisable value of inventories**

The management uses judgement to estimate net realisable value of inventories taking into account fluctuations of price or cost directly related to events occurring after the end of the reporting period and movements of inventories and the prevailing economic condition.

#### **Property, plant and equipment and Depreciation**

In determining depreciation of plant and equipment, the management is required to estimate the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **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.



### Estimated cost of project work / Provision for loss on project work

In determining estimated cost of project work, the management is required to make judgment regarding estimate cost and related expenses to be incurred to compete the project, and to review the estimated cost on a regular basis and when it is determined that actual costs materially differ from the estimates.

In addition, the management is required to apply judgment in estimating loss it expects to be realised on project work based on estimated cost of the project. This estimate takes into account project progress, actual cost and the current circumstances.

### 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.

## 6. 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, its subsidiaries and those related parties.

		(Unit: Million Baht)			
		Consolidated		Separate	
Pricing policy		financial statements		financial statements	
		2019	2018	2019	2018
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	Compared to market price	-	-	241	53
Purchases of goods	Compared to market price	-	-	-	5
Sales of goods	Compared to market price	-	-	360	520
Service income	Agreed price	-	-	2	4
Revenue from project work	Agreed price	-	-	1	-
Other income	Agreed price	-	-	23	12
Dividend income	As declared	-	-	337	282
Interest income	Interest at 3 - 5 % per annum	-	-	2	2
Rental income	Agreed price	-	-	32	25
Selling and administrative expenses	Agreed price	-	-	1	1

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Pricing policy		2019	2018	2019	2018
<b><u>Transactions with associates</u></b>					
Sales of goods	Compared to market price	10	25	5	10
Dividend income	As declared	-	-	7	10
Cost of project work	Agreed price	8	9	8	9
<b><u>Transactions with directors and related individuals</u></b>					
Rental expenses	Agreed price	2	1	1	1

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

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
<b><u>Trade and other receivables - related parties (Note 8)</u></b>					
Subsidiaries		-	-	202,986	418,437
Associates		341	1,585	56	-
Directors		2,988	250	2,478	-
Total		3,329	1,835	205,520	418,437
Less: Allowance for doubtful debts		-	-	(11,728)	(12,044)
<b>Total trade and other receivables - related parties</b>		<b>3,329</b>	<b>1,835</b>	<b>193,792</b>	<b>406,393</b>
<b><u>Trade and other payables - related parties (Note 18)</u></b>					
Subsidiaries		-	-	47,664	22,513
Associates		11,575	15,606	11,535	15,478
Directors		108	2,071	18	1,271
<b>Total trade and other payables - related parties</b>		<b>11,683</b>	<b>17,677</b>	<b>59,217</b>	<b>39,262</b>

Short-term loans to related parties

Short-term loans to related parties carry interest at the rates of 3 - 5 percent per annum and are due at call. As at 31 December 2019 and 2018, the balance of short-term loans to related parties and the movement are as follows:

		(Unit: Thousand Baht)	
		Separate financial statements	
		2019	2018
Subsidiaries		89,661	64,290
Less: Allowance for doubtful debts		(17,196)	(18,135)
<b>Total short-term loans to related parties, net</b>		<b>72,465</b>	<b>46,155</b>

		(Unit: Thousand Baht)				
		Separate financial statements				
	Relationship	Balance as at 31 December 2018	Increase during the year	Decrease during the year	Unrealised loss on exchange	Balance as at 31 December 2019
Forth Meter Co., Ltd.	Subsidiary	21,955	-	(9,490)	-	12,465
Forth Lighting Co., Ltd.	Subsidiary	10,000	-	-	-	10,000
Mindmap Commtech Inc.	Subsidiary	18,135	-	-	(939)	17,196
Joint Venture Forth Genius	Subsidiary	14,200	-	(14,200)	-	-
Forth EMS Co., Ltd	Subsidiary	-	50,000	-	-	50,000
<b>Total</b>		<b>64,290</b>	<b>50,000</b>	<b>(23,690)</b>	<b>(939)</b>	<b>89,661</b>
Less: Allowance for doubtful debts		(18,135)	-	-	939	(17,196)
<b>Total short-term loans to related parties, net</b>		<b>46,155</b>	<b>50,000</b>	<b>(23,690)</b>	<b>-</b>	<b>72,465</b>

Directors and management's benefits

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

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Short-term employee benefits		68,985	70,464	46,594	45,830
Post-employment benefits		9,904	4,037	4,126	2,267
<b>Total</b>		<b>78,889</b>	<b>74,501</b>	<b>50,720</b>	<b>48,097</b>

**Guarantee obligations with related parties**

The Company has outstanding guarantee obligations with its related parties, as described in note 33.4 to the consolidated financial statements.

**7. Current investment**

As at 31 December 2019, Forth Smart Trading Company Limited (the subsidiary held by Forth Smart Service Public Company Limited) has current investment with local commercial bank in the form of fixed deposit amounting to Baht 50 million. Such investments carry interest rate at 1.50 percent per annum and due for redemption within February 2020.

**8. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b><u>Trade receivables - related parties</u></b>				
Age on the basis of due dates				
Not yet due	267	1,585	92,090	44,835
Past due				
Up to 3 months	-	-	42,174	13,671
3 - 6 months	-	237	9,399	118,372
6 - 12 months	-	-	4,924	207,824
Over 12 months	-	13	10,157	23,388
Total	267	1,835	158,744	408,090
Less: Allowance for doubtful debts	-	-	(10,157)	(10,937)
Total trade receivables - related parties, net	267	1,835	148,587	397,153
<b><u>Trade receivables - unrelated parties</u></b>				
Age on the basis of due dates				
Not yet due	964,961	1,070,306	14,044	153,867
Past due				
Up to 3 months	241,330	881,091	46,390	77,097
3 - 6 months	29,713	123,795	2,844	1,459
6 - 12 months	29,737	263,993	17,987	34,000
Over 12 months	111,596	113,153	40,608	47,110
Total	1,377,337	2,452,338	121,873	313,533
Less: Allowance for doubtful debts	(81,160)	(52,244)	(17,119)	(2,265)
Total trade receivables - unrelated parties, net	1,296,177	2,400,094	104,754	311,268
Total trade receivables - net	1,296,444	2,401,929	253,341	708,421



	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Other receivables</u>				
Interest receivables	-	25	-	-
Accrued income	275,677	270,037	30,288	52,044
Less: Allowance for doubtful debts	(4,000)	(4,000)	-	-
Accrued income - net	271,677	266,037	30,288	52,044
Advances to unrelated parties	41,847	40,729	20,970	20,970
Less: Allowance for doubtful debts	(40,007)	(40,445)	(20,946)	(20,946)
Advances to unrelated parties - net	1,840	284	24	24
Other receivables - unrelated parties	13,984	15,290	3,068	3,068
Less: Allowance for doubtful debts	(2,220)	(2,220)	(2,220)	(2,220)
Other receivables - unrelated parties - net	11,764	13,070	848	848
Advances to related parties	2,996	-	2,488	-
Other receivables - related parties	66	-	40,163	7,081
Accrued income from related parties	-	-	2,078	206
Interest receivables from related parties	-	-	2,047	3,060
Less: Allowance for doubtful debts	-	-	(1,571)	(1,107)
Interest receivables from related parties - net	-	-	476	1,953
Total other receivables - net	288,343	279,416	76,365	62,156
Trade and other receivables - net	1,584,787	2,681,345	329,706	770,577

## 9. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Raw materials	473,954	475,509	(163,892)	(168,290)	310,062	307,219
Work in process	32,448	36,644	(5,684)	(4,918)	26,764	31,726
Finished goods	774,424	780,166	(223,454)	(193,691)	550,970	586,475
Goods in transit	32,796	7,959	-	-	32,796	7,959
Project in progress	58,299	34,347	-	-	58,299	34,347
Total inventories	1,371,921	1,334,625	(393,030)	(366,899)	978,891	967,726

(Unit: Thousand Baht)

	Separate financial statements					
			Reduce cost to net			
	Cost		realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Raw materials	220,197	388,314	(132,758)	(144,363)	87,439	243,951
Work in process	5,167	16,560	(981)	(30)	4,186	16,530
Finished goods	276,607	233,447	(111,757)	(104,169)	164,850	129,278
Goods in transit	13,238	3,504	-	-	13,238	3,504
Project in progress	58,299	28,115	-	-	58,299	28,115
Total inventories	573,508	669,940	(245,496)	(248,562)	328,012	421,378

During the current year, the Group reduced cost of inventories by Baht 26 million (2018: Baht 57 million) (the Company only: reversed the write-down of cost of inventories by Baht 3 million), to reflect the net realisable value. This was included in cost of sales.

#### 10. Restricted bank deposits

These represent the subsidiary's fixed deposits which are pledged with bank to secure letter of guarantee issued by a local bank on behalf of the subsidiary in respect of certain performance bonds required in the normal course of business.

#### 11. Loans to service representatives

	(Unit: Thousand Baht)
	Consolidated
	financial statements
<b>Balance as at 31 December 2018</b>	-
Add: Additions	89,460
Less: Receipt	(36,757)
Balance as at 31 December 2019	52,703
Less: Current portion	(25,045)
<b>Loans to service representatives - net of current portion</b>	<b>27,658</b>

The loans represent loans which Forth Smart Trading Company Limited (the subsidiary held by Forth Smart Service Public Company Limited) lend to service representatives of Forth Smart Service Public Company Limited (the subsidiary), which has facility amounting to Baht 89.5 million. Such loans carry interest rate at fixed rate as stipulated in the agreements and to be repaid in monthly installments over 36 periods (ending in 2022). The loans are unsecured.

## 12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Cost		Allowance for impairment		Carrying amounts based on cost method - net		Dividend received during the years	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Subsidiaries held by the Company</b>								
Electronics Source Co., Ltd.	54,976	54,976	-	-	54,976	54,976	40,000	59,999
Genius Traffic System Co., Ltd.	200,056	200,056	-	-	200,056	200,056	25,000	-
Joint Venture Genius	3,000	3,000	-	-	3,000	3,000	-	-
Forth Smart Service Plc.	394,939	300,583	-	-	394,939	300,583	250,660	222,132
Forth Consulting Co., Ltd.	30,000	30,000	(30,000)	(30,000)	-	-	-	-
Forth Lighting Co., Ltd.	10,000	10,000	-	-	10,000	10,000	-	-
Forth Meter Co., Ltd.	18,000	18,000	(18,000)	(18,000)	-	-	-	-
Forth Vending Co., Ltd.	234,000	144,000	-	-	234,000	144,000	-	-
Mindmap Commtech Inc.	76,764	76,764	(76,764)	(76,764)	-	-	-	-
Joint Venture Forth Genius	8,550	8,550	-	-	8,550	8,550	21,850	-
Forth EMS Co.,Ltd	250,000	-	-	-	250,000	-	-	-
Forth Group Joint Venture Co., Ltd.	540	-	-	-	540	-	-	-
Forth Devons Joint Venture*	7	-	-	-	7	-	-	-
<b>Total</b>	<b>1,280,832</b>	<b>845,929</b>	<b>(124,764)</b>	<b>(124,764)</b>	<b>1,156,068</b>	<b>721,165</b>	<b>337,510</b>	<b>282,131</b>

\* The subsidiary is in process of dissolution

(a) On 4 June 2018, the Board of Directors' Meeting of the Company passed a resolution granting approval for the Company to purchase an additional ordinary share of Forth Smart Service Public Company Limited (the subsidiary), with a budget of up to Baht 300 million, to purchase no more than 30,000,000 shares. The shares are to be purchased through the Stock Exchange of Thailand.

In the year 2018 and 2019, the Company purchased ordinary shares of its subsidiary totaling 15,789,000 shares, or amounting to Baht 117.6 million and 14,177,400 shares, or amounting to Baht 94.3 million, respectively, and its shareholding increased from 45.8% of the subsidiary's registered share capital to 47.7% in the year 2018 and increased to 49.4% in the year 2019. The Company recorded the excess of the acquisition price over the attributable net book value of its subsidiary in shareholders' equity under the caption of "Capital surplus (deficit) from changes in shareholding in subsidiaries" in the consolidated financial statements.

Subsequently, on 20 December 2019, the Board of Directors' Meeting of the Company passed a resolution granting approval for the Company to purchase an additional ordinary share of Forth Smart Service Public Company Limited (the subsidiary), with a budget of up to Baht 210 million, to purchase no more than 30,000,000 shares. The shares are to be purchased through the Stock Exchange of Thailand.

During January 2020, the Company additionally purchased ordinary shares of its subsidiary totaling 199,000 shares or amounting to Baht 1.3 million.

In addition, in the year 2018, the subsidiary had purchased back 20,000,000 ordinary shares from the Stock Exchange of Thailand, and therefore the Company's shareholding in the subsidiary also changed. As a result of such events, as at 31 December 2019, the Company's shareholding in the subsidiary is 50.7% (2018: 49.0%).

- (b) On 4 February 2019, Forth Smart Trading Company Limited (the subsidiary held by Forth Smart Service Public Company Limited), called up remaining 62.5% of the par value of the increase of its share capital of Baht 125 million, and Forth Smart Service Public Company Limited (the subsidiary) had already paid such amount.
- (c) Forth EMS Company Limited was incorporated on 3 May 2019 with a registered share capital of Baht 1 million (100,000 ordinary shares with a par value of Baht 10 each), which is principally engaged in the manufacture and distribution of telecommunication equipment, electronic equipment and assembly electronic parts. The Company holds 99.99% of that shares and the Company had already paid-up share capital amounting to Baht 1 million.

On 8 July 2019, the Extraordinary General Meeting of the Shareholders of Forth EMS Company Limited (the subsidiary), passed a resolution to approve an increase in the registered share capital from Baht 1 million (100,000 ordinary shares with a par value of Baht 10 each) to Baht 250 million (25,000,000 ordinary shares with a par value of Baht 10 each) through the issue of 24,900,000 additional ordinary shares with a par value of Baht 10 each, amounting to Baht 249 million and the subsidiary registered the increase in its share capital with the Ministry of Commerce on 11 July 2019. The Company acquired all additional ordinary shares in order to maintain its existing shareholding and the Company had already paid in this amount.

- (d) In the second quarter of 2019, the Company invested in the common shares of Forth Group Joint Venture Company Limited, which is principally engaged in the engineering services. This company registered its incorporation on 24 April 2019 and has a registered share capital of Baht 1 million (100,000 ordinary shares with a par value of Baht 10 each). The Company invested in 49,000 ordinary shares of such company, representing 49% of the issued shares.



In the fourth quarter of 2019, the Company acquired ordinary shares increases from Baht 490,000 (49,000 ordinary shares with a par value of Baht 10 each) to Baht 540,000 (54,000 ordinary shares with a par value of Baht 10 each) and the Company had already paid in this amount.

- (e) On 31 October 2019, the Extraordinary General Meeting of the shareholders of Forth Vending Company Limited (the subsidiary), passed a resolution to approve an increase in the registered share capital from Baht 320 million (32,000,000 ordinary shares with a par value of Baht 10 each) to Baht 620 million (62,000,000 ordinary shares with a par value of Baht 10 each) through the issue and offering of 30,000,000 additional ordinary shares with a par value of Baht 10 each to the existing shareholders. The Company and Forth Smart Service Public Company Limited (the subsidiary) acquired 13,499,985 ordinary shares with a par value of Baht 10 each amounting to Baht 134,999,850 million and 3,000,000 ordinary shares with a par value of Baht 10 each amounting to Baht 30,000,000 respectively, in order to maintain their existing shareholding.

On 30 November 2019, Forth Vending Company Limited (the subsidiary), called up 66.67% of the par value of its share capital of Baht 200 million, and the Company and Forth Smart Service Public Company Limited (the subsidiary) had already paid such amount.

## 12.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by		Accumulated balance of		Profit or loss allocated to non-controlling interests		Dividend paid to non-controlling interests	
	non-controlling interests		non-controlling interests		during the years		during the years	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(%)	(%)						
Forth Smart Service Plc.	49	51	724.4	713.3	283.5	300.4	248.5	251.8
Forth Vending Co., Ltd.	50	50	201.2	100.8	(13.6)	(9.0)	-	-

### 12.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

#### Summarised information about financial position

	(Unit: Million Baht)			
	Forth Smart Service Plc.		Forth Vending Co., Ltd.	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current assets	1,263	1,422	229	103
Non-current assets	2,225	2,539	367	187
Current liabilities	2,161	2,509	139	31
Non-current liabilities	14	212	2	1

#### Summarised information about comprehensive income

	(Unit: Million Baht)			
	For the years ended 31 December			
	Forth Smart Service Plc.		Forth Vending Co., Ltd.	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue	3,371	3,552	212	139
Profit (loss)	571	575	(27)	(18)
Other comprehensive income	-	(2)	-	-
Total comprehensive income	571	573	(27)	(18)

#### Summarised information about cash flow

	(Unit: Million Baht)			
	For the years ended 31 December			
	Forth Smart Service Plc.		Forth Vending Co., Ltd.	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flow from (used in) operating activities	918	1,055	76	(2)
Cash flow used in investing activities	(206)	(138)	(219)	(48)
Cash flow from (used in) financing activities	(804)	(922)	224	45
Net increase (decrease) in cash and cash equivalents	(92)	(5)	81	(5)

### 13. Investments in associates

#### 13.1 Details of associates:

Company's name (Nature of business)	Country of incorporation	Shareholding percentage 2019 (%)	Shareholding percentage 2018 (%)	Consolidated financial statements				Separate financial statements				(Unit: Thousand Baht)
				Cost		Carrying amounts based on equity method		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net
				2019	2018	2019	2018	2019	2018	2019	2018	
FPT Payment Technology JSC* (Payment service via automatic teller machines)	Vietnam	30	30	18,549	18,549	11,049	11,049	18,549	18,549	(7,500)	(7,500)	11,049
Forth Tracking System Co., Ltd. (Distribution of vehicle tracking equipment)	Thailand	34	34	10,199	10,199	19,410	21,415	10,199	10,199	-	-	10,199
Forth Survey Joint Venture (Project work)	Thailand	49	-	5	-	5	-	5	-	-	-	5
Joint Venture Forth and Yip In Tsoi (Project work)	Thailand	50	-	2,000	-	2,000	-	2,000	-	-	-	2,000
Forth Royal Joint Venture Co., Ltd. (Sales of aircraft with equipment)	Thailand	50	-	1,000	-	1,000	-	1,000	-	-	-	1,000
<b>Total</b>				<b>31,753</b>	<b>28,748</b>	<b>33,464</b>	<b>32,464</b>	<b>31,753</b>	<b>28,748</b>	<b>(7,500)</b>	<b>(7,500)</b>	<b>21,248</b>

\* The associate is in process of dissolution

- (a) On 10 May 2019, the Company entered into joint venture contract with Survey System Company Limited to establish a joint venture named Forth Survey Joint Venture in order to bid a project work, with the Company holding interest of 49% and the Company had already paid such amount. As at 31 December 2019, the joint venture has not yet operated.
- (b) On 9 September 2019, the Company entered into joint venture contract with Yip In Tsoi Company Limited to establish a joint venture named Joint Venture Forth and Yip In Tsoi in order to bid a project work, with the Company holding interest of 50% and the Company had already paid such amount. As at 31 December 2019, the joint venture has not yet operated.
- (c) Forth Royal Joint Venture Company Limited was incorporated on 20 December 2019 with a registered share capital of Baht 2 million (200,000 ordinary shares with a par value of Baht 10 each), which is principally engaged in sales of aircraft with equipment. The Company holds 50% of that shares and already paid-up share capital. As at 31 December 2019, the joint venture has not yet operated.



### 13.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

Company's name	Consolidated financial statements			Separate financial statements		
	Share of profit/loss from investments in associates during the years			Share of other comprehensive income from investments in associates during the years		
	2019	2018		2019	2018	
FPT Payment Technology JSC*	-	-	-	-	-	-
Forth Tracking System Co., Ltd.	4,828	5,580	-	-	6,833	10,199
Total	4,828	5,580	-	-	6,833	10,199

\* The associate is in process of dissolution

### 13.3 Summarised financial information about material associates

Summarised information about financial position

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Profit for the years ended 31 December	
	(Unit: Million Baht)									
	Foreign currency		2019	2018	2019	2018	2019	2018	2019	2018
FPT Payment Technology JSC*	VND	42,000	42,000	40	40	1	1	-	-	-
Forth Tracking System Co., Ltd.	THB	30	30	99	114	36	44	108	134	12
										24

\* The associate is in process of dissolution

The fair value of the investment properties as at 31 December 2019 and 2018 stated below:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and office building				
held for rent	103,745	105,128	903,087	546,544

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land has been determined based on market prices, while that of the office building held for rent has been determined using the cost approach.

#### 14. Investment properties

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

				(Unit: Thousand Baht)		
	Consolidated financial statements			Separate financial statements		
	Land	Building	Total	Land and land improvement	Office building for rent	Total
As at 31 December 2019:						
Cost	83,918	21,210	105,128	655,921	341,607	997,528
Less: Accumulated depreciation	-	(1,383)	(1,383)	(308)	(152,033)	(152,341)
Net book value	83,918	19,827	103,745	655,613	189,574	845,187
As at 31 December 2018:						
Cost	83,918	21,210	105,128	435,628	62,903	498,531
Less: Accumulated depreciation	-	(322)	(322)	-	(4,578)	(4,578)
Net book value	83,918	20,888	104,806	435,628	58,325	493,953

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

			(Unit: Thousand Baht)	
	Consolidate financial statements		Separate financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	104,806	-	493,953	397,454
Acquisition of assets	-	105,128	19,429	134,733
Transfers	-	-	479,568	(35,820)
Depreciation charged	(1,061)	(322)	(5,309)	(2,414)
Accumulated depreciation on transferred	-	-	(142,454)	-
Net book value at end of year	103,745	104,806	845,187	493,953

## 15. Property, plant and equipment

	Consolidated financial statements								(Unit: Thousand Baht)
	Building and								
	Land	Land improvement	building improvements	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	Total
<b>Cost</b>									
As at 1 January 2018	755,026	1,515	463,046	686,202	3,039,101	296,084	128,603	77,035	5,446,612
Additions	29,605	-	902	11,610	154,681	16,640	1,193	50,496	265,127
Disposals/written-off	-	-	(2,523)	(30)	(16,144)	(5,297)	(640)	-	(24,634)
Transferred in (out)	-	-	112,069	-	97	15,005	-	(127,171)	-
Translation adjustment	-	-	-	-	(4,482)	(409)	(46)	-	(4,937)
As at 31 December 2018	784,631	1,515	573,494	697,782	3,173,253	322,023	129,110	360	5,682,168
Additions	-	-	22,358	4,912	285,654	8,561	11,294	9,731	342,510
Disposals/written-off	-	-	-	(179,969)	(77,176)	(1,078)	(3,901)	-	(262,124)
Transferred in (out)	-	-	2,159	-	-	82	-	(2,241)	-
Translation adjustment	-	-	-	-	(122)	(42)	-	-	(164)
As at 31 December 2019	784,631	1,515	598,011	522,725	3,381,609	329,546	136,503	7,850	5,762,390
<b>Accumulated depreciation</b>									
As at 1 January 2018	-	156	220,825	626,865	1,092,398	195,781	106,412	-	2,242,437
Depreciation for the year	-	78	31,110	15,517	382,144	33,765	7,881	-	470,495
Depreciation on disposals/written-off	-	-	(2,404)	(30)	(12,913)	(5,101)	(562)	-	(21,010)
Translation adjustment	-	-	-	-	(2,352)	(341)	(35)	-	(2,728)
As at 31 December 2018	-	234	249,531	642,352	1,459,277	224,104	113,696	-	2,689,194
Depreciation for the year	-	69	36,811	11,178	386,475	30,308	6,307	-	471,148
Depreciation on disposals/written-off	-	-	-	(179,516)	(70,060)	(1,039)	(3,578)	-	(254,193)
Translation adjustment	-	-	-	-	(99)	(38)	-	-	(137)
As at 31 December 2019	-	303	286,342	474,014	1,775,593	253,335	116,425	-	2,906,012



	Consolidated financial statements								(Unit: Thousand Baht)
	Land	Land improvement	Building and building improvements	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	Total
<b>Allowance for impairment loss</b>									
As at 1 January 2018	-	-	-	-	51,168	1,261	205	-	52,634
Additions during the year	-	-	-	-	7,475	-	-	-	7,475
Decrease during the year	-	-	-	-	(7,162)	-	-	-	(7,162)
Translation adjustment	-	-	-	-	(2,132)	(67)	(11)	-	(2,210)
As at 31 December 2018	-	-	-	-	49,349	1,194	194	-	50,737
Additions during the year	-	-	-	-	3,655	-	-	-	3,655
Decrease during the year	-	-	-	-	(7,018)	-	-	-	(7,018)
Translation adjustment	-	-	-	-	(23)	(4)	-	-	(27)
As at 31 December 2019	-	-	-	-	45,963	1,190	194	-	47,347
<b>Net book value</b>									
As at 31 December 2018	784,631	1,281	323,963	55,430	1,664,627	96,725	15,220	360	2,942,237
As at 31 December 2019	784,631	1,212	311,669	48,711	1,560,053	75,021	19,884	7,850	2,809,031
<b>Depreciation for the years</b>									
2018 (Baht 394 million included in manufacturing cost and services cost, and the balance in selling and distribution and administrative expenses)									470,495
2019 (Baht 393 million included in manufacturing cost and services cost, and the balance in selling and distribution and administrative expenses)									471,148

(Unit: Thousand Baht)

## Separate financial statements

	Land	Land improvement	Building and building improvements	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	Total
<b>Cost</b>									
As at 1 January 2018	375,605	1,515	303,879	620,676	170,207	103,132	51,857	76,851	1,703,722
Additions	-	-	878	10,461	33,897	7,358	1,012	49,807	103,413
Disposals/written-off	-	-	-	-	-	(2,657)	-	-	(2,657)
Transferred in (out)	-	-	112,070	-	-	14,228	-	(126,298)	-
Transferred from investment properties	35,820	-	-	-	-	-	-	-	35,820
As at 31 December 2018	411,425	1,515	416,827	631,137	204,104	122,061	52,869	360	1,840,298
Additions	-	-	2,010	3,388	14,460	2,834	3,357	2,800	28,849
Disposals/written-off	-	-	-	(179,969)	(32,964)	(27)	(2,500)	-	(215,460)
Transferred in (out)	-	-	2,158	-	-	82	-	(2,240)	-
Transfer out due to partial business transfer to a subsidiary (Note 32)	-	-	-	(414,279)	(1,653)	(41,204)	(15,355)	-	(472,491)
Transferred to investment properties	(204,021)	(1,515)	(274,032)	-	-	-	-	-	(479,568)
As at 31 December 2019	207,404	-	146,963	40,277	183,947	83,746	38,371	920	701,628
<b>Accumulated depreciation</b>									
As at 1 January 2018	-	156	192,150	568,458	142,171	87,242	45,850	-	1,036,027
Depreciation for the year	-	76	13,856	11,413	20,434	6,919	1,414	-	54,112
Depreciation on disposals/written-off	-	-	-	-	-	(2,651)	-	-	(2,651)
As at 31 December 2018	-	232	206,006	579,871	162,605	91,510	47,264	-	1,087,488
Depreciation for the year	-	69	17,622	7,162	22,175	4,905	1,807	-	53,740
Depreciation on disposals/written-off	-	-	-	(179,518)	(32,962)	(27)	(2,500)	-	(215,007)
Transfer out due to partial business transfer to a subsidiary (Note 32)	-	-	-	(367,238)	(1,653)	(20,535)	(15,042)	-	(404,468)
Transferred to investment properties	-	(301)	(142,153)	-	-	-	-	-	(142,454)
As at 31 December 2019	-	-	81,475	40,277	150,165	75,853	31,529	-	379,299

	Separate financial statements								(Unit: Thousand Baht)
	Land	Land improvement	Building and building improvements	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	Total
<b>Allowance for impairment loss</b>									
As at 1 January 2018	-	-	-	-	6,778	-	-	-	6,778
Decreases during the year	-	-	-	-	(3,133)	-	-	-	(3,133)
As at 31 December 2018	-	-	-	-	3,645	-	-	-	3,645
Decreases during the year	-	-	-	-	(3,133)	-	-	-	(3,133)
As at 31 December 2019	-	-	-	-	512	-	-	-	512
<b>Net book value</b>									
As at 31 December 2018	411,425	1,283	210,821	51,266	37,854	30,551	5,605	360	749,165
As at 31 December 2019	207,404	-	65,488	-	33,270	7,893	6,842	920	321,817
<b>Depreciation for the years</b>									
2018 (Baht 31 million included in manufacturing cost and services cost, and the balance in selling and distribution and administrative expenses)									54,112
2019 (Baht 27 million included in manufacturing cost and services cost, and the balance in selling and distribution and administrative expenses)									53,740

As at 31 December 2019, allowance for impairment in the consolidated financial statement amounting to Baht 47 million (2018: Baht: 40 million), represents allowance for impairment of equipment of Mindmap Commtech Inc. (subsidiary), which ceased its operation.

As at 31 December 2019, certain equipment items of the Group had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 927 million (2018: Baht 1,190 million) (the Company only: Baht 232 million (2018: Baht 764 million)).

As at 31 December 2019, the Group had motor vehicles under finance lease agreements with net book value amounting to Baht 4 million (2018: Baht 2 million) (the Company only: Nil (2018: Nil)).

As at 31 December 2019 and 2018, land and building as presented in the consolidated financial statements are the portion of the Company's investment properties that it has leased to its subsidiaries.

## 16. Intangible assets

Intangible assets is consist of computer software. The net book value of computer software as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2019:		
Cost	163,865	23,301
<u>Less: Amortisation</u>	<u>(51,159)</u>	<u>(18,225)</u>
Net book value	<u>112,706</u>	<u>5,076</u>
As at 31 December 2018:		
Cost	141,491	61,831
<u>Less: Amortisation</u>	<u>(36,177)</u>	<u>(17,155)</u>
Net book value	<u>105,314</u>	<u>44,676</u>



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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	105,314	67,642	44,676	14,875
Acquisition	22,374	48,421	16,545	32,631
Disposals	-	-	(9,411)	-
Amortisation	(14,982)	(10,749)	(4,204)	(2,830)
Transfer out due to partial business transfer to a subsidiary (Note 32)	-	-	(42,530)	-
Net book value at end of year	<u>112,706</u>	<u>105,314</u>	<u>5,076</u>	<u>44,676</u>

## 17. Bank overdrafts and short-term loans from banks

	Interest rate (% per annum)	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bank overdrafts	Refer to MOR	-	2,068	-	1,629
Short-term loans from banks	2.01 - 2.65	2,652,500	2,994,000	1,318,000	1,442,500
Trust receipts	2.25	<u>27,016</u>	<u>-</u>	<u>27,016</u>	<u>-</u>
Total		<u>2,679,516</u>	<u>2,996,068</u>	<u>1,345,016</u>	<u>1,444,129</u>

Bank overdrafts and revolving credit facilities of the Group are secured by transfers of most of collection rights for their project works. In addition, the Company guaranteed the facilities of the subsidiaries as described in Note 33.4 to the consolidated financial statements.

## 18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - unrelated parties	541,855	1,033,911	92,628	140,654
Trade payables - related parties	11,552	15,606	58,954	37,991
Other payables - unrelated parties	20,084	20,845	3,133	6,478
Other payables - related parties	23	-	165	-
Other payables - director	108	1,271	18	1,271
Accrued expenses - unrelated parties	261,017	275,219	90,115	83,205
Accrued expenses - related parties	-	-	80	-
Accrued expenses - director	-	800	-	-
Total trade and other payables	<u>834,639</u>	<u>1,347,652</u>	<u>245,093</u>	<u>269,599</u>

## 19. Long-term loans

Loan	Borrower	Lender	Loan Facility (Million Baht)	Interest rate	Repayment schedule	(Unit: Thousand Baht)			
						Consolidated financial statements		Separate financial statements	
						2019	2018	2019	2018
(1)	The Company	Local bank	300	First year: MLR - 2.25% per annum Second year: MLR - 1.25% per annum Third to fifth years: MLR - 1.00% per annum	60 monthly installments (ending 2019)	-	66,161	-	66,161
(2)	The Company	Local bank	64	Fixed interest rate	36 monthly installments (ending 2019)	-	10,625	-	10,625
(3)	The Company	Local bank	66	Fixed interest rate	36 monthly installments (ending 2019)	-	22,629	-	22,629
(4)	The Company	Local bank	126	Fixed interest rate	60 monthly installments (ending 2022)	67,119	89,491	67,119	89,491
(5)	The Company	Local bank	50	Fixed interest rate	30 monthly installments (ending 2021)	23,280	43,320	23,280	43,320
(6)	The Company	Local bank	105	Fixed interest rate	60 monthly installments (ending 2023)	83,042	102,900	83,042	102,900
(7)	The Company	Local bank	17	Fixed interest rate	34 monthly installments (ending 2022)	17,000	-	17,000	-
(8)	Forth Smart Service Plc.	Local bank	100	Fixed interest rate	36 monthly installments (ending in 2019)	-	8,333	-	-
(9)	Forth Smart Service Plc.	Local bank	200	Fixed interest rate	36 monthly installments (ending in 2019)	-	30,542	-	-

Loan	Borrower	Lender	Loan Facility (Million Baht)	Interest rate	Repayment schedule	Consolidated		Separate	
						2019	2018	2019	2018
(10)	Forth Smart Service Plc.	Local bank	200	Refer to 1M THBFIX + a margin as stipulated in the agreement	36 monthly installments (ending in 2019)	-	63,889	-	-
(11)	Forth Smart Service Plc.	Local bank	200	Fixed interest rate	36 monthly installments (ending in 2020)	33,333	100,000	-	-
(12)	Forth Smart Service Plc.	Local bank	200	Refer to 1M THBFIX + a margin as stipulated in the agreement	36 monthly installments (ending in 2020)	52,778	119,445	-	-
(13)	Forth Smart Service Plc.	Local bank	200	Fixed interest rate	36 monthly installments (ending in 2020)	49,880	116,600	-	-
(14)	Forth Smart Service Plc.	Local bank	200	Fixed interest rate	33 monthly installments (ending in 2020)	74,000	146,000	-	-
Total						400,432	919,935	190,441	335,126
Less: Current portion of long-term loans						(283,737)	(545,728)	(73,746)	(165,355)
Long-term loans - net of current portion						116,695	374,207	116,695	169,771

- 19.1 In 2017, Forth Smart Service Public Company Limited (subsidiary) entered into interest rate swap agreements of the loans agreements No.12 amounting to Baht 200 million to swap fixed interest rates as stipulated in the agreements in order to hedge the interest rate risk.
- 19.2 According to the conditions stipulated in the loan agreements, the Company agrees not to mortgage or otherwise encumber its assets with any other parties throughout the loan period. In addition, the Company has to comply with certain covenants, pertaining to matters such as maintaining certain financial ratios.

According to the conditions stipulated in the loan agreements, the subsidiary has to comply with certain conditions stipulated in the loan agreements pertaining to matters such as the maintenance of financial ratios, creation of liabilities, and significant changes in the shareholders' structure or management etc.

## 20. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	86,401	60,815	35,211	24,293
Included in profit or loss:				
Current service cost	18,149	11,080	7,011	4,727
Interest cost	4,048	2,545	1,660	1,030
Past service cost	24,899	-	11,458	-
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	-	24,190	-	7,833
Financial assumptions changes	-	(643)	-	701
Experience adjustments	-	(11,586)	-	(3,373)
Benefits paid during the year	(1,045)	-	-	-
Transfer out due to partial business transfer (Note 32)	-	-	(18,101)	-
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>132,452</u>	<u>86,401</u>	<u>37,239</u>	<u>35,211</u>



The Group expect to pay Baht 0.8 million of long-term employee benefits during the next year (2018: Baht 1.7 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit of the Group is 13 - 23 years (the Company only: 23 years) (2018: 13 - 23 years, the Company only: 23 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit: percent per annum) Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	2.6 - 3.5	2.6 - 3.5	3.5	3.5
Salary increase rate	4.2 - 7.5	4.2 - 7.5	6.8	6.8
Turnover rate	0.0 - 31.1	0.0 - 31.1	0.0 - 31.1	0.0 - 31.1

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

	(Unit: Thousand Baht) As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(14,835)	18,349	(2,746)	3,159
Salary increase rate	19,043	(15,699)	3,396	(3,009)
Turnover rate	<u>Increase 10%</u>	<u>Decrease 10%</u>	<u>Increase 10%</u>	<u>Decrease 10%</u>
	(6,548)	7,666	(2,694)	3,017

	(Unit: Thousand Baht) As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(10,176)	12,333	(3,446)	4,044
Salary increase rate	11,913	(10,058)	3,872	(3,379)
Turnover rate	<u>Increase 10%</u>	<u>Decrease 10%</u>	<u>Increase 10%</u>	<u>Decrease 10%</u>
	(3,841)	4,427	(3,390)	3,908

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 is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group have additional long-term employee benefit liabilities of Baht 24.9 million (The Company only: Baht 11.5 million). The Group recognised the effect of the change by recognising past service costs as expenses in the profit or loss of the second quarter of 2019.

## 21. Statutory reserve

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

## 22. Revenue from contracts with customers

### Disaggregated revenue information

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Type of goods or service:</b>				
Sale of goods	1,867,549	2,967,128	573,859	442,925
Revenues from project work	553,897	757,074	305,865	621,740
Rental and equipment				
maintenance services	726,576	435,488	420,959	169,755
Service income	244,678	337,298	7,267	8,447
Revenues from services through				
online top-up machines	1,266,125	1,400,537	-	-
Revenue from rendering of top-up				
service for prepaid phone, receipt of				
other online services	1,860,062	1,917,435	-	-
<b>Total revenue from contracts with customers</b>	<b>6,518,887</b>	<b>7,814,960</b>	<b>1,307,950</b>	<b>1,242,867</b>
<b>Timing of revenue recognition:</b>				
Revenue recognised at a point in time	5,238,414	6,622,398	581,126	451,372
Revenue recognised over time	1,280,473	1,192,562	726,824	791,495
<b>Total revenue from contracts with customers</b>	<b>6,518,887</b>	<b>7,814,960</b>	<b>1,307,950</b>	<b>1,242,867</b>

## 23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salaries and wages and other employee benefits	744,978	728,559	333,620	390,443
Depreciation and amortisation	484,068	482,691	64,378	60,481
Raw materials and consumables used	694,150	1,488,333	592,771	552,689
Changes in finished goods and work in progress	9,938	26,354	(31,767)	76,009
Service expense for data transferring system	101,870	101,173	-	-
Bank fee from money transfer service	151,457	137,795	-	-
Repair and maintenance cost of top-up machines	28,184	46,553	-	-

## 24. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Current income tax charge	106,347	121,356	-	18,003
Adjustment in respect of current income tax of previous year	34	388	-	28
Less: Income tax expenses from discontinued operation (Note 32)	-	-	-	(9,901)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(11,838)	12,438	(8,907)	(10,308)
<b>Income tax expenses (revenues) reported in profit or loss</b>	<u>94,543</u>	<u>134,182</u>	<u>(8,907)</u>	<u>(2,178)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial losses	-	2,301	-	1,032

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	700,377	953,988	271,153	309,357
Applicable tax rate (%)	20	20	20	20
Accounting profit before tax multiplied by applicable tax rate	140,075	190,798	54,231	61,871
Adjustment in respect of current income tax of previous year	34	388	-	28
Less: Income tax expense from discontinued operation (Note 32)	-	-	-	(9,901)
Deferred tax assets which were not recognised during the year	(1,622)	(226)	886	2,194
Deferred tax which was not recognised in previous year but utilised during current year	53	(11,601)	-	-
Effects of:				
Promotional privileges (Note 25)	(2,199)	(2,555)	(2,082)	(2,555)
Non-deductible expenses	6,145	7,883	5,617	4,014
Additional expense deductions allowed	(56,916)	(57,861)	(509)	(681)
Tax-exempted revenue	-	-	(68,869)	(58,466)
Revenue treated as revenues under the Revenue Code	1,322	1,318	1,322	1,318
Unused tax losses of current year	7,239	6,038	-	-
Others	412	-	497	-
Total	(43,997)	(45,177)	(64,024)	(56,370)
Income tax expenses (revenues) reported in profit or loss	94,543	134,182	(8,907)	(2,178)



The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	6,806	4,040	523	689
Allowance for diminution in value of inventories	76,692	71,585	49,099	49,712
Allowance for asset impairment	1,107	2,328	102	729
Unrealised profit from inter-sales transactions	159,132	174,352	-	-
Provision for long-term employee benefits	25,698	16,792	7,448	7,042
Provisions	6,319	4,819	4,726	4,819
Tax losses carried forward	10,000	-	10,000	-
<b>Total</b>	<b>285,754</b>	<b>273,916</b>	<b>71,898</b>	<b>62,991</b>

As at 31 December 2019, the subsidiaries have unused tax losses totaling Baht 94 million (2018: Baht 98 million) (the Company only: Nil (2018: Nil)), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses. Such unused tax losses will expire by 2024.

## 25. Promotional privileges

The Company has received various tax privileges under the Investment Promotion Act B.E. 2520 from the Board of Investment (BOI) pursuant to the investment promotion certificates No. 1231(4)/2558. Subject to certain imposed conditions, the privileges include an income tax exemption on profit derived from the promoted operations for a period of 8 years from the date the promoted operations begin generating revenues (November 2014) and an exemption from import duty on imported raw materials and supplies used in production for export.

In addition, the Company has received various tax privileges from the Board of Investment pursuant to the investment promotion certificates No. 60-0766-1-04-01-0. Subject to certain imposed conditions, the privileges include an income tax exemption on total profit derived from the promoted operations not over than 50% of capital value for improving efficiency production for a period of 3 years from the date the promoted operations begin generating revenues. Subsequently, the Company transferred promotional privileged of such certificates to Forth EMS Company Limited (the subsidiary) due to business restructuring by way of partial business transfer to such subsidiary as described in Note 32 to the consolidated financial statements. However, as at 31 December 2019, the subsidiary has not generated revenues from promoted operation.

A subsidiary has received various tax privileges under the Investment Promotion Act B.E. 2520 from the Board of Investment (BOI) pursuant to the investment promotion certificates No. 1699(4)/2557. Subject to certain imposed conditions, the privileges include an income tax exemption on profit derived from the promoted operations for a period of 8 years from the date the promoted operations begin generating revenues. However, as at 31 December 2019, the subsidiary has not generated revenues from promoted operation.

Another subsidiary has received various tax privileges under the Investment Promotion Act B.E. 2520 from the Board of Investment (BOI) pursuant to the investment promotion certificates No. 58-2258-0-00-2-0. Subject to certain imposed conditions, the privileges include an income tax exemption on profit derived from the promoted operations for a period of 8 years from the date the promoted operations begin generating revenues (January 2015).

The Group's operating revenues for the years ended 31 December 2019 and 2018, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Sales	8,298	11,117	1,859,251	2,956,011	1,867,549	2,967,128
Services	42,709	42,708	4,054,732	4,048,050	4,097,441	4,090,758
Revenues from project work	-	-	553,897	757,074	553,897	757,074
Other income	-	30	278,485	265,079	278,485	265,109
Total revenues	<u>51,007</u>	<u>53,855</u>	<u>6,746,365</u>	<u>8,026,214</u>	<u>6,797,372</u>	<u>8,080,069</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Sales	9,530	43,114	564,330	399,811	573,860	442,925
Services	42,709	42,708	385,517	135,494	428,226	178,202
Revenues from project work	-	-	305,865	621,740	305,865	621,740
Other income	-	30	440,396	327,416	440,396	327,446
Total revenues	<u>52,239</u>	<u>85,852</u>	<u>1,696,108</u>	<u>1,484,461</u>	<u>1,748,347</u>	<u>1,570,313</u>

## 26. Earnings per share

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

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period from continuing operations (Thousand Baht)	331,356	526,148	283,816	257,964
Profit (loss) for the period from discontinued operations (Thousand Baht)	-	-	(3,756)	43,670
Weighted average number of ordinary shares (Thousand shares)	958,235	960,000	958,235	960,000
Earnings per share from continuing operations (Baht per share)	0.35	0.55	0.30	0.26
Earnings per share from discontinued operations (Baht per share)	-	-	-	0.05

## 27. Segment information

For management purposes, the Group are organised into business units based on its products and services and have three reportable segments as follows:

- 1) Electronics Manufacturing Service business is a business segment that sources, manufactures and distributes electronics parts, both work manufactured order and general equipment.
- 2) Enterprise solutions business is a business segment that bids for project work, sources, subcontracts and install various systems for the government and private sectors.
- 3) Smart service business is a business segment that provides online financial transaction service and sells products and service through vending machines.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.



The following tables present revenue, profit and total assets information regarding the Group' operating segments for the years ended 31 December 2019 and 2018 were as follow:

	(Unit: Million Baht)					
	Electronics manufacturing		Enterprise		Eliminations	
	service business <sup>1)</sup>		solutions business <sup>2)</sup>		Smart service business <sup>3)</sup>	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Revenues from external customers	1,457	1,658	1,701	2,676	3,361	3,481
Inter-segment revenues	380	202	305	437	12	15
<b>Total revenues</b>	<b>1,837</b>	<b>1,860</b>	<b>2,006</b>	<b>3,113</b>	<b>3,373</b>	<b>3,496</b>
<b>Segment operating profit</b>	<b>264</b>	<b>362</b>	<b>472</b>	<b>557</b>	<b>801</b>	<b>850</b>
<b>Unallocated income (expenses):</b>						
Other income					278	265
Selling and distribution expenses					(104)	(108)
Administrative expenses					(914)	(853)
Reversal of loss on impairment loss on equipment					-	3
Share of profit from investments in associates					5	6
Finance cost					(102)	(128)
Profit before tax expense					700	954
Income tax expenses					(95)	(134)
Profit for non-controlling interests of the subsidiaries					(274)	(294)
<b>Profit for the years attributable to equity holders of the Company</b>					<b>331</b>	<b>526</b>

Segment assets of the Group as at 31 December 2019 and 2018 were as follows:

	Electronics manufacturing service business <sup>1)</sup>		Enterprise solution business <sup>2)</sup>		Smart service business <sup>3)</sup>		Unallocated assets		Eliminations		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Property, plant and equipment	165	69	49	57	2,323	2,552	322	749	(50)	(485)	2,809	2,942
Other assets	1,078	710	860	1,932	2,138	1,947	3,278	3,145	(2,546)	(1,805)	4,808	5,929
Total assets	1,243	779	909	1,989	4,461	4,499	3,600	3,894	(2,596)	(2,290)	7,617	8,871

(Unit: Million Baht)

### Geographic information

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

### Major customers

For the year 2019, the Group have no major customers with revenue of 10 percent or more and entity's revenue (2018: The Group have revenue from one major customer in amount of Baht 1,262 million arising from sales by enterprise solution business segment.)

## 28. Provident fund

The Company, its subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Employees, the Group contribute to the fund monthly at a rate of 3% of basic salary. The funds, which are managed by Bangkok Capital Asset Management Company Limited, TISCO Asset Management Company Limited, and American International Assurance Company Limited will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 8 million (2018: Baht 8 million) (the Company only: Baht 4 million (2018: Baht 5 million)) were recognised as expenses.

## 29. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht per share)
Dividends for 2018	2019 Annual General Meeting of the shareholders on 24 April 2019	288	0.30
Interim dividend paid from profit for the six-month period ended 30 June 2019	The Board of Directors' Meeting on 13 August 2019	115	0.12
<b>Total for 2019</b>		<b>403</b>	<b>0.42</b>
Dividends for 2017	2018 Annual General Meeting of the shareholders on 23 April 2018	240	0.25
Interim dividend paid from retained earnings and profit for the six-month period ended 30 June 2018	The Board of Directors' Meeting on 10 August 2018	240	0.25
<b>Total for 2018</b>		<b>480</b>	<b>0.50</b>

**30. Treasury ordinary shares/appropriated retained earnings for treasury shares reserve**

On 17 July 2019, the Board of Directors of the Company approved a share repurchase program for financial management propose with a budget of up to Baht 300 million, to repurchase no more than 50 million shares (par value of Baht 0.5 each), which accounts for not more than 5.21 percent of the total number of shares in issue. The shares were to be repurchased on the Stock Exchange of Thailand from 15 August 2019 to 14 February 2020. The share resale period was determined after 6 months from the completion date of share repurchase but no later than 3 years.

During of the current year, the Company has purchased back 6,413,900 ordinary shares (par value of Baht 0.5 each), or 0.7 percent of total number of shares in issue, a total of Baht 36.8 million. In addition, the Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to Baht 36.8 million.

Subsequently, during 1 January 2020 to 14 February 2020, the Company additional purchased back 18,211,400 ordinary shares (par value of Baht 0.5 each), a total of Baht 115.4 million. The share repurchased period approved by the Board of Directors of the Company has been expired on 14 February 2020. The Company, therefore, has repurchased 24,652,300 ordinary shares or 2.57% of the total paid-up share capital, total of Baht 152.2 million.

**31. Treasury ordinary shares of the subsidiary****2018**

On 30 March 2018, the Board of Director's Meeting of Forth Smart Service Public Company Limited (the subsidiary), approved a share repurchase program for financial management propose with a budget of up to Baht 300 million, to repurchase no more than 20,000,000 shares (par value of Baht 0.5 each), which accounts for not more than 2.5 percent of the total number of shares in issue. The shares are to be repurchased on the Stock Exchange of Thailand from 18 April 2018 to 17 October 2018. The share resale period is determined after 6 months from the completion date of share repurchase but no later than 3 years.

In the year 2018, the subsidiary had fully purchased its treasury shares which was approved by the Board of Directors Meeting, 20,000,000 ordinary shares (par value of Baht 0.5 each), or 2.5 percent of total number of shares in issue, a total of approximately Baht 187 million and the Company had already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to approximately Baht 187 million.



As a result of the purchase additional shares as discussed above, the Company's shareholding and non-controlling interest in the subsidiary changed. To reflect the changes in their relative interests in the subsidiary, the Company adjusted the carrying amount of the changes in controlling interests in the shareholders' equity under the caption of "Capital surplus (deficit) from changes in shareholding in subsidiaries" in the consolidated financial statements.

## 2019

On 19 December 2019, the Board of Directors of the subsidiary approved a share repurchase program for financial management propose with a budget of up to Baht 320 million, to repurchase no more than 45 million shares (par value of Baht 0.5 each), which accounts for not more than 5.6 percent of the total number of shares in issue. The shares were to be repurchased on the Stock Exchange of Thailand from 3 January 2020 to 2 July 2020. The share resale period was determined after 6 months from the completion date of share repurchase but no later than 3 years

Subsequently, during 3 January 2020 to 19 February 2020, the subsidiary purchased back 5,195,700 its ordinary shares (par value of Baht 0.5 each), a total of Baht 34 million.

## **32. Business restructurings and discontinued operations**

On 17 July 2019, the Board of Directors' Meeting of the Company passed a resolution approving the business restructuring by way of partial business transfer. In this regard, the Company is to transfer its Electronics Manufacturing Service Business, assets, liabilities and human resources relating to such business to Forth EMS Company Limited, the newly established subsidiary, as described in Note 12.1 (c) to the consolidated financial statements. The value of such partial business transfer will equal to book value or adjusted book value or fair value, depending on types of assets and liabilities of transferred business as at the date of business transfer. On 23 August 2019, the Extraordinary General Meeting of the Company's shareholders No.1/2019 passed a resolution approving this business restructuring.

In July and August 2019, the Company transferred assets, liabilities and human resources relating to such business to its subsidiary at a value of Baht 337 million which have a net book value of Baht 295 million. The Company has gain from this partial business transfer amounting to Baht 42 million which recognised in the profit or loss in the separated financial statement of the third quarter of 2019.

The operation results of the Company's Electronics Manufacturing Service Business transfer to the subsidiary which is discontinued operations in the Company's separated financial statement are as follows:

	(Unit: Thousand Baht)	
	Separated financial statement	
	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Sales	299,862	618,734
Services	92,209	185,382
Other income	7,374	12,167
Gain (loss) on exchange rate	(4,171)	3,791
<b>Total revenues</b>	<u>395,274</u>	<u>820,074</u>
<b>Expense</b>		
Cost of sales	267,958	551,277
Cost of services	85,090	138,179
Selling and distribution expenses	4,996	6,985
Administrative expenses	40,816	69,771
<b>Total expenses</b>	<u>398,860</u>	<u>766,212</u>
<b>Profit (loss) before finance cost and income tax expense</b>	(3,586)	53,862
Finance cost	(170)	(291)
<b>Profit (loss) before income tax expense</b>	<u>(3,756)</u>	<u>53,571</u>
Income tax expense	-	(9,901)
<b>Profit (loss) for the year from discontinued operations</b>	<u>(3,756)</u>	<u>43,670</u>

The Company did not present separate cash flows from the discontinued operations since the Company was unable to clearly distinguish these cash flows.

### 33. Commitments and contingent liabilities

#### 33.1 Operating lease and related service commitments

- a) The Group have entered into several lease agreements in respect of the leases of warehouse, factory, office building space and motor vehicles. The terms of the agreements are generally between 1 and 20 years.

Commitments relating to the rentals and service fees under these leases were as follows:

(Unit: Million Baht)		
As at 31 December		
Payable within:	<u>2019</u>	<u>2018</u>
In up to 1 year	18	14
In over 1 and up to 5 years	36	29
In over 5 years	58	65

- b) In December 2012, a subsidiary entered into an agreement with a government agency to receive the right to construct, maintain and derive benefits from 125 advertising billboards. The term of the agreement is 9 years which ends in 2021.

Future minimum lease payments required under the agreement were as follows:

(Unit: Million Baht)		
As at 31 December		
Payable within:	<u>2019</u>	<u>2018</u>
In up to 1 year	6	6
In over 1 and up to 5 years	6	12

#### 33.2 Other commitments

As at 31 December 2019, the Company had commitments amounting to Baht 92 million, USD 0.3 million and JPY 4 million in relation to the agreements to purchase of goods (2018: Baht 50 million USD 1 million and JPY 2 million).

#### 33.3 Significant long-term agreement commitment

In July 2019, the Company entered into an international dealer agreement with a company that appointed the Company as its international aircraft dealer. The Company is committed to terms and conditions indicated in the agreement and to future minimum purchase orders and manage sale and marketing plan as stipulated under the agreement. Such agreement will terminate on 31 December 2022.

### 33.4 Guarantees

- a) The Company has guaranteed loan and credit facilities of its subsidiaries amounting to Baht 984 million (2018: Baht 1,209 million).
- b) As at 31 December 2019, there were outstanding bank guarantees amounting to approximately Baht 829 million (2018: Baht 771 million) issued by banks on behalf of the Group, of which Baht 391 million (2018: Baht 351 million) was on behalf of the Company only. These were in respect of certain performance bonds as required in the normal course of business of the Group.
- c) As at 31 December 2019, Forth Smart Service Public Company Limited (the subsidiary) has bank guarantees of approximately Baht 3 million, which have been issued by a bank to provide guarantee to the Revenue Department for any tax liabilities that would arise in relation to the tax assessment as described in Note 33.5 to the consolidated financial statements.

### 33.5 Tax assessment

In September 2019, Forth Smart Service Public Company Limited (the subsidiary) received a letter from the Revenue Department notifying it of the assessment of stamp duty for the year 2014 totaling approximately Baht 3 million (including surcharges) in relation to service agreements made with mobile operators. The subsidiary did not agree with the assessment and has, therefore, submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department. The appeal is currently under consideration by the Committee.

However, the management of the subsidiary believes that the assessment will not result in the subsidiary incurring any significant losses and so no provision for the tax assessment has been recorded in the accounts.

### 34. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)						
Consolidated financial statements						
2019			2018			
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	
<b>Assets for which fair value are disclosed</b>						
Investment properties	-	-	104	-	-	105
<b>Derivatives</b>						
Foreign currency forward contracts	-	(0.2)	-	-	(0.3)	-



(Unit: Million Baht)

	Separate financial statements					
	2019			2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets for which fair value are disclosed</b>						
Investment properties	-	-	903	-	-	546

## 35. Financial instruments

### 35.1 Financial risk management

The Group' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", principally comprise cash and cash equivalents, current investment, trade and other receivables, unbilled receivables, loans, trade and other payables, bank overdrafts and short-term loans from banks and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Group are exposed to credit risk primarily with respect to trade and other receivables, unbilled receivables and loans. The Group manages the risk by adopting appropriate credit control policies to ensure that services are provided only to customers with a suitable credit history. However, the Group have a significant concentration of credit risk due to its exposure to debtors of project work. The major debtors of project work are the authorities. In addition, some subsidiaries have a large customer base. The management believes that such concentration of credit risk will have no material impact. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, unbilled receivables and loans as stated in the statement of financial position.

#### ***Interest rate risk***

The Group are exposed to interest rate risk relates primarily to its cash at banks, current investment, loans to, bank overdrafts, short-term loans and long-term loans which bear interest. Most of the Group' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, 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)

Consolidated financial statements							
As at 31 December 2019							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	538	144	682	0.10 - 1.60
Current investments	50	-	-	-	-	50	1.50
Trade and other receivables	-	-	-	-	1,585	1,585	-
Unbilled receivables	-	-	-	-	496	496	-
Loan to service representatives	22	28	-	-	3	53	5.00 - 10.00
	72	28	-	538	2,228	2,866	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from banks	2,680	-	-	-	-	2,680	2.01 - 2.65
Trade and other payables	-	-	-	-	835	835	-
Long-term loans	284	116	-	-	-	400	3.60 - 4.00
	2,964	116	-	-	835	3,915	

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2018							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	2	-	-	581	113	696	0.10 - 1.85
Trade and other receivables	-	-	-	-	2,681	2,681	-
Unbilled receivables	-	-	-	-	642	642	-
Restricted bank deposits	10	-	-	-	-	10	0.38 - 0.63
	12	-	-	581	3,436	4,029	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from banks	2,994	-	-	2	-	2,996	2.04 - 2.52, refer MOR
Trade and other payables	-	-	-	-	1,348	1,348	-
Long-term loans	458	293	-	169	-	920	3.80 - 4.00, refer MLR
	3,452	293	-	171	1,348	5,264	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2019

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	176	5	181	0.10 - 1.00
Trade and other receivables	-	-	-	-	330	330	-
Short-term loans to related parties	72	-	-	-	-	72	3.00 - 4.00
Unbilled receivables	-	-	-	-	95	95	-
	72	-	-	176	430	678	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from banks	1,345	-	-	-	-	1,345	2.04 - 2.52
Trade and other payables	-	-	-	-	245	245	-
Long-term loans	74	116	-	-	-	190	3.60 - 4.00
	1,419	116	-	-	245	1,780	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2018

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	232	-	232	0.10 - 0.85
Trade and other receivables	-	-	-	-	771	771	-
Short-term loans to related parties	46	-	-	-	-	46	3.00 - 5.00
Unbilled receivables	-	-	-	-	169	169	-
	46	-	-	232	940	1,218	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from banks	1,442	-	-	2	-	1,444	2.04 - 2.84, refer MOR
Trade and other payables	-	-	-	-	270	270	-
Long-term loans	78	88	-	169	-	335	3.80 - 4.00, refer MLR
	1,520	88	-	171	270	2,049	

**Foreign currency risk**

The Group' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Group seek 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 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.7	5.6	2.5	1.8	30.1540	33.3172
Japanese yen	-	-	0.6	2.8	0.2759	0.2999
Vietnamese dong	1.2	1.2	-	-	0.0013	0.0014

Forth Smart Service Public Company Limited (the subsidiary) entered into interest rate swap agreements of the loan credit facility amounting to Baht 200 million to swap fixed interest rates as stipulated in the agreements in order to hedge the interest rate risk of this loan.

Foreign exchange contracts outstanding of a subsidiary as at 31 December 2019 and 2018 are summarised below:

2019			
Foreign currency	Bought amount	Contractual exchange rate	
		of bought amount	Maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2	30.07 - 30.62	January 2020 - July 2020
2018			
Foreign currency	Bought amount	Contractual exchange rate	
		of bought amount	Maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.5	32.55 - 32.61	April 2019



### 35.2 Fair values of financial instruments

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

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, interest rate yield curves and commodity price yield curves. The Group had considered to counterparty credit risk when determining the fair value of derivatives.

### 36. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 2.1:1 (2018: 2.5:1) and the Company's was 1.3:1 (2018: 1.2:1).

### 37. Event after the reporting period

- 37.1 On 12 February 2020, a Board of Directors' meeting of Forth Tracking System Company Limited, one of the associates, passed a resolution to approve an interim dividend payment paid from unappropriated retained earnings as at 31 December 2019 and profit for the year 2019 of Baht 50 per share, a total of Baht 15 million. The dividend is scheduled to be paid on 13 February 2020.
- 37.2 On 20 February 2020, a Board of Directors' meeting of Forth Smart Service Plc., one of subsidiaries, passed a resolution to propose its Annual General Meeting of Shareholders approve a dividend payment at Baht 0.66 per share from the 2019 operating results. In this regard, the subsidiary already paid an interim dividend at Baht 0.32 per share, totaling Baht 249.6 million, during the year 2019 to the shareholders, therefore the remaining dividend payable will be Baht 0.34 per share, or totaling Baht 265.2 million.
- 37.3 On 24 February 2020, the Company's Board of Directors' meeting passed a resolution to propose the Annual General Meeting of shareholders approve a dividend payment at Baht 0.42 per share from unappropriated retained earnings as at 31 December 2019 and profit for the year 2019. In this regard, the Company paid an interim dividend at Baht 0.12 per share, totaling Baht 115 million, during the year 2019 to the shareholders, therefore, the remaining dividend payable will be Baht 0.30 per share, or totaling Baht 280.6 million.

### 38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2020.

## Management Discussion and Analysis of Financial Position and Operating Results

### Overall operating performance of the Group

Unit: Million Baht

	2019	2018	Increase (decrease)	Variance (%)
Total revenues	6,797	8,080	(1,283)	(16%)
Net profit	331	526	(195)	(37%)

The Group's total revenues for 2019 amounted Baht 6,797 million, which was decreased by Baht 1,283 million or a decrease of 16% compared to the total revenues for 2018 amounting to Baht 8,080 million. The decrease was mainly due to the lower revenue from enterprise solution business.

The Group's profit for 2019 amounted to Baht 331 million, which was decreased by Baht 195 million or an decrease of 37% compared to the profit for 2018 amounting to Baht 526 million. The decrease was mainly due to the lower gross profit from EMS business and enterprise solutions business.

### Analysis of revenues

	2019		2018		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from main business						
EMS business	1,457	21%	1,658	21%	(201)	(12%)
Enterprise solution business	1,701	25%	2,676	33%	(975)	(36%)
Smart service business	3,361	50%	3,481	43%	(120)	(3%)
Total revenues from main business	6,519	96%	7,815	97%	(1,296)	(17%)
Other income	278	4%	265	3%	13	5%
Total revenues	6,797	100%	8,080	100%	(1,283)	(16%)

**EMS business**

The Company had revenue from EMS business for 2019 amounting to Baht 1,457 million, a decrease of Baht 201 million or a decrease of 12% compared to that of the previous year amounting to Baht 1,658 million. It resulted from a decrease in orders from one of the major customers of the manufacture and assembly of electronic circuit boards business unit.

**Enterprise solution business**

The Company had revenue from Enterprise solution business for 2019 amounting to Baht 1,701 million, a decrease of Baht 975 million or a decrease of 36% compared to that of the previous year amounting to Baht 2,676 million. This is because the projects that occurred in 2018 were 2 large projects which had been completed and delivered in 2018. While many projects in 2019 were small to medium-sized projects.

**Smart service business**

The Company had revenue from Smart service business for 2019 amounting to Baht 3,361 million, a decrease of Baht 120 million or a decrease 3% compared to that previous period amounting to Baht 3,481 million. There was no significant change compared to the same period of the previous year.

**Gross Profit and Gross Profit Margin**

	2019		2018		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	264	18%	362	22%	(98)	(27%)
Enterprise solution business	472	28%	557	21%	(85)	(15%)
Smart service business	801	24%	850	24%	(49)	(6%)
<b>Gross Profit</b>	<b>1,537</b>	<b>24%</b>	<b>1,769</b>	<b>23%</b>	<b>(232)</b>	<b>(13%)</b>

**EMS business**

The Company had gross profit from EMS business for 2019 amounting to Baht 264 million, which was decreased by Baht 98 million or a decrease of 27% compared to the gross profit for 2018 amounting to Baht 362 million and gross profit margin for 2019 was decreased from 22% to 18%. This is due to an increase in reduction of cost of inventories to the net realisable value which is shown as a part of cost of sales by increasing the cost of sales.

### Enterprise solution business

The Company had gross profit for 2019 amounting to Baht 472 million, which was decreased by Baht 85 million or a decrease of 15% compared to the gross profit for 2018 amounting to Baht 557 million and gross profit margin for 2019 was increased from 21% to 28%. This is due to a decrease in reduction of cost of inventories to the net realisable value which is shown as a part of cost of sales by decreasing the cost of sales.

### Smart service business

The Company had gross profit for 2019 amounting to Baht 801 million, which was decreased by Baht 49 million or a decrease of 6% compared to the gross profit for 2018 amounting to Baht 850 million. Gross profit margin for 2019 was at the rate of 24%. There was no significant change compared to those of the previous year.

### Expenses and expenses to revenues from main business

	2019		2018		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	104	2%	108	1%	(4)	(4%)
Administrative expenses	914	14%	853	11%	61	7%
Finance cost	102	2%	128	2%	(26)	(20%)
Income tax expenses	95	1%	134	2%	(39)	(29%)

### Selling expenses

Selling expenses for 2019 and the selling expenses to revenue from main business were not significant change compared to those of the previous year.

### Administrative expenses

Administrative expenses for 2019 amounted to Baht 914 million, an increase of Baht 61 million or an increase of 7% from that of the previous year. This is due to the increase in administrative expenses which are doubtful accounts and long-term employee benefits.

### Finance cost

The financial cost for 2019 amounted to Baht 102 million, a decrease of Baht 26 million or a decrease of 20% from that of the previous year. It was in line with the lower short-term loans and long-term loans.

### Income tax expenses

Income tax expenses for 2019 amounted to Baht 95 million, a decrease of Baht 39 million or a decrease of 29% from that of the previous year. This is consistent with the decreased profit.



Financial positionAssets

Unit: Million Baht

	31 December 2019	31 December 2018	Increase (decrease)	% Variance
Current assets	4,115	5,248	(1,133)	(22%)
Non-current assets	3,502	3,622	(120)	(3%)
<b>Total assets</b>	<b>7,617</b>	<b>8,870</b>	<b>(1,253)</b>	<b>(14%)</b>

Total assets as at 31 December 2019 amounted to Baht 7,617 million, a decrease of Baht 1,253 million or a decrease of 14% compared to the total assets as at 31 December 2018, amounting to Baht 8,870 million. The decrease was mainly from trade accounts receivable and unbilled receivables.

The quality of assetsTrade account receivables

Unit: Million Baht

	Consolidated financial statements	
	31 December 2019	31 December 2018
Trade account receivables - unrelated parties	1,377	2,452
Less: Allowance for doubtful accounts	(81)	(52)
<b>Trade account receivables - net</b>	<b>1,296</b>	<b>2,400</b>

As at 31 December 2019 and 31 December 2018, the Group had the allowance for doubtful accounts, amounting to Baht 81 million and Baht 52 million, respectively. The Group's policy on allowance for doubtful accounts is based on past collection history, aging profile of outstanding debts and the prevailing economic condition. Management believed that allowance for doubtful accounts is adequate in the current circumstances.

Inventories

Unit: Million Baht

	Consolidated financial statements	
	31 December 2019	31 December 2018
Inventories	1,372	1,335
Reduce cost to net realisable value	(393)	(367)
<b>Inventories - net</b>	<b>979</b>	<b>968</b>

As at 31 December 2019 and 31 December 2018, the Group had the reduction of cost of inventories to net realisable value amounting to Baht 393 million and Baht 367 million, respectively. The Group estimates net realisable value of inventories taking into the account fluctuations of price or cost directly related to events occurring after the end of the period, movements of inventories and the prevailing economic condition. Management believed that the reduction of cost of inventories to net realisable value is adequate in the current circumstances.

#### Source of fund

Unit: Million Baht

	31 December 2019	31 December 2018	Increase (decrease)	% Variance
Current liabilities	4,920	5,903	(983)	(17%)
Non-current liabilities	251	461	(210)	(46%)
<b>Total liabilities</b>	<b>5,171</b>	<b>6,364</b>	<b>(1,193)</b>	<b>(19%)</b>
<b>Total shareholders' equity</b>	<b>2,446</b>	<b>2,506</b>	<b>(60)</b>	<b>(2%)</b>

#### Liabilities

Total liabilities as at 31 December 2019 were Baht 5,171 million, a decrease of Baht 1,193 million or a decrease of 19% compared to the total liabilities as at 31 December 2018, which was Baht 6,364 million. The decrease was mainly due to the decrease of short-term loans from banks, long-term loans and trade account payables.

#### Shareholders' equity

Total shareholders' equity as at 31 December 2019 were Baht 2,446 million, a decrease of Baht 60 million, or a decrease of 2% compared to the total shareholders' equity as at 31 December 2018, which was Baht 2,506 million. The change was due to the net profit, the dividend payment to the shareholders of the Company and the subsidiaries, capital increase of the subsidiaries, and the share repurchase of the Company.

#### The appropriate of capital structure

The debt to equity ratio as at 31 December 2019 was 2.1:1, decreased from the debt-to-equity ratio as at 31 December 2018, which was 2.5: 1. The decrease was due to the decrease of current liabilities.

**Liquidity****Cash flows**

Unit: Million Baht

	2019	2018
Cash flows from (used in) operating activities	1,935	608
Cash flows from (used in) investing activities	(538)	(529)
Cash flows from (used in) financing activities	(1,411)	(381)

Cash flows from operating activities for 2019 were Baht 1,935 million, increased by Baht 1,327 million compared to that of the previous year amounting to Baht 608 million. It resulted from the increase of working capital i.e. trade receivables, unbilled receivables, trade payables etc.

Cash flows used in investing activities for 2019 were Baht 538 million, increased by Baht 9 million. There was no significant change compared to that of the previous year.

Cash flows used in financing activities for 2019 were Baht 1,411 million, increase by Baht 1,030 million compared to that of the previous year amounting to Baht 381 million. The increase was due to repayment of short-term loans from banks.

**Liquidity ratio**

Current ratio as at 31 December 2019 was 0.84:1, which was not significant change when compared with the current ratio as at 31 December 2018, which was 0.89:1.

# General Information

<b>Company Name</b>	: Forth Corporation Public Company Limited
<b>Security Name</b>	: FORTH
<b>Company Registration Number</b>	: 0107548000471
<b>Paid-up Capital</b>	: 480,000,000 Baht (960,000,000 common shares of Baht 0.5 per value)
<b>Nature of Business</b>	: Business of excellent research, development, production, distribution and service of information technology, all forms of communication and electronics including networks, channels of automated and complete financial services.
<b>Head Office's address</b>	: 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok, 10400
<b>Branch address</b>	: <u>Branch No. 1 66/350 Moo 12 Raikhing, Sampran, Nakornprathom, 73210</u> <u>Branch No. 2 77 Moo 11 Phuttamonton Sai 5 Rd, Raikhing, Sampran, Nakornprathom, 73210</u> <u>Branch No. 3 66/18 Moo 12 Raikhing, Sampran, Nakornprathom, 73210</u> <u>Branch No. 4 282, 284 Phaholyothin Road, Samsennai, Phayathai, Bangkok, 10400</u> <u>Branch No. 5 256 Phaholyothin Road, Samsennai, Phayathai, Bangkok, 10400</u> <u>Branch No. 6 79/2 Moo 10 Raikhing, Sampran, Nakornprathom, 73210</u>
<b>Website</b>	: <a href="http://www.forth.co.th">www.forth.co.th</a>
<b>Telephone</b>	: 0-2265-6700, 0-2271-2888
<b>Facsimile</b>	: 0-2265-0615, 0-2279-4888
<b>References</b>	
<b>Securities Registrar</b>	: Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel. 0-2009-9000 Fax. 0-2009-9000
<b>Auditors</b>	: 1. Ms. Waraporn Prapasirikul CPA (Thailand) No. 4579 and/or 2. Mr. Narong Puntawong CPA (Thailand) No. 3315 and/or 3. Ms. Sirirat Sricharoensup CPA (Thailand) No. 5419 EY Office Limited 193/136-137, 33rd Floor, Lake Rajada Office Complex Rajadapisek Road, Klongtoey, Bangkok, 10110 Tel. 0-2264-0777 Fax. 0-2264-0790

For more information of the Company, please refer to the Annual filing (Form 56-1)

At [www.sec.or.th](http://www.sec.or.th) or the Company's website





[www.forth.co.th](http://www.forth.co.th)

**Forth Corporation Public Company Limited**

1053/1 Phaholyothin road, Phayathai, Phayathai, Bangkok 10400.

Tel. 02 265 6700, 02 271 2888 Fax. 02 265 6799, 02 279 4888