

Communication & System Solution PLC.



# Annual Report 2019



**ttn THAI TRAF0**  
MANUFACTURING



*Geared towards...*

*the company to grow  
with good corporate Governance.*



# Content of Annual Report 2019

4	Chairman & CEO Message	6	Report of the Audit Committee	8	Report of the Nomination, Remuneration & Corporate Governance Committee	10	Report of the Risk Management Committee	11	Report of The Executive committee
25	Financial Highlights	26	General and other important information	28	Policy & overall Business	30	Singnificant Development	32	Business Characteristics
54	Dividend Policy	55	Information of Securities and Shareholders	56	Management Structure	70	Report on Securities Holding	72	Remunerations

12	Report of the Strategic Committee	13	Vision / Mission CSS's Core Values and Business objective	14	Board of Directors	24	Declaration of the Directors Responsibility for the Financial Statements
41	Industry Conditions & Competition	46	Risk Factors	50	Business Assets	53	Investment policy in Subsidiaries
78	Corporate Governance	96	- Internal Control and Risk Management - Related party transactions	99	Analysis and explanation of the Management	118	Independent Auditor's Report & Financial Statements

"Reflecting the results of step forward to quality organizations"

## Chairman and CEO Message



*"Geared towards  
the company to grow  
with good Corporate  
Governance."*

Throughout the year 2019, the company operated its business in the midst of the global economic fluctuation. Which is considered another year of Challenging in the business of the company that is faced with the risk of management with external factors that cannot be avoided whether it is the effect of fluctuating oil prices, The impact of the global economic slowdown and borderless competition will play a more important role in influencing life. For the operating results of the year 2019 of the Company and subsidiaries, total revenues 3,841 million baht; net profit is 86 million baht and net profit per share of 0.07 baht. Even though the results were not that good But in this intense competition condition The company does not stop developing by the company. There has been a change in management strategy. To support the business expansion And rapidly changing technology. In addition to maintaining the existing business base Also expanding its renewable energy business internationally. Which the company believes that the renewable energy business Is a business that is important to the country's economic development. And still have the opportunity to grow and generate sustainable income for the company in the future.

#### Award of Pride in 2019

The company has been listed on the Stock Exchange of Thailand since 2013 with the determination to be a leading organization that has professional management with good corporate governance. Have business ethics By abiding by this policy all along Resulting in this year the company received the award that should be proud of from various departments as follows;

1. Received 5 stars award (▲▲▲▲▲) from the Thai Listed Companies Corporate Governance Survey Year 2019 which Received 90% of the votes in the excellent group and received the Top Quartile award in the market with a value of 3,000-9,999 million baht.
2. Received 5 stars award (☆☆☆☆☆) for evaluating the quality of the ordinary shareholders' meeting of listed companies in 2019 by receiving a 100% rating which is in the excellent group.

On behalf of the Chairman of the Board and Chief Executive Officer of Communication and Systems Solutions Public Company Limited, I would to thank you all the executives and staff for their dedication and in performing their full effort And help each other to overcome obstacles and achieve success and thank you to all shareholders and business partners For providing support and confidence in the company's until today.



(Mr.Sompong Kangsawiwat)

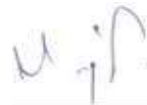
Chairman and Chief Executive Officer

## Report of the Audit Committee

The Audit Committee has been assigned to perform duties and responsibilities in accordance with the charter determined by the Board of Directors with significant duties and responsibilities, such as review for accurate and reliable financial reporting reviewing to have appropriate internal control and internal audit systems. Review of compliance with relevant laws consider and propose to appoint the auditor and determine the remuneration of the auditor of the company and subsidiaries. Which may propose to appoint the same auditor or can terminate the same auditor consider the acquisition and dispose of assets. Including connected transactions or transactions That may have conflicts of interest to be in accordance with the law. Reviewing and giving comments to plans and scope of internal auditing and operations of the internal auditor as well having the management set up a process for reporting clues or complaints of stakeholders appropriately. For the performance report of the Audit Committee for the year 2019 which can be summarized as follows;

1. Has reviewed the quarterly and annual financial statement and consolidated financial statement and its subsidiaries for 2019 which was of opinion that the Company correctly and adequately prepared and disclosed the essence information in the financial statement pursuant to the general accepted accounting standards.
2. Has defined the scope of the audit to cover the major risks and the adequacy of the internal control of the Company and its subsidiaries. However, it is advisable to Executives to fix bugs and improve the management system and provide more appropriate. In the year 2019, appointed of the Riskless Solutions Co.,Ltd (the internal Audit) which is an independent company from the outside Responsible for checking and monitoring the internal control of the company. Riskless Solutions Co.,Ltd appointed Mr.Sornron Thongprasert is responsible for the major in the internal audit of the company. However, The Company has set the internal auditing sector of the company. The Committee assigned Miss Panida Sawatwannarat representing to the internal auditor by liaise with the firm performing which the Company hires to perform on internal Audit Unit reports its auditing work and give advice to the Audit Committee Directly to improve upon the recommendation of the independent evaluation other internal control system.
3. Reviewed and gave importance to the administration in accordance with the principles of good corporate governance in accordance with the relevant laws. By emphasizing the accuracy and completeness of information disclosed to all stakeholders equally and able to refer and examine it transparently.
4. Has reviewed the acquisition and disposition of assets transaction Including connected transactions or transactions that may have conflicts of interest The benefits occurred in the year 2019 and saw that the transaction had normal business prices and terms in general.
5. Has conducted self-assessment of the audit committee Both group and individual in the year 2019 by jointly considering the evaluation results and specify ways to improve work efficiency and effectiveness.
6. Has considered nominated the auditors and Remuneration of auditors fee for the year 2019 by the auditor selected features and performance remained good throughout. The Audit Committee preferred to the Board of Directors to propose to the Shareholders' Meeting for consideration and approval to appoint Mr.Preecha Arunnarat,certified public accountant registration no. 5800; or Miss.Siraporn Ouaanunkun,certified public accountant registration no. 3844 or Mrs.Chonlaros Suntiasvaraporn, certified public accountant registration no. 4523 of E.Y. Office Limited, to be the Company's financial auditor for year 2019, having the yearly audit fee of 2,805,000 THB which appropriated. Has qualified as an auditor Listed companies as required by the Securities and Exchange Commission And the stock market To be the auditor of the company and its subsidiaries By determining the auditor's remuneration for the year 2019 for the company in the amount of 1,950,000 baht, an increase of 100,000 baht and the audit fee for the subsidiary in the amount of 955,000 baht, which is equal to the year 2018, totaling 2,905,000 baht, an increase of 100,000 baht from the year 2018, representing 3.6%, which is considered appropriate compensation.

7. The audit committee can perform its duties according to the charter without being limited by scope. Able to request information without restriction It is also the person who approves the appointment, transfer, termination of the head of the internal audit department or other department responsible for the internal audit.
8. Audit Committee There are 4 meetings in the year 2019, with the Chairman of the Audit Committee and the members of the committee All four of them are independent directors. And attended every meeting Which accounts for 100% of the attendance in the year 2019 and reports the operation to the Board of Directors on a quarterly basis).The Audit Committee is independent in practice according to the assigned mission by meeting with the executives who were involved and discuss with the external auditor on a quarterly basis for information on financial statements and internal controls of accounting without experiencing issues or significant malfunction whatsoever.



(Assoc.Prof.Pitiphat Chataccarapat)

Chairman of the Audit Committee

## Report of the Nomination and Remuneration and Corporate Governance Committee

Nomination and Remuneration and Corporate Governance Committee have been assigned to discharge the duties and responsibilities regarding to the charter regulated by Board of Directors. The important duties and responsibilities include rules and policies regulation; committee recruitment; selecting personnel conformed to legal qualification, principle, regulation and related practice in order to present to committee for appointing members of board; regulating rule and policies in compensation to present in the meeting of Board of Directors; consider, review, present and follow up in the purpose of producing all kinds of work system to be consistent with ethics and good regulation related to policies and guidelines that have been determined; reporting the achievement of nomination committee in present in the meeting of Board of Directors; represent to shareholder in annual report and annual data entry form. In 2019, Nomination and Remuneration and Corporate Governance Committee consist of 3 committee members.

- |   |  |
|---|--|
| 1. Assoc.Prof.Pitipat Chataccaraphat (Ph.D) | Chairman of NRCC. and Independent Director |
| 2. Mr.Chattaphum Khantiviriya               | Member of NRCC. and Independent Director   |
| 3. Ms.Panida Sawatwannarat                  | Member of NRCC.                            |

In 2019, there is a meeting of nomination and compensation committee and corporate governance which was attended by all of the three committee members. The considering issues could be summarized according to the following content:

### 1. Recruitment and consideration of compensation

#### 1.1. Committee Nominating

Nomination committee has considered and selected the personnel from several occupations who have appropriate qualification regarding to associated law and regulation, such as committee qualification law, public company law and the rules of securities and exchange commission, also including company regulations and good corporate governance principles of the firm. Furthermore, the lists and attributes of the proper person who will occupy committee position were considered to be consistent with the strategies of business administration and committee structure which have several aspects of knowledge: skill, profession, specialization, gender, etc. and also should be also able to effectively dedicate time to the company. In addition, the board also provide opportunity for minor shareholder to nominate a person in the selection to be board of directors. The nominating was conducted on October 2018 – January 2019. Nomination committee has proceeded regarding to following steps:

- 1.1.1 Selecting committee to replace the terminated committee. The board has implemented according to nominating process and presented the opinion toward the committee to promote the appropriate person before representing at the annual general meeting of shareholders in order to become the company's director.
- 1.1.2 Selecting committee to replace vacant committee due to other reasons except for termination. The board has recruited the proper person regarding to nominating process and present to the committee for promoting to be the director of the firm.

#### 1.2. The consideration of the compensation for the committee

Nomination committee has cogitated to provide the compensation by applying the regulation of compensation considering, scrutinizing the propriety of the recompense conforming to the duties, assigned responsibilities, compared to the similar type and size of business, also consider to turnover, performance, business environment and overall economic condition

#### 1.3. The consideration of performance measurement criteria of the committee



Nomination committee has regulated to arrange performance evaluation system for the Board of Directors both subcommittee and individual once a year in order for the board to review performance, issues and various obstacles on implementing the duties during the passing year; in the purpose of solving problem together, bring about to improve, develop and increase the effectiveness of business administration by conducting the principles and topics of evaluation that consistent with stock exchange's which have been adapted to be appropriate with the company

### 2. The Corporate Governance

#### 2.1 Monitoring and supervising to occur ethical compliance and business ethics

Nomination committee has monitored and look after employees, managers and committee to follow the ethics guide and business ethics in order to develop organizational culture. The staffs, managers and committee were communicated to acknowledge by the orientation of the new employees and also pass on to website of the company

### 3. Award of the year From the assessment of corporate governance as follows;

- Received a 5-star award (  ) from the Thai Listed Companies Corporate Governance Survey Project for the year 2019 with a 90% rating from the Excellent group and the Top Quartile award in the market segment that has Securities worth 3,000-9,999 million baht
  - Received a 5-star award (  ) in assessing the quality of the annual general meeting of listed companies for the year 2019 with a score of 100%, which is in the excellent group.
4. Guidelines for corporate governance development in 2020
- Follow up, review and improve the principles of corporate governance to be in accordance with the good corporate governance manual.
  - Communicate the good corporate governance within the organization to be understood by the directors executives and employees at all levels and to be effective in the organization culture.



(Assoc.Prof.Pitiphat Chataccarapat)

Chairman of the NRCC


## Report of the Risk Management Committee

The risk management committee has extremely concerned about preparation to cope with the ambivalent circumstances which can affect firm performance. Fortunately, the risk management committee has effective means to manage and mitigate uncertainty. Moreover, there is strictly internal control on behalf of the risk management committee in order to certify stakeholders that the company and subsidiaries have appropriate effective means in order to achieve the firm's purpose.

The risk management committee includes with 1 independent director and 4 executive directors. According to the passing year (2019), There was 1 meeting in which the Risk Management Committee attended all of them. Or 100% of meetings in 2019 for the purpose of considering essential aspects as follows;

1. Comprehensive risk According to the company's operating strategy Consists of the company's business risk Financial risk The risk of anti-corruption and other risks
2. Considering comprehensive risks and strategic plans that align with the corporate's goal. The company operation included with operation risk, financial risk, anti-corruption risk and etc.
3. Rechecking and inspection of risk management plan whether the firm can operate consistency with its risk management strategic roadmap in order to effective minimize risk management standard. Therefore, the internal auditor will be responsible to inspect and ensure compliance with established internal control procedures of the company and subsidiaries.
4. Expanding risk management scope to subsidiaries, in the purpose of inspiring investors and stakeholders about operating business under global risk management approaches, can minimize uncertainty.
5. Preparing an annual evaluation of the risk management committee, in order to recheck the firm performance and discourage during the passing year, was the procedure for solving problem, minimizing risk and improving the company's performance that will lead the firm to reach its achievement simply.

The risk management committee strongly believe that our company and subsidiaries have effective internal control which can help the firm to mitigate risk management in order to be an excellent corporate governance.



(Mr.Sompong Kangsawiwat)

Chairman of Risk Management Committee

## Report of The Executive Committee

In 2019, the economic conditions of Thailand are still decelerate and must be with various risk factors Including internal and external factors that continue to occur For this reason, the company needs to accelerate. strength the organization in every area for Keep the business running continuously and ready to expand the business for sustainable growth, The Executive Committee has helped to review and consider important matters before presenting to the Board of Directors. for decide.

In the year 2019, the Executive Committee 12 meetings to consider important matters of the company By reporting the results of the meeting and guidelines for solving problems and suggestions to the Board of Directors Which can be summarized as follows;

- Determine the business plan and strategy of the company, Subsidiaries and joint venture of the Company. and informed the plan to executives and employees at all levels in the organization To be implemented in accordance with the goals set
- monitor the operation results of the company and subsidiaries, of every business every month To be in accordance with the plan and goal Assigned by the Board of Directors
- Considering and approving the investment And participation in bidding for various projects. The Executive Committee has considered Approve the investment and / or the bidding In new projects as well as operating various projects. With consideration to the benefits of the company And all stakeholders equally Before presenting to the Board of Directors For further consideration and approval.
- Analyzing potential risks and affecting the business , Risk control and determine the plan to be as assigned by the Board of Directors
- Determine the remuneration policy and salary structure of employees. Consider the remuneration and salary structure of the employees in accordance with the rules and regulations of the company.
- Prepare the self-assessment of the Executive Committee 1 time per year for review the work, issues and obstacles in the performance of duties of the Executive Committee During the past year. In order to amend and improve and develop the operation of the Executive Committee to be in accordance with the objectives assigned by the Board of Directors

The Executive Committee has a commitment to perform with care. Honest and prudent that focuses on operational transparency The Executive Committee is ready to develop the business to the best of its ability. With the most benefit to the company



(Mr.Sompong Kangsawiwat)

Chief Executive Officer

## Report of The Strategic Committee

Strategy Committee has performed duties and responsibilities as determined by the Board of Directors with important duties and responsibilities such as Establish policies and principles for investment in subsidiaries, associated companies and investment in various projects and report the performance of the Strategic Committee to the Board of Directors meeting along with reports to shareholders in the annual report and From 56-1 In 2019, the Strategic Committee held 5 meetings, to review business operations.

- Formulate strategies, plans and operational frameworks for investment of company for executives and employees at all levels to implement
- Supervise, monitor and evaluate performance of investment accordance with business operations as assigned by Board of Directors.
- Analyzing risks that may affect or possibility and assess impact including determining measures to prevent and correct with the objectives as assigned by Board of Directors.
- Prepare a self-assessment of the strategic committee once a year to review the work on various problems and obstacles. In the performance of duties of the Strategic Committee during the past year to solve problems together and contribute to the improvement and development of the operations of the strategic committee to meet the goals. As assigned by the Board of Directors.

The Executive Committee has a commitment to perform with care. Honest and prudent that focuses on operational transparency The Executive Committee is ready to develop the business to the best of its ability. With the most benefit to the company



(Mr.Sompong Kangsawiwat)  
Chairman of Strategic Committee

## Vision / Mission / CSS's Core Values and Business objectives

### Vision

" A leading company in the business of engineering communications. Business information technology and renewable energy products and systems engineering with quality management. "

### Mission

- Distributing and delivering engineering products at a reasonable price and with excellent service.
- Installing telecommunication systems with innovation to meet the needs of customers regarding international standards.
- Auction operation tasks for installation communication technology systems and information technology until successful with advanced technology solutions.
- Business operations of Renewable Energy and energy management policy for the Government to provide new alternative energy sources of Thailand.

### CSS's Core Values

# T

Team

Collaboration with other organizations to achieve results efficiently

# O

Organization  
Commitment

Contribute to organization's activities and problem solving.

# C

Coordination

Clear and straight to the point, persuasive, goods at negotiation.

# S

Service Mind

Meet customer's requirement/ expectation, serve properly to create customer satisfaction.

# S

Self  
Development

Learn new knowledge, self-improved, apply to actual practice.

### Business objective

The Company aims to maintain its position as the market leader in the distribution of electric cable and equipment that is of high quality and standards and to provide a one-stop service, which means offering a wide range of electrical wires and equipment of all types that makes it convenient and easy for customers to order and receive their goods. The aim is to meet customers' requirements quickly and efficiently so that they receive the highest satisfaction.

The Company aims to maintain its status as the country's leading provider of services in the design and installation of passive fire protection and telecommunication systems, focusing on improving operational efficiency and quality services to ensure customer confidence that work will be completed to the quality and schedule they require. By focusing on these areas, the Company has experienced business success.

In addition, the company is certified to ISO 9001:2008 accreditation for the management of telecommunications systems installations from United Registrar of Systems (Thailand) Co. Ltd. (URS). However, the company remains committed to development of operational efficiency in order to meet the needs of our customers to the maximum. In 2017, The company has undertaken to improve the quality system, by expanding the scope to identify the risks and opportunities that affect the quality management system of the organization including the planning and control of changes that may affect the production and delivery of products or services. With a commitment to quality and continuous development The company can raise towards ISO certification 9001:2015 from United Registrar of Systems (Thailand) Co. Ltd. (URS) is completed.

The Company aims to expand business to cover the installation of other communication systems. As well as expanding the business into a growing industry and a government policy such as installation communication technology systems and business of Energy to provide new alternative energy sources of Thailand.

## Board of Directors



Mr. Sompong Kangsawiwat

**Position** Chairman / Chief Executive Officer / Chairman of Risk Management Committee / Chairman of Strategic Committee

**Age** 54 years old

**Nationality** Thai

**Date of Appointed**

- 8 August 2005 (14 Years 8 Month)

**Percent of Company's shares At 31 Dec 2019**

- 208,148,836 Shares (17.70% of paid up capital and total voting rights)

**Education**

- MBA in Marketing of NIDA

**Training**

Thai Institute of Directors

- Certificate of Director Accreditation Program Class 50/2006
- Certificate of Director Certification Program Class 154/2011
- Certificate of Role of the Chairman Program (RCP) Class 27/2012
- Certificate of Financial Statements for Directors (FSD) Class 15/2012

**Other Training**

- Certificate of Capital Market Academy Leader Program (CMA) Class. 20

Experience Time period	Position	Department Name / Company /Business type
<u>Listed Company 1 Company</u>		
• 2005 - Now	Director	Communication & System Solution PLC.
• 2011 - Now	Chief Executive Officer	Communication & System Solution PLC.
• 2012 - Now	Chairman of Risk Management Committee	Communication & System Solution PLC.
• 25.Feb.2019 – Now	Chairman	Communication & System Solution PLC.
• 25.Feb.2019 – Now	Chairman of Strategic Committee	Communication & System Solution PLC.
<u>Other Company (Not listed company) 2 Companies</u>		
• 1997 – Now	Director	C.S.S.Energy Co.,Ltd.
• 2015 - Now	Director	Neon Worx Communication (Thailand) Co.,Ltd.



Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)

**Position** Independent Director / Chairman of Audit Committee /  
Chairman of Nomination Remuneration and Corporate  
Governance / Member of Strategic Committee

**Age** 58 years old

**Nationality** Thai

**Date of Appointed**

- 8 August 2005 (14 Years 8 month)

**Percent of Company's shares At 31 Dec 2019**

-None-

**Education**

- Ph.D. in Accounting of The Manchester Metropolitan University, UK

**Training**

Thai Institute of Directors

- Certificate of Director Certification Program Class 60/2005

Experience Time period	Position	Department Name / Company /Business type
<u>Listed Company 1 Company</u>		
• 2005 – Now	Independent Director	Communication & System Solution PLC.
• 2012 - Now	Chairman of Audit Committee	Communication & System Solution PLC.
• 2012 - Now	Chairman of Nomination, Remuneration and Corporate Governance Committee	Communication & System Solution PLC.
• 2018 - Now	Member of Strategic Committee	Communication & System Solution PLC.
<u>Other Company (Not listed company)</u>		
-None-		



Mr.Chattaphum Khantiviriya

**Position** Independent Director / Member of Audit Committee / Member of Nomination Remuneration and Corporate Governance Committee / Member of Risk Management Committee / Member of Strategic Committee

**Age** 58 years old

**Nationality** Thai

**Date of Appointed**

- 12 September 2014 (5 Years 3 month

**Percent of Company's shares At 31 Dec 2019**

- None -

**Education**

- MBA of Kasetsart University

**Training**

Thai Institute of Directors

- Certificate of Audit Committee Program Class 8/2005
- Certificate of Director Certification Program Class 100/2008
- Role of the Compensation Committee Class 6/2008

Experience Time period	Position	Department Name / Company /Business type
<u>Listed Company 3 Companies</u>		
• 2014 - Now	Independent Director / Member of Audit Committee / Member of Nomination, Remuneration and Corporate Governance Committee / Member of Risk Management Committee	Communication & System Solution PLC.
• 2018 - Now	Member of Strategic Committee	Communication & System Solution PLC.
• 2013 - Now	Director	More Return PCL.
• 2019 - Now	Director	IT City PCL.
<u>Other Company (Not listed company)</u>		
-None-		



Assoc.Prof.Prapart Praisuwanna

**Position** Independent Director / Member of Audit Committee /  
Member of Strategic Committee

**Age** 63 years old

**Nationality** Thai

**Date of Appointed**

- 1 January 2015 (5 Years)

**Percent of Company's shares At 31 Dec 2019**

- None-

**Education**

- Master of Engineering (Electrical Engineering) of King Mongkut's Institute of Technology Ladkrabang

**Training**

Thai Institute of Directors

- Certificate of Director Certification Program Class 119/2009
- Certificate of Financial Statements for Director 2013

**Other Training**

- Leadership Development Program, 1997
- Public Directors Institute (PDI) Class 6/2011
- Senior Executive Program, Capital Market Academy (Class17)
- Advance Master Management Program (AMM), Class 1

Experience Time period	Position	Department Name / Company /Business type
<u>Listed Company 3 Companies</u>		
• 2015 - Now	Independent Director / Member of Audit Committee	Communication & System Solution PLC.
• 2018 - Now	Member of Strategic Committee	Communication & System Solution PLC.
• 2013 - Now	Chairman	CPT Dry and Power PCL.
• 2014 - Now	Chairman of Audit Committee	Bangkok Sheet Metal PCL.
<u>Other Company (Not listed company) 1 Company</u>		
• 2013 - Now	Director	PEA. MCOM International Co.,Ltd.



Mr.Vuthichai Duangratana (Ph.D.)

**Position** Independent Director / Member of Audit Committee /  
Member of Strategic Committee

**Age** 63 years old

**Nationality** Thai

**Date of Appointed**

- 23 February 2017 (2 Years 10 Months)

**Percent of Company's shares At 31 Dec 2019**

- 50,000 Shares (0.004% of paid up capital and total voting rights)

**Education**

- Ph.D.of Economy, Universite de Paris, France

**Training**

Thai Institute of Directors

- Director Certification Program Class 198/2014
- Advanced Audit Committee Program (AACP) Class.23/2016
- Board Nomination and Compensation Program Class 5/2018
- Design Thinking Deep for Executive Board Program 2019

**Other Training**

- Executive Management Program Class 52/2007
- Defense of the state, private and political Class 6/2013
- Financial & Fiscal Management Program for Senior Executive Class 1/2014
- Executive Course Capital Market Academy Class 20
- Global Business Leadership Program Class 2/2017
- Course of Tourism Management Executive Class 1/2017

Experience Time period	Position	Department Name / Company /Business type
<u>Listed Company 3 Companies</u>		
• 2017 - Now	Independent Director / Member of Audit Committee	Communication & System Solution PLC.
• 2018 - Now	Member of Strategic Committee	Communication & System Solution PLC.
• 2016 - Now	Independent Director / Member of Audit Committee / Chairman of Nomination, Remuneration and Corporate Governance Committee	PTG Energy PCL.
• 1.Sep.2018 - Now	Independent Director / Member of Audit Committee	Begistics PCL.
<u>Other Company (Not listed company) 4 Companies</u>		
• 2017 - Now	Honorable Committee of University Council for Academic Affair,	Bangkok University
• 2017 - Now	Honorable Committee of University Council for Academic Affair,	Raffles International Collage
• 2018 - Now	Honorable Committee of University Council for Academic Affair,	Dhurakij Pundit University
• 2019 - Now	Chairman of the Working Group on Strategic Ministers	Ministry of Tourism and Sports
• 2019 - Now	Chairman of the Sub-Committee assign criteria and Evaluate the work of the governor	Ministry of Tourism and Sports
• 2019 - Now	Vice Chairman of the Sub-Committee Manage and consider meeting agendas / Member of National Tourism	Ministry of Tourism and Sports
• 2019 - Now	Member of Nomination Committee for Selection of qualified members in the professional sports committee	Ministry of Tourism and Sports
• 2019 - Now	Sub-Committee track budget spending investment budgets and reserves / Sub-Committee determining guidelines and methods for procuring revenue Subcommittee Risk Management and Internal Control / Subcommittee on Amendment of Laws and Regulations	Ministry of Tourism and Sports



Mr.Opas Tiyawattanaoj

**Position** Director / Executive Director / Member of Risk Management Committee / Member of Strategic Committee / Managing Director Telecommunication Group

**Age** 54 years old

**Nationality** Thai

**Date of Appointed**

- 8 August 2005 (14 Years 8 Month)

**Percent of Company's shares At 31 Dec 2019**

- 58,339,711 Shares (4.96% of paid up capital and total voting rights)

**Education**

- MBA in Marketing of Bangkok University

**Training**

Thai Institute of Directors

- Certificate of Director Accreditation Program Class 50/2006
- Certificate of Director Accreditation Program Class 92/2011

Experience Time period	Position	Department Name / Company /Business type
<u>Listed Company 1 Company</u>		
• 2005 - Now	Director	Communication & System Solution PLC.
• 2011 - Now	Executive Director	Communication & System Solution PLC.
• 2012 - Now	Member of Risk Management Committee	Communication & System Solution PLC.
• 2013 - Now	Managing Director Telecommunication Group	Communication & System Solution PLC.
• 2018 - Now	Member of Strategic Committee	Communication & System Solution PLC.
<u>Other Company (Not listed company) 1 Company</u>		
• 2015 - Now	Director	Neon Worx Communication (Thailand) Co.,Ltd.



Mr. Kittirat Mekmanee

**Position** Director / Executive Director / Member of Risk Management Committee / Member of Strategic Committee / Managing Director Business Group

**Age** 53 years old

**Nationality** Thai

**Date of Appointed**

- 8 August 2005 (14 Years 8 Month)

**Percent of Company's shares At 31 Dec 2019**

- 30,058,756 Shares (2.56% of paid up capital and total voting rights)

**Education**

- MBA of UTCC

**Training**

Thai Institute of Directors

- Certificate of Director Accreditation Program Class 50/2006
- Certificate of Director Accreditation Program Class 92/2011

**Other Training**

- Public Administration and Public Law Class 11 (PSI 11), King Prajadhipok's Institute
- Politics and Governance in Democratic Systems for Executives, King Prajadhipok's Institute

Experience Time period	Position	Department Name / Company /Business type
<u>Listed Company 1 Company</u>		
• 2005 - Now	Director	Communication & System Solution PLC.
• 2011 - Now	Executive Director	Communication & System Solution PLC.
• 2012 - Now	Member of Risk Management Committee	Communication & System Solution PLC.
• 2013- Now	Managing Director Business Group	Communication & System Solution PLC.
• 2018 - Now	Member of Strategic Committee	Communication & System Solution PLC.
<u>Other Company (Not listed company) 1 Company</u>		
• 1997 - Now	Director	C.S.S. Energy Co.,Ltd



Ms. Panida Sawatwannarat

**Position** Director / Executive Director / Member of Nomination Remuneration and Corporate Governance Committee / Member of Risk Management Committee/ Member of Strategic Committee / Managing Director Finance & Control Group

**Age** 56 years old

**Nationality** Thai

**Date of Appointed**

- 8 August 2005 (14 Years 8 Month)

**Percent of Company's shares At 31 Dec 2019**

- 3,341,688 Shares (0.28% of paid up capital and total voting rights)

**Education**

- MBA of Kasetsart University

**ประวัติการฝึกอบรม**

Thai Institute of Directors

- Certificate of Director Accreditation Program Class 37/2005
- Certificate of Director Certification Program Class 60/2005

**ประวัติการอบรมอื่น ๆ**

- Certificate in Public Economics for the Executives Class 12 of King Prajadhipok's Institute (KPI)
- Technical for preparation and submission of B1 as the announcement of the NACC 2013 from FAP
- High-level finance and public finance management Class 3/2016
- Strategic CFO in Capital Markets 2017
- Course impact of new financial reporting standards about contracts made with customers and effective rental contracts To prepare financial reports of the company

Experience Time period	Position	Department Name / Company /Business type
<u>Listed Company 1 Company</u>		
• 2005 - Now	Director	Communication & System Solution PLC.
• 2011 - Now	Executive Director	Communication & System Solution PLC.
• 2012 - Now	Member of Risk Management Committee	Communication & System Solution PLC.
• 2013 - Now	Managing Director Finance & Control Group	Communication & System Solution PLC.
• 2018 - Now	Member of Strategic Committee	Communication & System Solution PLC.
<u>Other Company (Not listed company) 2 Companies</u>		
• 1997 – Now	Director	C.S.S.Energy Co.,Ltd.
• 2015 - Now	Director	Neon Worx Communication (Thailand) Co.,Ltd.



Ms.Nongnuch Temeesrisuk

**Position** Director / Executive Director / Member of Strategic Committee / Managing Director Management & Corporate Governance Group / Corporate Secretary

**Age** 56 years old

**Nationality** Thai

**Date of Appointed**

- 8 August 2005 (14 Years 8 Month)

**Percent of Company's shares At 31 Dec 2019**

- 1,502,928 Shares (0.13% of paid up capital and total voting rights)

**Education**

- Bachelor of Accounting of Ramkhamhaeng University

**Education**

Thai Institute of Directors

- Certificate of Director Accreditation Program Class 37/2005
- Certificate of Director Certification Program Class 60/2005

**Other Training**

- Certificate in Basic & Regulation of the Listed Company Class 6/2011 of TLCA.
- Certificate of Company Secretary Program Class 27/2008

Experience Time period	Position	Department Name / Company /Business type
<u>Listed Company 1 Company</u>		
• 2005 - Now	Director	Communication & System Solution PLC.
• 2011 - Now	Executive Director	Communication & System Solution PLC.
• 2013- Now	Managing Director Management & Corporate Governance Group	Communication & System Solution PLC.
• 2013- Now	Corporate Secretary	Communication & System Solution PLC.
• 2018 - Now	Member of Strategic Committee	Communication & System Solution PLC.
<u>Other Company (Not listed company) 2 Companies</u>		
• 1997 - Now	Director	C.S.S.Energy Co.,Ltd.
• 2015 - Now	Director	Neon Worx Communication (Thailand) Co.,Ltd.

## Declaration of the Directors' Responsibility for the Financial Statements

The Board of Directors is particularly the responsibility for financial statements of Communication & System Solution Public Company Limited and its subsidiaries. Under the Accounting Act of 2000, the Securities and Exchange Act of 1992, such statements have been prepared under generally accepted accounting standards, which regularly complies with a suitable accounting policies and due and reasonable discretion exercised in the preparation of financial statements.

The Board of Directors oversees and develops corporate governance, including establishing and maintaining risk management and internal control systems. To be confident that the accounting data is recorded correctly, completely, in time and sufficient to maintain the assets. As well as to prevent fraud or unusual operations that are significant. The Audit Committee, acting on behalf of the Board, has been assigned responsibility for the quality of financial reports and internal control system, and its opinions duly appear in its own report found in this publication.

It is our view that the Company's internal control system is, on the whole, satisfactory and can reasonably assure us that the financial statements of Communication & System Solution Public Company Limited and its subsidiaries are reliable under generally accepted accounting standards, legally sound, and acceptable to relevant regulations.



(Mr.Sompong Kangsawiwat)

Chairman and Chief Executive Officer

## Financial Highlights

Current Ratio (times)	2017	2018	2019
<b>Operating Results (Thousand THB)</b>			
Sales and Services Revenues	4,439	4,530	3,792
Total Revenues	4,462	4,566	3,841
Total Costs and Expenses	4,201	4,338	3,720
Gross Profit	261	228	121
Net Profit (Loss) (Shareholder's Equity)	204	170	85
<b>Financial Position (Thousand THB)</b>			
Total Assets	3,606	3,442	3,631
Total Liabilities	1,889	1,745	1,988
Shareholders' Equity	1,717	1,697	1,643
Inventories	446	431	629
<b>Per Share (Bath)</b>			
Net Profit per share (Loss) (Shareholder's Equity)	0.17	0.14	0.07
Dividend per share	0.18	0.12	0.02
Book Value per share	1.46	1.44	1.41
<b>Financial Ratio (%)</b>			
Gross Profit Margin	15%	14%	14%
Net Profit Margin (Shareholder's Equity)	5%	4%	2%
Return on Equity	12%	10%	5%
Current Ratio (times)	1.56	1.45	1.37
Debt to Equity Ratio (times)	1.10	1.03	1.21

## General and other important information

### General information

Name of Company	: Communication & System Solution Public Limited Company
Stock Symbol	: CSS
Nature of business	: Distribution of electric cables and other electric devices, provision of telecommunication systems, passive fire protection products etc.
Head office	: 329 Moo.3, Banmai Sub-district, Parkred District, Nonthaburi
Ramkamhaeng branch office:	: 142 Soi Ramkaemhaeng 40, Huamark sub-district, Bang Kapi district, Bangkok
Chonburi branch office:	: 59 Moo 7, Bang Phra sub-district, Sriracha district, Chonburi
Company Registration No	: 0107548000561
Tel.	: 02-018-1111
Fax	: 02-018-1142
Website	: <a href="http://www.cssthailand.com">www.cssthailand.com</a>
Company Secretary	: Ms. Nongnuch Temeesrisuk Tel. : 02-018-1111 / E-mail : <a href="mailto:secretary@cssthailand.com">secretary@cssthailand.com</a>
Investor Relations	: Mrs. Prapussorn Lakwuthiwong Tel. : 02-018-1111 ext.5501 / E-mail : <a href="mailto:prapussorn@cssthailand.com">prapussorn@cssthailand.com</a>
Registered Capital	: THB 588,036,884.50, divided into 1,176,073,769 shares at the par value of THB 0.50 per share
Paid-up capital	: THB 587,869,544.50, divided into 1,175,739,089 shares at the par value of THB 0.50 per share

### General information of the subsidiary

Name of subsidiary (1)	: C.S.S. Energy Co., Ltd.
Nature of business	: Engage in the business relevant to the government authorities and energy business
Head office	: No.329 Moo.3, Banmai Sub-district, Parkred District, Nonthaburi
Chonburi branch office:	: No.59 Moo.7, Bang Phra sub-district, Sriracha district, Chonburi
Company Registration No	: 0125540007891
Tel.	: 02-018-1111 Fax: 02-018-1142
Registered Capital	: THB 150 million, divided into 1,500,000 shares, at the par value of THB 100 per share
Paid-up capital	: THB 150 million, divided into 1,500,000 shares, at the par value of THB 100 per share
Portion of shares hold	: 99.99% of the registered and paid-up capital

Name of subsidiary (2)	: Neonworx Communications (Thailand) Co., Ltd.
Nature of business	: Provision of telecommunication systems and turnkey maintenance
Head office	: 10 soi Naknivas 47, Naknivas Road, Ladprao Sub-district, Ladprao District, Bangkok.
Company Registration No	: 0105549083701
Tel.	: 02-539-6693 Fax: 02-539-6795
Registered Capital	: THB 10 million, divided into 100,000 shares, at the par value of 100 per share
Paid-up capital	: THB 10 million, divided into 100,000 shares, at the par value of 100 per share
Portion of shares hold	: 70% of the registered and paid-up capital

**Reference**

Securities registrar	:	Thailand Securities Depository Co., Ltd The Stock Exchange of Thailand Building, 93, Rachadapisek Road, Din Daeng sub-district, Din Daeng district, Bangkok 10400 Tel.: 02-009-9386      Fax: 02-009-9476
Auditors	:	Ms.Krongkaew Limkittikul and/or Mr.Supachai Phanyawattano and/or Mr. Natthawut Santipet EY Office Limited. 33 <sup>rd</sup> Floor, Lake Rajada Office Complex, 193/136-137, New Rajadapisek Road, Klongtoey, Bangkok 10110 Tel.: 02-264-0777      Fax : 02-264-0789-90
Internal Audit	:	Riskless Solution Co., Ltd. 43 Soi Udomsuk 30 yaek 1 , Bangna, Bangkok, 10260 Thailand. Tel.: 086-379-8600

---

**Other information**

-None-

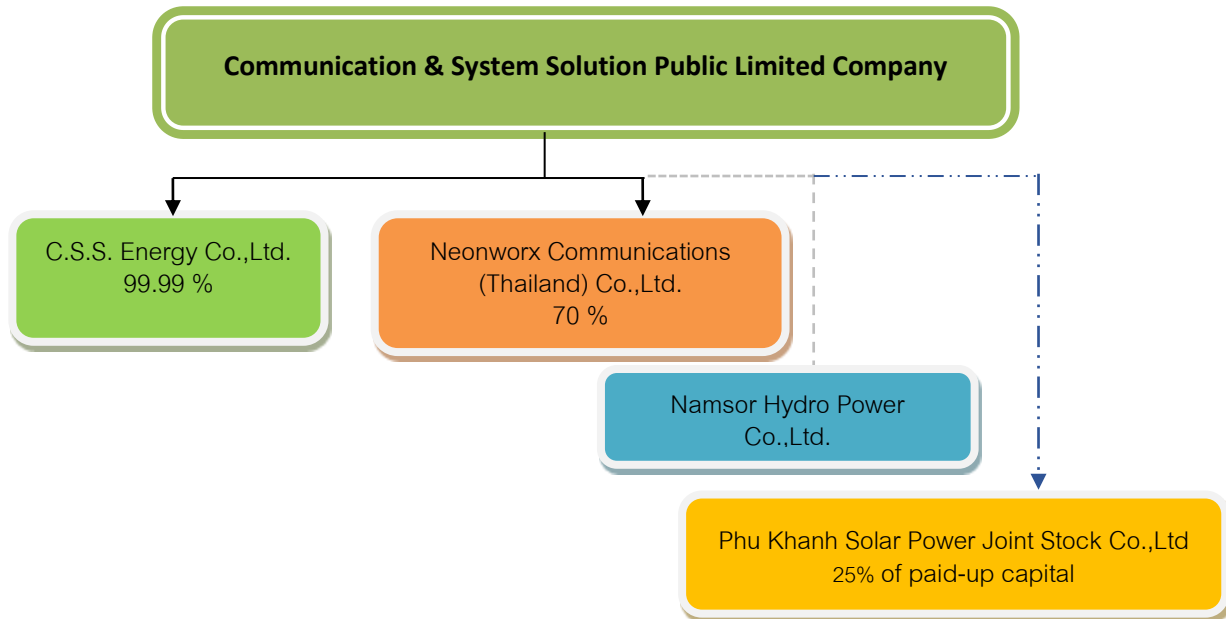
## Policy and overall business

Communication & System Solution Public Limited Company “CSS” was founded on 25 January 1994, with the initial objective of distributing and installing passive fire protection materials and equipment for highrise buildings and factories. The Company has since expanded the business to become the distributor for electrical wirings of various types and other electrical systems equipment from leading international manufacturers such as general cables for use in buildings and factories, internal and external lighting, transformers, conduits, and materials and equipment related to passive fire protection. Customers include government agencies and private companies. In addition, the Company provides installation and maintenance services for communications systems, including the construction and installation of mobile telephone systems, basic telephone systems. In 2015, the company has expanded to provide Information Technology (IT) and the business of renewable energy with the governance policy. The company is focused on the continued growth and sustainability. By expanding into new business areas to continue business operations at all times. Which is considered the heart of the policies and operations of the Company.

### Strategy

- Planning to expand the customer base by greater coverage of sales area and industrial groups, as well as expanding the customer base among state agencies
- Increasing the range of products and services to enable expansion of the customer base and to better support the needs of existing customers.
- Focusing on growth of installation services, particularly telecommunications systems which is an expanding domestic industry, and being able to quickly adapt to changes in technology. Moreover, the Company aims to expand operations in the telecommunications field and the distribution business to support business growth in neighbouring countries where there is high growth potential such as Myanmar.
- Building and maintaining good customer relations by focusing on pre- and post-sales services and maintaining the quality and standards of services offered to customers in order to create satisfaction and confidence in choosing to continue using the Company's services.
- The development of Company personnel at all levels in order to move ahead with changing technology and reduce reliance on key personnel, with staff training budget provided every year.
- Expand business to make revenue and long-term returns, such as business investment in information technology and the Government's renewable energy policy.
- Expand business and invests in neighboring countries, such as Myanmar and AEC Group to reduce on the effects of competition and the domestic market.

## Overall business of the Company and subsidiaries



### C.S.S. Energy Co.,Ltd.

C.S.S. Energy Co. Ltd. originally named C.S.S. Cable and Accessories Co. Ltd., was established on 6 November 1997, with the original purpose of operating as a distributor of electrical wires and other electrical system equipment from leading international manufacturers. In 2011 C.S.S. Cable transferred these operations under the Company. In 2012, Company policy was for C.S.S. Cable to conduct business with government agencies and to act as representative for various products. These operations would mainly be conducted using Company personnel.

C.S.S. Cable and Accessories Co. Ltd. registered a change of name to C.S.S. Energy Co. Ltd. at the Ministry of Commerce on 24 October 2014, with its head office located at 329 Moo.3, Banmai, Pakkred, Nonthaburi, the same address as that of the Company by having a registered capital and paid-up capital amount of 150 million baht. In addition, C.S.S. Energy Co. Ltd. also has a branch located at 59 Moo.7, Bang Phra, Sri Racha, Chonburi.

### Neonworx Communications (Thailand) Co. Ltd.

Neonworx Communications (Thailand) Co. Ltd. (NWC) was established on 13 July 2006 with purpose of operating as an agent installation and maintenance the telecommunication system by turnkey. Customers of the Company are AIS, True, Dtac and TOT etc. by having a registered capital and paid-up capital amount of 10 million baht. The head office located at 10 Soi Naknivas 47, Naknivas Road, Ladprao, Bangkok.

### Namsor Hydro Power Co.,Ltd.

Namsor Hydro Power Co.,Ltd is a company incorporated and registered under the laws of the Lao People's Democratic Republic was established on 25 August 2014, with the original purpose of operating for conducting hydropower business. The head office located at Ban Nam Ngom, Meuang Vien, Bolikhamsai, Laos.

### Phu Khanh Solar Power Joint Stock Company

Phu Khanh Solar Power Joint Stock Company is a company incorporated and registered under the laws of Vietnam with the original purpose of operating for conducting Solar Power Plant in Fujian province, Socialist Republic of Vietnam. There are 2 projects with total capacity of 99.216 MW.

## Significant developments in last 3 years

2017	March	The company is certified to ISO 9001:2015 accreditation for the management of telecommunications systems installations from United Registrar of Systems (Thailand) Co. Ltd. (URS).
	October	Resolutions of the Board of Directors Meeting No.4/2017 approved the Company to invested in Namsor Hydro Power Company Limited to acquired the capital increase 67,200 shares at the value of 100,000 Lao Kip per share Representing 28% of total share which is located in Laos which operating for conducting hydropower business.

### Award of the year 2017

- Received quality assessment score for organizing Annual General Meeting of Shareholders for 2017 by receiving 99 percent out of 100 from Thai Investors Association.
- Received a rating of quality assessment criteria for good corporate governance survey of Thai listed companies by being 4 stars from Thai Institute of Directors.

2018	April	Resolutions of the Board of Directors Meeting approved the Company to invested in Namsor Hydro Power Company Limited to acquired the capital increase 33,600 shares at the value of 100,000 Lao Kip or a total of 3,360 million Lao Kip to maintain its 28 % shareholding The Company made a payment totaling Baht 13.5 million for the share subscriptions on 31 May 2018
	September	The meeting of the Board of Directors of the Company passed a resolution approving the acquisition of 36,000 ordinary shares of Namor Hydro Power Company Limited, representing 10% of the issued and paid-up shares from an existing shareholder. company Has paid some shares for a total of approximately 14.6 million baht on 1 October 2018, which makes the company has a shareholding proportion of 38%.
	Novemberber	Resolutions of the Board of Directors Meeting No.3/2018, approved to enter an investment memorandum in the project of Solar Power Plant in Vietnam with total capacity of 99.216 MW of Phu Khanh Solar Power Joint Stock Company which is registered in Vietnam, and operates a Solar Power Plant in Fujian province, Socialist Republic of Vietnam, which invested in ordinary shares of 1,250,000 shares in proportion of 25% of the registered and representing 35% of paid-up capital and the co-investor is Solar Power Management (Thailand) Co., Ltd.

### Award of the year 2018

- Received quality assessment score for organizing Annual General Meeting of Shareholders for 2018 by receiving 100 percent from Thai Investors Association.
- Received a rating of quality assessment criteria for good corporate governance survey of Thai listed companies by being 5 stars from Thai Institute of Directors.

2019	January	Phu Khanh Solar Power Joint Stock Company Limited ("PKS") has called to paid up share capital of VND 137,806 million, from VND 362,194 million to its registered and paid up share capital totaling VND 500,000 million. PKS has issued 1,378,065 new ordinary shares with a par value of VND 100,000 each. Following the increase in share capital, the shareholding of the Company changed from 35% to 25% because the Company did not invest in the additional ordinary shares.
	February	The Board of Directors meeting of the company the Company invest to purchased 330,000 shares of Phu Khanh Solar Power Joint Stock Company Limited ("PKS"), the value of VND 100,000 each, or a total of VND 33,000 million . (approximately 45 million baht) to maintain its 25 percent shareholding. The Company paid-up for new ordinary share.
	July	Nam So Hydro Power Company Limited has a letter notifying the increase of registered capital from Kip 36,000 to Kip 47,200 million by issuing 112,000 new ordinary shares with a par value of Kip 100,000 .
	September	The Board of Directors meeting of the company the Company invest to purchased 375,000 shares of Phu Khanh Solar Power Joint Stock Company Limited ("PKS"), the value of VND 100,000 each, or a total of VND 32,955 million . (approximately 45 million baht) to maintain its 25 percent shareholding. The Company paid-up for ordinary share.

#### Award of the year 2019

- Received quality assessment score for organizing Annual General Meeting of Shareholders for 2019 by receiving 100 percent from Thai Investors Association
- Received a rating of quality assessment criteria for good corporate governance survey of Thai listed companies by being 5 stars from Thai Institute of Directors
- Receive acknowledgments Sustainability Disclosure Acknowledgement From Thaipat Institute

#### Connection with the businesses of major shareholders

-None-

## Business Characteristics

### Revenue Structure

Types of Products	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Electrical Wire	2,288.04	51.27	2,584.37	56.60	2,427.54	63.21
Lamp and lighting Equipment	431.56	9.67	131.85	2.89	20.99	0.55
Electrical conduits and fittings	114.63	2.57	84.15	1.84	86.52	2.25
Electrical system control equipment	373.49	8.37	325.41	7.13	494.06	12.86
Passive fire protection materials and equipment	40.62	0.91	32.19	0.71	29.58	0.77
Electrical Transformers	13.90	0.31	19.79	0.43	6.22	0.16
Others	8.27	0.19	34.38	0.75	21.33	0.56
<b>Total Sale Revenues</b>	<b>3,270.51</b>	<b>73.29</b>	<b>3,212.14</b>	<b>70.35</b>	<b>3,086.24</b>	<b>80.36</b>
Telecommunication system installation revenue	1,114.71	24.98	986.91	21.62	343.13	8.94
Passive Fire protection system installation revenue	35.31	0.79	37.60	0.82	39.71	1.03
Other services revenue	18.45	0.41	293.47	6.43	322.69	8.40
<b>Total installation service revenues</b>	<b>1,168.47</b>	<b>26.18</b>	<b>1,317.98</b>	<b>28.87</b>	<b>705.53</b>	<b>18.37</b>
Other income	23.51	0.53	35.52	0.78	48.90	1.27
<b>Total Revenues</b>	<b>4,462.49</b>	<b>100.00</b>	<b>4,565.64</b>	<b>100.00</b>	<b>3,840.67</b>	<b>100.00</b>

### 2.2 Characteristics of products and services

The Company and the subsidiary (referred to jointly as “the Company”) are involved in 2 types of business: the distribution of electrical wires and other electrical equipment, and the design of telecommunication and passive fire protection systems, as well as the maintenance of telecommunication systems and other forms of coordination. The Company’s products and services can be detailed as follows:

#### 1. Distribution business

The Company operates as a distributor of electrical wires and other types of electrical systems equipment, as well as passive fire protection materials and equipment from leading international manufacturers such as Phelps Dodge, Bticino and 3M. The Company orders products from both Thai and foreign manufacturers based in Thailand as well as importing special products from foreign manufacturers, mainly to sell to customers in the private sector such as general contractors and project developers, and through wholesale and retail outlets throughout the country. The Company has a sales team to contact and coordinate sales through various channels and 3 warehouse facilities which enable the rapid delivery of products to meet customer needs. In the last year, the Company was aware of the importance of safety issues and therefore took out product transportation insurance in order to deliver products quickly, safely and with maximum efficiency. In 2018 and 2019, revenues from the distribution operations made up 70% and 80% of total revenue respectively. Products which the Company distributes can be divided into 5 main types: electrical wires conduits and installation equipment, electrical systems

control equipment, passive fire protection materials and equipment and electrical transformers, with details as follows:

#### 1.1 Electrical wire



At present, the Company is a distributor for various types of electrical wires, most of which are sold under the Phelps Dodge brand, one of the biggest manufacturers in Thailand. Electrical wires made up approximately 57% and 63% of total revenues in 2018 and 2019 respectively, with the 3 primary types by use being general cable for use in buildings and factories, special cable for use in factories, and cable for telecommunications engineering systems.

#### 1.2 Conduits and installation equipment



In setting up electrical wiring systems, conduits help to prevent damage to wiring and allow it to be properly routed. At present, the Company distributes electrical coated steel and iron conduits and fittings from the Arrow pipe brand and white ARR pipes and fittings from the CLIPSAL brand which have been certified according to ISO 9001, UL, BS, IEC, TIS 770-2553 and TIS 2133-2545 standards. The Company also distributes polyethylene pipes for the TGG and TAP brands, which are used for their insulation properties and resistance to environmental conditions when buried. In addition, the Company distributes other fittings such as joints, white pvc and pipes from the ARR and CS Wire way brands. Electrical conduits and fittings accounted for approximately 2% of revenues in 2018 and 2019.

#### 1.3 Electrical system control equipment



The Company is the distributor of products under the Bticino brand which include switches, electrical plugs or sockets, television and telephone sockets, breakers and safety equipment. Bticino products are designed with a stylish modern look and safety in mind. They are quality products that meet customers' needs and comply with IEC and NEMA international quality standards, as well as TIS standards and UNI EN 29000-ISO 9000. Sales of electrical system control products made up approximately 7% and 13% of revenue in 2017 and 2018.

#### 1.4 Passive fire protection materials and equipment



The Company was appointed by 3M Thailand Co. Ltd. (3M) as their distributor for passive fire protection materials and equipment which are used to fill spaces in pipes and walls and which, if a fire breaks out, will expand to fill the spaces to prevent the spread of flames and toxic smoke from one area to another. The passive fire protection materials and equipment sold by the Company takes several forms, with the choice of materials depending on customers' specific requirements in terms of appearance and durability. The preventative properties of the materials range from approximately 30 minutes to 4 hours and comply with Under Laboratories (UL) standards. In addition, the Company also distributes other 3M electrical products such as connectors, terminal kits, cable insulation, non-contact infrared thermometers, sprays for electrical work and more than

30 types of electrical tape including tape used for insulation, moisture sealant, heat resistance and corrosion prevention. Passive fire protection materials and equipment and other electrical products accounted for approximately 1% of revenues in 2018 and 2019.

## 1.5 Electrical transformers



These transformers provide the transformation from the high voltage lines to the distribution system of the Metropolitan Electricity Authority and Provincial Electricity Authority at the level required by end users such as factories, households and high rise buildings. Transformers accounted for approximately 0.4% and 0.2% of revenues respectively in 2018 and 2019.

## 2. Design and installation business

In 2018 and 2019, installation services made up approximately 29% and 18% of the Company's total revenue respectively. The Company's installation services can be separated into 2 areas: (1) communication system design and installation (2) Fire protection systems and maintenance services. Details are as follows;

### (2.1) Communication System design and installation

Over the course of several years, the telecommunications industry has seen continuous growth, together with changes in technology and consumer behavior, and the Company first recognizing the opportunities for the installation of telecommunications towers in 1999. Currently, the Company provides design, purchasing and installation services for telecommunication systems, both mobile telephone signal systems and complete basic telephone systems, by a professional team of engineers with over 21 years' experience. When taking on an installation project, the Company will study and design a steel-framed tower, using one of several designs through a computer program that allows changes to be made to the proportions, form, height and weight of the mast, in order to meet the customer's requirements and for the efficient transmission of mobile signals, and also produces a design ready for the communication equipment such as the signal transmission systems of different mobile phone operators, power systems and electric wiring systems. Next, the Company will hire a contractor to prepare the construction area, lay the foundations, construct the steel frame and install the communication equipment, with the Company's engineers overseeing construction, connecting the signal and testing that the quality of the work meets the customer's specifications and is handed over as scheduled. In addition, the Company provides after-sales services with a 1-year warranty period to ensure customer satisfaction and confidence in the quality of the work. The Company's main customers are mobile network operators from the private sector and contractors who have been hired directly by mobile network operators. (See additional details in the telecommunication installation business). In 2018 and 2019, design, purchasing and installation services for telecommunication systems accounted for 22% and 9% of the Company's total revenue respectively.

**Characteristics of the telecommunications towers installed are as follows:**

1. Self-Supporting Tower
2. Guyed Mast Tower
3. Stub Tower
4. Pole

**Major Works**

The Company's installation of telecommunication towers has had a good reputation in terms of the quality of the materials and products meeting the specifications and work being completed on schedule. In the last 3 years, important installations of telecommunication towers have included both new sites and upgrades.

Project	Employer	Process by	Characteristics of Services	Value of Project (Million Baht)	Process Time
True Move Year2016_900 MHz&1800MHz (Bangkok)	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	11.80	Feb 2016 – Dec 2017
True Move Year 2016_900 MHz&1800 MHz (East)	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	8.10	Feb 2016 – Dec 2017
True Move Phase 4.6 & 11 for 900 MHz (BKN&East)	True Corporations PCL.	Company	New Site	10.60	Feb 2016 – Dec 2017
True Move 900 MHz for Village Site (East Region)	True Corporations PCL.	Company	New Site	85.30	Feb 2016 – Dec 2017
True Move 900 MHz for Village Site (South Region)	True Corporations PCL.	Company	New Site	32.0	Feb 2016 – Dec 2017
DTN Year 2016 Project	DTAC	Company	New Site	132.20	Jul 2016 – Jun 2017
LTE 2100 Phase 5 Densification	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	8.60	Jul 2016 – Jun 2017
DTAC 2016 Expansion (TE Installation)	Ericsson (Thailand) Co.,Ltd	Company	New Site	2.20	Jul 2016 – Dec 2017
True Move LTE2100 Phase 5 Densification (New Site)	True Corporations PCL.	Company	New Site	4.0	Aug 2016 – Dec 2017
True Move Pracharath School Project (East&South)	True Corporations PCL.	Company	New Site	6.30	Sep 2016 – Dec 2017
DTN 2018 Project (Expansion Project)	DTAC.	Company	New Site	665.30	Jan 2018 – Dec 2018
True Move TE Installation Year 2016_900 MHz&1800 MHz	Ericsson (Thailand) Co.,Ltd	Company	TE Installation	5.80	Jan 2018 – Dec 2018

Project	Employer	Process by	Characteristics of Services	Value of Project (Million Baht)	Process Time
True Move Year2016_900 MHz&1800MHz (Bangkok)	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	4.90	Jan 2018 – Dec 2018
True Move Coverage & Capacity Project (New Site)	True Corporations PCL.	Company	New Site	178.30	Jan 2018 – Dec 2018
DTN Year 2019 Project (Expansion Project)	DTAC	Company	New Site	73.70	Jan 2019 – Dec 2019
True Move TE Installation Year 2019_900 MHz&1800 MHz	Ericsson (Thailand) Co.,Ltd	Company	TE Installation	3.20	Jan 2019 – Dec 2019
True Move Coverage & Capacity Project (New Site)	True Corporations PCL.	Company	New Site	129.10	Jan 2019 – Dec 2019
Uso Net Phase 2	Wire & Wireless Co., Ltd.	Company	New Site	22.80	Jan 2019 – Dec 2019

### **(2.2) Fire Protection System design, purchasing and installation**

The Company offers design, purchasing and installation services for fire stops to customers who purchase 3M products supplied by the Company. Installation services can cover open spaces following electrical conduits and water or air conditioning systems that pass through walls or floors in offices and homes, using passive fire protection materials and equipment which provide protection from the effects of heat, flames and smoke for at least 3 hours and have a 1-year warranty period to ensure customer satisfaction and confidence in the quality of the work. The Company has a professional team of engineers with almost 20 years' experience who have been trained by the manufacturer to offer advice on the design of fire and smoke protection systems that comply with safety standards and consult on quality testing standards.

In addition, the Company is able to provide consultancy, design, purchasing and product development services or other services related to engineering projects as required by customers (special projects), such as the purchase and installation of silencers for the underground rail project of the Mass Rapid Transit Authority of Thailand (MRTA) in 2000 and the installation and maintenance of energy-saving lamps and lighting in 2010 -2012 ("Smart Way" project) for the Energy Engineering Institute, Kasetsart University and the Provincial Electricity Authority. In 2018 and 2019, fire protection system design, purchasing and installation and other services accounted for approximately 1% and 1% of the Company's total revenue.

### **(2.3) Other service installation**

The company has auctioned government Related to telecommunication systems, communication systems, electrical equipment installation systems which is continued from the products the Company sells and increasing the revenue of the Company. Such auctions The company is the auctioneer or joint venture with other companies Ex. Sub station projects of the Provincial Electricity Authority, etc. In 2018 and 2019, other service installation accounted for approximately 6% and 8% of the Company's total revenue.

## **2.3 Marketing and Competition**

Company operations have successfully built up customer confidence and satisfaction in terms of product quality and the provision of services that are fast and according to schedule. These are delivered with honesty and fairness and the Company has therefore always enjoyed the trust of its customers. The Company has set the following competitive strategies:

### **Marketing strategies**

#### **1. Products & Services**

With the aim of responding to the variety of consumer needs, the Company is focusing on the distribution of electrical products through a one-stop service and quality that meets international standards through top level international brands. The Company also adheres to a policy of creating the greatest customer satisfaction by providing fast services. The Company has 2 warehouses in Bangkok, Sri Racha, Chonburi and Pakkred, Nonthaburi, which is the Head office and the big warehouse. This allows the Company to store a wide range of products in appropriate quantities at locations that are close to customers and convenient for transportation. The Company is therefore able to make fast deliveries to customers in all areas. The Company has also identified safety as an important area and taken out product transportation insurance to build customer confidence in the Company's products and best respond to customers' needs.

For the installation business, the Company has a team of engineers with over 20 years' expertise and experience in the design and installation of telecommunication systems, as new site construction or equipment upgrades, and over 20 years' experience in the design and installation of passive fire protection systems. These teams carry out on-site surveys to prepare a work plan and timetable before work begins and organize a regular progress and quality inspection system that ensures the Company is able to meet the deadline and the customers' specifications.

The Company has received ISO 9001: 2008 certification for the management of telecommunication system installations from United Registrar of Systems (Thailand) Co. Ltd. since 2010

In 2014 was awarded ISO 9001: 2008 certification in a further 2 branches are Ramkamhaeng branch and Eastern Branch.

In 2016 was awarded ISO 9001: 2008 certification in cargo maintenance; inspection before transport and also check the cars available regularly to make customers trust in our services.

In 2017 The company is committed to quality and continuous development by expanding the scope to identify risks and opportunities that impact an organization's quality management system as well as planning and control changes that affect the production and delivery of products or services that make the company to raise the standards. The Company has received ISO 9001: 2015 certification from United Registrar of Systems (Thailand) Co. Ltd. (URS).

## 2. Price

For pricing in the distribution business, the Company takes several factors into consideration. Apart from the cost of the goods and the Company's desired profit margin, pricing also follows market supply and demand, the quantities ordered by customers and competitiveness against other suppliers in the same industry, with pricing strategies also revised in accordance with prevailing industry conditions.

For pricing in the installation business, the Company carries out a study to assess the initial cost of the project and offers a quotation. The assessment is based on the characteristics of the area of installation, the type of tower, the number of piles and the value of materials and equipment to be used in the project, the number of personnel supervising the project and other related costs, the time frame and other risks that may occur while carrying out the project, as well as the Company's profit margin, which will be set appropriately according to the extent of the work to be carried out.

## 3. Place

The Company sells its products on both a cash and trade credit basis almost entirely within the country through a network which includes large and small wholesale outlets and retail stores located throughout the country, with a sales team going out to meet the target group of customers including general contractors, project developers and customers from state agencies and enterprises. The Company's marketing policy considers good long-term customer relations to be of importance in order to retain the existing customer base and to attract new customers and gain a bigger market share. The Company has an experienced sales team that make contact and coordinate sales through various distribution channels that allow deliveries to be made quickly and efficiently, and also present accurate product information. The Company also employs a strategy of paying commissions for introducing new customers to the Company as an additional opportunity and method of finding new business. The Company has set clear rules and methods regarding the payment of such commissions, specifying that persons receiving the commission must be persons from outside the Company who introduce new customers and must not be directors, management, staff, major shareholders of customers or the Company and must not be related to any of these persons. A ceiling is applied to the commission referencing a percentage of the total sale and the minimum margin of return after sales costs and the commission are accounted for. Sales staff must request and receive Company approval before proceeding, with the commission paid by crossed cheque only after payment has been received from the customer. Records of commission payments must be presented quarterly to the audit

committee and board of directors. If the audit committee finds that any payments were inappropriate, the Company will carry out a review and present its findings to the board of directors for further action.

For the telecommunication system installation business, the Company has 2 main channels for contacting potential customers to present its services: (1) the Company contacts the operators of mobile telephone networks directly and (2) contacts the main contractors who are hired by the mobile network operators. The Company has the advantage in the telecommunication system business of being an independent company that is not part of a group belonging to any one network operator, meaning that the Company is able to provide services to every mobile network operator. Once the Company has been contacted by a customer regarding a project, a team from the telecommunications business will be assigned to directly coordinate the organization of the relevant documents, such as construction drawings and specifications, in order to provide a construction estimate and timetable, before presenting this to the customer. The Company mainly goes through the distribution channels for the passive fire protection system business to locate customers interested in purchasing related 3M products to offer a complete.

#### 4. Promotion

It is Company policy to support sales to both wholesale and retail customers by considering discounts for major customers who place high volume orders or customers with a good financial status and payment record, organizing online promotions through the Company website ([www.cssthai.com](http://www.cssthai.com)), E-news letters and Facebook, as well as setting up booths at shows, organizing customer relations activities, meeting target customers directly and producing product catalogues.

For the installation business, the Company places importance on good customer relations. The Company's telecommunications team stay in close contact with customers in order to understand their needs and to quickly be aware of their problems and limitations, and to assist in solving problems, thereby creating maximum customer satisfaction.

### Company strengths

- The Company is one of the leading distributors of electrical wires in Thailand and sells electrical system products through a one-stop service that carries a wide range of all types of electrical wires and equipment and makes it convenient and easy for customers to make and receive their orders, with quality standards guaranteed by products from the world's leading brands.
- The Company is the main distributor of quality product from well-known international brands and is able to increase products from various brands each year. This has created confidence in the Company and means it has constantly been entrusted with the distribution of manufacturers' products.
- Deliveries of the Company's products are served by warehouses in Bangkok, Bangkok, and Pakkred, Nonthaburi and Sri Racha, Chonburi, and the Company has expanded storage facilities with 1 additional warehouse in Pakkred, Nonthaburi, which is currently under construction and expected to be completed in 2015. These locations are convenient for transportation and close to customers, allowing the Company to store a wide range of products and make deliveries to customers in all areas and as required. This has built.
- The Company has distribution channels covering the whole country through stores and the Company's sales staff reaching private sector customers who are general contractors and project developers.
- The Company's engineering team has almost 20 years' expertise and experience in the design and installation of fire protection systems and over 15 years' experience in the design and installation of telecommunication systems, ensuring that the Company is able to meet deadlines and customers' specifications. In addition, the Company has received ISO 9001: 2008 certification for the management of telecommunication system installations from United Registrar of Systems (Thailand) Co. Ltd. (URS) and in 2014 was awarded ISO 9001: 2008 certification in a further 2 branches. In 2017, The company has undertaken to improve the quality system, by expanding the scope to identify the risks and opportunities

that affect the quality management system of the organization including the planning and control of changes that may affect the production and delivery of products or services. With a commitment to quality and continuous development The company can raise towards ISO certification 9001:2015

- The Company is an independent operator in the telecommunication system installation business, providing services to every mobile network operator, since the Company is not part of a group belonging to any one network operator.
- The Company has received strong financial support through loans from financial institutions, as well as public share offerings and being registered with the Stock Exchange. This gives the Company an advantage over its competitors in terms of capital and sources of investment for business operations since at present no competitors with similar operations have been able to attract investment through the capital markets and be listed on the Stock Exchange of Thailand.

## Characteristics of target customers

### 1) Customers in the distribution business

The Company distributes various products with almost all revenue coming from sales within the country. The Company's customers can be categorized into the following main groups:

#### 1.1 Private sector customers

Private sector customers include general contractors, with sales made both directly and through sales representatives who coordinate with contractors and project developers including owners of commercial buildings, offices, shopping malls, hotels, real estate developers and factories, to use the Company's products in their projects. Private sector sales in 2018 and 2019 accounted for approximately 98.98% and 89.01% of sales revenue respectively.

#### 1.2 Stores

Stores purchase products from the Company to sell to their own customers. This includes stores supplying general construction materials, retailers and wholesalers who provide a channel that enables the Company's products to be distributed throughout the country. Sales to stores in 2018 and 2019 accounted for approximately 0.88% and 0.29% of sales revenue.

#### 1.3 State agencies

State agencies/ state enterprises are customers who require the Company's electrical equipment including the Provincial Electricity Authority, the Metropolitan Electricity Authority, the Mass Rapid Transit Authority of Thailand, Airports of Thailand and CAT Telecom. Sales to state agencies go through 2 channels, auctions or regular orders. The Company's current policy is for the subsidiary to deal with these transactions in future. In 2018 and 2019, these customers accounted for approximately 0.14% and 10.70% of sales revenue.

The Company has policies on extending credit that cover the amount, payment period and trading conditions with consideration given to the trade relationship, the history of contact with the Company and financial status.

### 2) Customers in the design, purchasing and system installation business

Customers in the design, purchasing and telecommunication system installation business consist of mobile telephone network operators and primary contractors that are hired by the mobile network operators directly. For the fire protection system installation business, customers are from state agencies, private sector commercial businesses, industry, construction and property development etc.

## Industry conditions and competition

### Industry perspective

Since the Company's business is the distribution of electrical system products, especially electric wiring and providing purchasing and installation services for telecommunication towers, various market factors occur in related industries, namely the construction and real estate industry and telecommunications industry, that have a direct impact on the Company's business operations. For this reason, analysis of the impact that the overall state of the industry has on the Company's business largely depends on conditions in the related industries which can be outlined as follows:

#### Conditions in the construction and real estate industry

Construction projects such as a residence construction by the private sector and other fundamental constructions by the government sector including the Mass Rapid Transit system, electrical distribution system, or property development project; all require the equipment and system installations with the use of electrical wire which somehow is considered as a part of the constructions.

In the year 2019, the construction business has supporting factors Important cause the government invested and accelerated the bidding for the infrastructure projects in many projects Which the government has approved Transportation and Infrastructure Development Project. There are 41 projects to accelerate this year, worth 1.7 trillion baht. The projects which are in the bidding process or announcement of selection results or start construction in 2019, worth approximately 1.1 trillion baht, such as High Speed Rail Link 3 Airport Project, Laem Chabang Port Phase 3, Blue Line During Tao Poon - Rat Burana etc. However, government budget disbursement There is still a delay, like last year, resulting in incomes of operators not as expected.

For private investment This year, growth slowdown due to entrepreneurs Still have concerns About the domestic purchasing power which has a tendency to deflation especially the real estate sector Housing type Middle price to a low price. As the year 2018 has accelerated to launch a lot of new projects as well as many economic factors such as World trade slowed down due to the economy of major countries. Including the impact of the trade war between the United States and China, and resulting in increased investment costs (Source: Service Economics Analysis Unit Sectorial economy Economic Research Center Business and economic foundations savings bank).

However, the construction business in 2020 - 2021 tends to accelerate at 5-7% and 8-10% respectively as many new infrastructure projects should increase as follows: 1) Projects in Bangkok - metropolitan areas such as the Yellow Line , Pink Line 2) Projects in EEC such as high-speed rail connecting three airports, U-Tapao Airport and Laem Chabang Port Phase 3 and 3) Projects in the main provinces (Chiang Mai, Khon Kaen, Nakhon Ratchasima and Phitsanulok) such as light rail and airport expansion There are also government investment plans. In medium and small scale projects under the annual budget for this reason, the company has a business opportunity for selling different types of electrical cables more in the future for similar projects.

#### Conditions in the Telecommunication

In the business of providing telecommunications installation services. The company is a service provider design procurement and installation of telecommunication system. Which can adjust the type, proportion, form, size, height and weight of telecommunication towers including various telecommunication equipment to be in line with customer requirements. also, the type of service Consisting of the installation of a base station (New Site) to support the expansion of the service area of the signal network And installation of accessories to enhance the features and capabilities of existing telecommunications towers (Upgrade), indoor equipment installation (Inbuilding Coverage) by receiving work from the network owners or mobile phone service providers such as True move, AIS and DTAC etc. or subcontracts from network owners such as Huawei, AWC and ZTE etc. In which the work will look like a project Consists of many installation sites in each project. In general, base station installation work takes approximately 45-60 days for installation to be carried out per installation area. The company has the engineers to supervise the work that has been forwarded to the subcontractor to proceed. The service fee will be

fixed as per the installation area according to the difficulty of the work. The important consideration factors are the geography of the installation site (Installed on the building or along the ground) The distance of the installation area Types and types of telecommunication towers And processing time, etc. The telecommunications system installation service business has expanded in line with the investment of mobile service providers. By considering investment according to economic conditions And changes in technology and consumer behavior are important However, from the internal and external economic conditions in the year 2019 that changed Including the intense competition of telecommunication service providers resulting in the investment in the telecommunications network infrastructure of the main service provider There was a decrease in the amount of telecommunication system installation work. Due to the competition in the market. As well as having to prepare for the 5G network auction in 2020 as well. Although the investment in telecommunications is slowdown but the company is still determined to look for opportunities to expand the business to increase trade opportunities about communication devices alternative energy , electronic device and computer equipment Including the construction business in which the company and the subsidiary company has expertise, resulting in continuous increase in other installation revenue of the company.

For tendency of communication business in 2019, still "continue to grow" with significant support from The 5G network auction Including the entrepreneurs themselves has plans to invest in network development. To increase the efficiency of the network there are also plans to invest in high speed internet networks. In order to cover more areas of service Which is considered a business opportunity in providing telecommunication design and installation services for the company.

## Competition

The distribution of products related to fire protection systems has a high market value and a wide range of products and services. The Company is currently the distributor of products for several companies, with various types of electrical wires as the core product. Domestic electrical wires production can be considered as a replacement for imported production since in the past all electrical wires used in the country was imported. Imports began to fall when the factory manufacturing electrical wires was opened. At present, there are manufacturers of electrical wires in the country:

- Thai Yazaki Electric Wire Co., Ltd
- Bangkok Cable Co.,Ltd
- Charoong Thai Wire & Cable Public Company Limited
- MCI-Draka Cable Co., Ltd.

The electrical wires manufacturers in the country are able to produce and distribute products that are of a similar quality, with the result that the state of the industry and market for these products is a perfectly competitive market.

Competition in the installation of telecommunication towers depends primarily on the policies of the mobile telephone service providers towards investment and signal network development, which is in turn influenced by government policy. However, even though mobile service providers may assign companies from their own group to carry out installation and renovation of towers, the increasing volume of work and the need for speed and completion of the work on schedule means that mobile service providers have to subcontract outside companies to carry out this work. Opportunities of receiving work from the operators for design, purchasing or installation of telecommunication systems depends on the relationship with the owner of the network, experience and past results, the ability to provide a quality service and meet deadlines, and a strong financial status. In addition, since the Company is an independent operator, it is able to accept installation projects from every mobile service provider. It is normal practice for the employer to set a price for the work, leaving the contractor's profit up to their bargaining power when trying to purchase materials and telecommunications equipment at a favorable price and conditions. Therefore, taking into consideration the factors of experience, results, financial status and relatively weak bargaining position with the employer, it is unlikely that new operators will come into the business. Also at

present, there are a large number of state and private sector telecommunications projects that require completion in a short period. Overall, therefore, there is relatively little competition in the business.

Moreover, because less supplier of fire protection system and equipment that make the services of fire protection must use products from major manufacturers of domestic distribution. So the competition in this business is not very serious.

## Purchasing products and services

### 1. Distribution business

The Company's operating policy recognizes the importance of product quality and meeting deadlines. Therefore, quality of products and reliability of suppliers is an important factor in the Company's purchasing decisions. The Company is the chosen distributor of electrical wires and other electrical system products from leading international manufacturers. The Company distributes and orders products from both Thai and foreign manufacturers based in Thailand, as well as importing special products from foreign manufacturers. Details on the sources of the Company's products are as follows: -

Table showing sources of products sold through the Company's distribution business.

(Unit: %)

volume of finished goods	2016	2017	2018	2019
● Domestic	97.51	97.31	95.31	91.05
● Oversea	2.49	2.69	4.69	8.95
Total purchase volume of finished goods	100.00	100.00	100.00	100.00

At present, the Company is the appointed distributor of electrical wires and other electrical system products, as well as passive fire protection materials and equipment from leading manufacturers, with the details summarized as follows:

Brand	Product type	Partner company	Length of agreement	Important conditions
phelps dodge*	Cable	Phelps Dodge International (Thailand) Co., Ltd.	Not specified	- None
3M***	Electrical supplies and accessories	3M Thailand Co., Ltd.	2 years, expired 31 December 2019	- None
	Passive fire protection materials and equipment	3M Thailand Co., Ltd.	1 year, expired 31 December 2018	- None
Bticino	Electrical system control equipment	Bticino (Thailand) Co., Ltd.	1 year expired on 31 December 2018, able to automatically extend for 1 year period continuously unless 3 months' notice is given.	- The Company is only permitted to distribute products in Thailand.  - The Company is not permitted to distribute products in competition with Bticino

Brand	Product type	Partner company	Length of agreement	Important conditions
TTM	Transformers	Thai Trafo Manufacturing Co., Ltd.	3 years, expiring 31 December 2018, with an option for 3 years extension	- None
TGG	Polyethylene pipes	Thai Gow Gai Group Co., Ltd.	Not specified	- None
Arrow	Steel conduits and fittings	J. S. V. Hardware Co., Ltd. (present: Arrow Syndicate Pcl.)	and may be extended according to later agreement	- None
BELDEN	Optic Cable	Belden Asia (Thailand) Co.,Ltd	1 year expired on 31 March 2020	- None
COMMSCOPE	Optic Cable  Wireless network equipment	CommScope Connectivity (Thailand) Limited.	No expiry date unless advance notice is given.	- None
Lucy	Ring main switchgear	Lucy Electric (Thailand) Limited.	1 year expired on 31 March 2020	- None

Remark: Summary of the manufacturers of core products

\* *phelps dodge is manufactured and sold by Phelps Dodge International (Thailand) Co., Ltd., Phelps Dodge International Corporation primarily manufactures electric wire and cable that is widely used in the electricity business, telecommunications, industry with plants and offices in Thailand*

\*\*\* *3M is an American company that has offices and factories in over 65 countries worldwide and manufactures and sells more than 55,000 products. 3M Thailand Co., Ltd. has more than 5,000 products including materials and equipment for passive fire protection systems and other 3M electrical products*

At present, the Company sells electrical materials and equipment without being officially appointed as the distributor by partners in addition to those detailed above, since it is the nature of the business that distributors do not usually require binding contracts unless partners require special conditions such as specifying the commercial

At present, the Company sells electrical materials and equipment without being officially appointed as the distributor by partners in addition to those detailed above, since it is the nature of the business that distributors do not usually require binding contracts unless partners require special conditions such as specifying the commercial area or not permitting the distribution of competitors' products. The Company operates in accordance with the trading conditions agreed with each partner, with the result that the Company is trusted and has continually extended its distribution contracts.

## **2. Installation business**

Since the design and installation of passive fire protection and communication systems is a business that relies on engineering knowledge and specific expertise, the Company has recruited engineering teams with over 10 years' expertise and experience in the design and installation of telecommunication systems, and almost 21 years' experience in the design and installation of passive fire protection systems. The installation process is as follows:

- **Installation of telecommunication towers**

The process of installing a telecommunication tower begins when the Company is hired by a mobile service operator or a contractor commissioned by the network owner. The characteristics and specifications of the telecommunications towers of each operator will be different. The Company's engineering team will study the needs of the customer and carry out an on-site survey and network feasibility study. The Company will then design the system and offer advice on the process, as well as purchase materials and equipment that is suitable for the project including foundation piles, concrete, steel frames and communication equipment that will enable efficient connection with the mobile network. Following this, the Company will hire a contractor to prepare the construction area, lay the foundations, construct the steel frame and install the communication equipment, with the Company's engineering team overseeing construction, connecting the signal and conducting tests to ensure that the quality of the work meets the customer's specifications and is handed over as scheduled, with an average time for project construction of approximately 45 - 60 days. The Company also provides an after-sales service with a 1 year warranty period to ensure customer satisfaction and confidence in the quality of the work and over time the Company has built up confidence with customers who repeatedly use the Company's services. Since telecommunication technology is constantly changing and the deterioration of steel frames due to length of use, the Company has business opportunities from an increase in the installation of telecommunication towers and/or the replacement of existing towers with larger installations.

It is not Company policy to purchase steel frames and equipment in advance since each project has will have characteristics and specifications and/or product properties that are different. The Company will order products once the project is underway, referencing the prices agreed with trading partners before entering the auction on each occasion.

- **Installation of passive fire protection systems**

For the installation of passive fire protection systems, the Company will inspect the site where the customer wishes to install the system and assess the types of materials and equipment needed to present for the customer's approval. Once approval is given, the Company hires a contractor to carry out the installation, under the supervision of the Company's engineering team to ensure the quality of the work and that the work is completed as scheduled. The design and installation will include safety and aesthetic considerations in order to ensure the highest level of customer satisfaction. The time taken for the installation of passive fire protection system depends on the area where the system is to be installed and the time period of the building's construction.

### **3. Raw materials and inventory policy**

Company policy is to store inventory for 30-45 days, which makes allowances for fluctuations in price, especially the price of electrical wires which is susceptible to fluctuations in copper prices, storage costs, inventory becoming obsolete, changes in technology, the quantity and frequency of delivery to vendors, the time taken to make deliveries to customers, as well as increased and reduced demand in line with the country's economic conditions. The Company has warehouse facilities at 2 locations, the first is located in Pakkred, Nonthaburi, and the second is at Sri Racha, Chonburi. Being able to hold goods at the Company's own warehouses allows the Company to deliver products immediately and provide ongoing services to customers. It is not Company policy to purchase steel frames and equipment in advance since each project has will have characteristics and specifications that are different. The Company will order products once the project is underway.

### **Projects have not yet delivered.**

- None –

### **Environmental impacts**

The Company's distribution operations have no environmental impact, while installation operations are always carried out in strict accordance with agreements relating to the environment. The Company has never received a warning or been fined over environmental issues.

## Risk Factors

The Company realizes the importance of risk management as a systematic and effective risk control. The risk is classified into 3 parts as follows:

1. Risk from Business Operation
2. Financial Risks
3. Other Risks

### 1. Risk Factors from Business Operation

The Company leading business activity is divided into 2 categories which are: trading business or sale agent and provision of service and design and installation of infrastructure passive fire protection systems etc. Therefore, the risk analysis concerning the 2 aforesaid disciplines as follows:

#### 1.1 Trading Business

##### 1.1.1 Risks from fluctuation of the copper price

The revenue derived from sale of electrical wires accounted at 51%, 55% and 63% of total revenue in year 2017 - 2019 respectively. Since main cost of electrical wire is a copper, the fluctuation its price directly affects the purchasing and selling price of electrical wires. Failure to adjust the selling price to be in accordance with increasing cost, or without proper management of the inventory, can subsequently affect the operation and financial status of the Company. Copper is categorized as a commodity product where the price is varied by global demand and supply.

However, the Company recognizes the importance in the management of such risks. The Company's strategy in managing the sales prices of its goods, in line with the cost varies depending on the price of copper. If there is good management. Such volatility will not affect the results of operations and financial position of the company. The company has set guidelines to prevent and reduce the risk of fluctuations in copper prices in the future as follows.

1. The Company monitors copper prices on a regular basis to follow proper inventory management of electrical wires, and to be consistent in line with changes.

Normally, the fluctuation<sup>2</sup> of copper prices takes 6-7 months (lapse time) to have effect on the selling price and cost of electrical wires

2. the Company has always review and followed up the changes in the inventory to planning, Control inventory management. before having effect on the cost increase or decrease of goods.
3. Increasing efficiency in shipping by focusing on reducing the time of delivery.
4. The policy to deliver goods directly to the customer for the products is used in the project (Matching Order).
5. The Price Management effectively by The characteristics of the company's products are buy to sell. The pricing method plus the added (Cost Plus) if the price cost of goods has a change up or down. The company can adjust the gains that added in the price to be appropriate. To continue to make the company can sell or release products inventory according to the situation at the moment.

Even though the price of copper is uncontrollable, policy on managing inventory and strategy of setting up the selling price would be the key factors to mitigate effect from fluctuation on the price of copper at some level. The sale period is averaged between 30-45 days which is consistent to the Company's policy what states that the products should be stored for not more than 30-45 days.

##### 1.1.2 Risks from Dependency on Major Suppliers

In 2017 - 2019, the electrical wires representing around 52%, 54% and 56% of total purchase of finished goods were purchased from Phelps Dodge International (Thailand) Company Limited ("Phelps Dodge"), an affiliate of General Cable Corporation and a subsidiary of Phelps Dodge International Corporation. As Phelps Dodge has

no policy to make the long term contract with any sales agents, the Company is exposed for risk from dependency on such supplier. In the event that Phelps Dodge decides to sell its product directly to the customers and/or terminate the sale made with the Company; and/or fail to deliver the products as ordered by the Company; and/or increases the price of product without advance notice; and the Company cannot procure products from any alternative source in order to meet customer's time frame, the event could adversely affect sales volume as well as reliability, business operations and following financial status of the Company.

However, it is predicted that such factor will not cause significant impact to the Company as the said supplier has no policy to engage in direct distribution of their products. In addition, the Company has maintained good relationship between the supplier through constant order of electrical wires since 1999 as well as good purchase and payment history. In domestic market, the Company is the biggest distributor of Phelps Dodge products. Another supporting factor is that there are a number of domestic manufacturers of electrical wires and importers of oversea products which can be counted as alternative source. Those domestic suppliers also agree to have the Company as their distributors. All in all, the Company believes that the impact from dependency on major manufacturers will not be significant.

### **1.1.3 Risks from competition and new players**

As the trading business does not require specialized techniques or complex skills, new entrepreneurs can manage to enter easily into this business. For this reason, it is estimated that in the future, the Company might experience the risks from numerous of new competitors. Such risk may affect the operation and financial status of the Company.

However, to run business smoothly, there are also crucial factors required such as a good relationship with suppliers; variety of product ranges and large stock enabling flexibility and ability to support customers' requirements in a timely manner; punctual delivery; marketing strategy to extend the customer base; and working capital allowing reserving large quantities of products. Taking into account the importance of management strategies implemented, the Company has diversified categories of products covering whole segment of electrical systems, including certain installation. The Company's sales scope covers all products related to electrical systems, which enables convenience to customers in purchasing and collecting products. Goods are stored in large 2 warehouses with location convenient for customers' and transportation. This allows the Company to have sufficient storage and distribution within scheduled time frame. Comparing entrepreneurs in the same business field, the Company has advantages over them in term of funds and quantity of products, which build reliability on quality of service to customers.

## **1.2 Service of design, procurement and installation of communication systems**

### **1.2.1 Risks from inconsistent revenue derived from Projects**

The Company's services of designing and installing of communication systems is to render activity in the form of short term projects, without covenanted of long term contract. Therefore, the income derived from such projects is inconsistent and considered as unstable income toward the future. Nonetheless, the Company is independent from the owners of telecommunication or mobile networks operators but has good relationship and working experience with the mobile phone services operators and their major contractors. Being accounted as trustworthy and reliable firm from all mobile phone networks operators, the Company has orders from them regularly and consistently.

Furthermore, with aim to generate additional income and to lower the risk of inconsistent revenue derived from design, procurement and installation of communication system, the Company plans to extend scope of products by allowing electrical materials and equipment such as electrical wires, lightings, materials and fire protection equipment, etc.

### **1.2.2 Risks from delay in project completion**

The design, procurement and installation of fire protection systems and telecommunication systems is rendered under projects with duration between 3 months to one year. In some projects, the delay in project

completion is subjected to indemnification. Late project completion may cause higher cost of production to the Company as well as exposure to the risk of being charged for such delays.

To prevent the risk of delay in project completion, the Company has imposed advanced plan by coordinating with related parties such as suppliers, sub-contractors, engineers from the customers; closely follow-up and monitor the product delivery and installation tasks, allocate proper labor force to handle quantity of work. Constant following up work procedures allows the Company to address the problems and execute quick solutions, deliver project and/or products within specified time frame. So far, the Company has no records of delays in project delivery or being subject to claims for damages of such delays.

### 1.2.3 Risks from dependency on engineers

To undertake, proceed and complete the project within scheduled time frame, the Company requires personnel with experience and competent skills, especially an engineer's whose duties covers design, work control and management until the completion. Engineer duties and work performance have direct impact to the cost of production, duration and customers' requirement. Therefore, losing the team of these engineers may affect the availability to undertake work as well as capability of managing projects.

The Company is aware of the importance of personnel, which is a key factor in business. The company has a policy on risk prevention as follows:

1. Setting proper salary rates and compensation rate.
2. Provision of welfare and incentive to maintain employees' dedication to the organization in a long term.
3. Provides training courses and seminars to its employees on regular basis and develop technical knowledge and skills to be professional.
4. Decentralize the management authority to reduce dependency on individual personnel.

That's why the Company has major engineers with competent expertise and experience who have been working with the Company for more than 14 years, in design and installation of telecommunication systems. During the past 14 years, there is only one engineer resigned from the Company, from total of 35 engineers on board.

## 2. Financial Risks

### 2.1 Risks from debt collection

As of 31 December 2016 - 2019, the Company had trade and other receivables of 1,869 million baht, 1,838 million baht, and 1,620 million baht, respectively, representing approximately 49%, 51% and 47% of total assets. The account receivables before deduction of allowance of doubtful accounts totaled of 1,335, 1,280 and 1,221 million baht in year 2016-2018 respectively, while other receivables totaled of 598, 618 and 465 million baht respectively. Most of the account receivables are customers from trading business. Normally, customers from trading business are granted credit when purchasing, which means that the growth of sales volume or revenue derived is followed by growth of debt value from account receivables. Furthermore, majority of our customers are from private sectors which presently reached 3,200 nationwide. The Company is exposed to the risk of delays in payment and incompliance with credit terms or even the possibility to get doubtful accounts. Such risks might affect the liquidity, operations and financial status of the Company.

Taking into consideration the quality of account receivables, payment follow-up and debt recovery are crucial factors in business operation. To lower the risk, the Company has formulated policies concerning debts by consider the grant of credit to each customer based on credit rating from history of financial statements, financial analysis, stability and their business growth, as well as regular review on credit loan. Normally, the Company allows 30-120 days for payment; therefore, the debt collecting period is 102, 120 and 98 days between years 2016-2018 respectively. The meeting of the board of directors is held on regular basis to monitor and follow the procedure and result of debt collection. The Company sets allowance for doubtful accounts at 50% and 100% for the payment delay longer than 6 and 12 months respectively. Allowance of doubtful account is reserved at total amount of 65, 61 and 67 million baht at year end of 2016-2018. Therefore, the net account receivables stood at 1,271 million THB,

1,220 million THB and 1,155 million THB in the same period of years. The amount of account receivables at 1,155 million baht at year end of 2018 to 31 January 2019 has significantly decreased to 733 million baht.

Other account receivables after deduction on allowance of doubtful accounts in installation of fire prevention system accounted at 598 million THB, 618 million THB and 465 million THB at year end of 2016-2018 respectively. Other receivables from completed projects but the invoices have not been cleared yet are mostly from installation of telecommunication projects accounted at 522 million THB, 587 million THB and 428 million baht during the same period in each year respectively. The account receivables from installation of telecommunication projects are main contractors of the mobile phone network operators, which has reputation and stable financial status, good payment records and in some cases, the service charge were paid in advance. Therefore, the Company is able to collect the debt smoothly without reserving allowance for doubtful accounts and/or bad debt incurred. The executives have estimated that there is minimal chance that the Company will not be able to collect debt from such project. The total value of completed projects, but the invoices have not been cleared as of 31 December 2018 with value of approximately 428 million Baht the new site projects represented 81%. As of 31 January 2019, the total value of completed projects where payment haven't been collected yet, accounted at 235 million baht.

Moreover, the Company has the measures to protect a risk by purchasing the insurance policy to cover defaults on payment of account receivables at maximum amount of 3,000 million THB. In case of default on payment of the receivables, the insurance company is liable to indemnify to the Company at actual amount in total not exceeding 200 million baht. Such amount is sufficient to reduce the risk. Comparing to previous records where the bad debt and/or debt which need to reserve allowance of doubtful account were low, total amount accounted approximately 67 million baht. The Company reviewed that the insurance will benefit and reduce risk from unviability to collect debts from customers, and will consider to buy such insurance in the future.

## 2.2 Risks from changes of interest rate

As of 31 December 2017 and 31 December 2018, most of the interest bearing debt of the Company consisted of overdraft loan and loan from the financial institutions in the total amount of 345 million baht and 297 million baht, respectively. The above interest bearing debt had been referred to the floating interest rate - THB FIX. Therefore, such interest rate tends to increase; the Company would have more interest expense according to the higher interest rate.

The Company managed such risk by maintaining proportion of the floating interest bearing debt at the level consistent with nature of operating business. As the Company received several loan facilities from several financial institutions, the Company could choose to use the loan facilities with the term of payment suitable to the situation at particular time. Moreover, after listing the security of the Company in the Stock Exchange of Thailand, the Company has set its objective to use some funding from IPO as working capital, which would mitigate burden from interest expense of the Company in the future at some level.

## 2.3 Risks from working capital

In the normal business operation regarding distribution of electrical wires and equipment and services of installation of telecommunication system, the Company requires working capital for purchasing products and maintaining inventory for sales. This should represent variety and adequate quantity to meet the customers' demand. In regard to service of installation of telecommunication systems, the Company also requires working capital for purchasing, hiring and preparing tasks prior to receiving the payment from the customers according to the agreement. To manage cash flow, the Company utilized the short term loan from the financial institutions which are bank overdraft, promissory note, and factoring service as a working capital. The liquidity ratio was approximately 1.56 and 1.45 in 2016 and 2017 respectively. The quick ratio was approximately 1.09 respectively in the same period.

## 3. Other Risks

-None-

## 4. Business Assets

### Property, plant and equipment

As of 31 December 2018 and 2019, the Company and its subsidiaries had properties, plants and equipment listed as follows:

Items	Net book value (THB Million)		Type of ownership	Obligation
	31 Dec 2018	31 Dec 2019		
1. Land consists of - Land title no. 93838, area 12-0-49 rai, location: Sriracha district, Chonburi - Land title no. 14481, area 25 square wah, location: Pakkred district, Nonthaburi - Land title no. 2404, area 13-2-74 rai, location: Pakkred district (Talad Kwhuan), Nonthaburi (acquired on 4 February 2013) has land divided into 2 plots on 27 August 2018 - Land title no. 88429, area 5-0-39 rai - Land title no. 88430, area 8-2-16 rai - Land title no. 16288, area 104 square wah, location: Ladprao district, Bangkok - Land title no. 16289, area 104 square wah, location: Ladprao district, Bangkok - Land title no. 16290, area 60 square wah, location: Ladprao district, Bangkok	171.72	171.72	Under ownership of the Company	mortgaged
2. Building consists of - Two-storey office building and one storey warehouse, total areas approximately 4,500 sq.m. - Three-storey townhouses, 1 units, No.53/343 located at Pakkred district, Nonthaburi - The New Office Building No.329 Moo.3, Banmai, Pakkred, Nonthaburi	171.79	160.75	Under ownership of the Company and its subsidiaries	mortgaged
3. Office decorating items	4.85	4.31	Under ownership of the Company and its subsidiaries	None
4. Tools and equipment	2.07	1.78	Under ownership of the Company and its subsidiaries	None

Items	Net book value (THB Million)		Type of ownership	Obligation
	31 Dec 2018	31 Dec 2019		
5. Office equipment	7.75	3.60	Under ownership of the Company and its subsidiaries	None
6. Vehicles	17.91	17.32	Under ownership of the Company/purchaser/financial lessee	Under hire-purchase contract and financial lease
7. Equipment installed as per contract	10.81	7.47	Under ownership of the Company	None
8. Asset under transfer	0.38	-	Under ownership of the Company	mortgaged
<b>Total</b>	<b>386.68</b>	<b>366.95</b>		

**Remarks :**

1. In 2018 and 2019, the Company mortgaged land and buildings under ownership of the Company, at value approximately THB 198 million respectively to the financial institutions.
2. As of 31 December 2018 and 2019, the Company and its subsidiaries have a certain amount of property, plant and equipment which has been deducted the depreciation cost, but remained in used. The book value before deduction of accumulated depreciation of such assets accounted at 54 and 74 million THB respectively.
3. Some assets are under the financial lease contract and hire purchase contract where the Company acts as a lessor and purchaser. The net book value as of 31 December 2018 and 31 December 2019 accounted approximately THB 21 million and THB 21 million respectively.
4. The equipment installed as per contract are lights and energy-saving bulbs under Smart Way Project launched by the Energy Engineering Institute, Kasetsart University and the Electricity Development Division, Provincial Electricity Authority. The two institutes jointly determined the policy on saving public energy. The Company was assigned to invest in installation of energy-saving lights and 10 year maintenance. The yield upon investment is equal to value of the energy saved during such period.

## Real estate for investment

As of 31 December 2018 and 31 December 2019, the Company and its subsidiaries have real estate for investment which can be shown as follows:

Items	Net book value (THB Million)		Type of ownership	Obligation
	31 Dec 2018	31 Dec 2019		
1. Land title no. 63680, area 100.1 square wah, location: Nongchok district, Bangkok	-		Under ownership of the subsidiary	-
2. Land title no. 16288-90, area 104 square wah and 60 square wah location: Ladprao district, Bangkok	2.68	2.24	Under ownership of the subsidiary	-

### Material part of the contract

#### 1) Lease contract of warehouse

##### Lease contract of warehouse in Pakkred district, Nonthaburi

Parties	:	Mrs. Pornpimol Dechkhamhaeng (as a "Lessor") a person not related to the Company
	:	Communication & System Solution Public Company Limited (as a "Lessee")
Date of contract	:	1 January 2019
Asset of lease	:	Land, land title no. 22687, 22695, 22696, located on Tiwanont Road, Ban Mai Sub-district, Pakkred District, Nonthaburi, the area approximately 600 sq. wah. The purpose is to use the land for storage.
Rental rate	:	35,000 THB /month.
Term of contract	:	3 years start from 1 January 2019 to 31 December 2021
Conditions of contract	:	The Lessor agrees to renew the contract for another period of 3 years from the date of expiration under the same conditions.

## Investment policy in Subsidiaries.

### 1. At the present, the Company has invested in 2 subsidiaries

1.1) C.S.S. Energy Co., Ltd. ("Subsidiary") by holding 99% of registered capital and paid-up capital. The firm engages in a business mainly related to government authorities; act as an agent in purchase-sale of products.

1.2) Neonworx Communications (Thailand) Co.,Ltd. (NWC) by holding 70% of paid-up capital. NWC is doing business about telecommunications as an agent installation, antenna and maintenance by Turnkey.

### 2. At present, the Company has invested in 2 associated companies.

2.1) Namsor Hydro Power Company Limited in proportion 38% of registered capital and paid-up which is located in Laos with the original purpose of operating for conducting hydropower business.

2.2) Phu Khanh Solar Power Joint Stock Company in proportion 25% of registered capital and paid-up which is a company incorporated and registered under the laws of Vietnam with the original purpose of operating for conducting Solar power Plant in Fujian province, Socialist Republic of Vietnam. There are 2 projects with total capacity of 99.216 MW.

The future investment in subsidiaries, joint ventures and related companies will be concentrated on business that support and benefit the Company. The Company will consider factors related to yield and investment return that will support and promote business of the company group, proper investment proportion and yield upon investment, and benefit of the shareholders. Company will dispatch the directors and/or designated person to act as the Company's representative in accordance with proportion of shares, to participate in business management, including voting in the board of directors' meeting and shareholders' meeting for the highest benefit of the Company.

## 5. Legal conflicts

As of 31 December 2019, the Company and its subsidiaries has no legal conflict that may cause negative impact to the assets of the Company as follows;

1. Cases that may have a negative impact on the assets of the company or subsidiary. That is higher than 5% of shareholders' equity.
2. Cases that significantly affect the company's business operations. But cannot estimate the amount.
3. Case that is not a normal business practice of the company.

## Dividend Policy

The Company's dividend policy is to pay dividends at a rate of no less than 40% of its net profit, after deduction of corporate income tax in consolidated financial statement and all reserves as required by law, and retained funds as required by the company. However, the dividend payment shall confirm the company's financial status, business operation, investment plans, including necessities and other future considerations as deemed appropriate by The Board of Directors and/or Shareholders.

The dividend policy of C.S.S. Energy Co.,Ltd. and Neon Worx Communication (Thailand) Co.,Ltd (Subsidiaries) are to pay dividends at a rate of no less than 40 percent of its net profit, after deduction of corporate income tax in consolidated financial statement of the subsidiary and all reserves as required by law, and retained funds as required by the subsidiary. However, the dividend payment shall confirm the Company's financial status, business operation, investment plans, including necessities and other future considerations as deemed appropriate by The Board of Directors and/or Shareholders of the subsidiary.

However, during year 2017-2019, the dividend payment of the Company is performed as following:

Year	Separate Financial Statements		
	2017	2018	2019
Earnings before per share (THB)	0.22	0.15	0.03
Dividend per share (THB)	0.18	0.12	0.03
Dividend payment rate per net profit (%)	83%	82%	101%

Remark; In 2019, The Company pay the interim dividend of performance in the first 6 months of the year 2019 of Baht 0.02 per share in cash and the Board of Directors Meeting No.1/2020 Approving to propose the Shareholder's Meeting 2020 to approve the dividend payment for last 6 months the year 2019 of Baht 0.01 per share. Total dividend payment of the year 2019 amount Baht 0.03 per share. However, the dividend payment has to approve by the AGM Meeting on 28 April 2020.

## Information of securities and shareholders

### Company registered capital and Paid-up capital

At 31 December 2019, the Company has registered capital of THB 588,036,884.50, divided into 1,176,073,769 ordinary shares, at the par value of THB 0.50 per share. Paid-up capital value of THB 587,869,544.50, divided into 1,175,739,089 ordinary shares, at the par value of THB 0.50 per share.

### The major shareholders

The list of major shareholders as of 12 March 2019 is as follows:

No	Name - Surname			Shares	%
1. Kangsawiwat FamilyTotal					
1.1	Mr.	Sompong	Kangsawiwat	208,148,836	17.70
1.2	Mrs.	Wandee	Kangsawiwat	2,644,578	0.22
1.3	Mrs.	Sunanta	Kangsawiwat	1,794,300	0.15
1.4	Mr.	Sukij	Kangsawiwat	98	0.00
Total of Kangsawiwat				212,587,812	18.08
2. Mekmanee Family					
2.1	Mr.	Kittirat	Mekmanee	30,058,756	2.56
2.2	Mrs.	Oranee	Mekmanee	7,500,000	0.64
2.3	Mr.	Nattapat	Mekmanee	10,000,000	0.85
2.4	Mrs.	Waree	Mekmanee	10,000,000	0.85
Total of Mekmanee				57,558,756	4.90
3	Mr.	Opas	Tiyawattanaroj	58,339,711	4.96
4		Thai NVDR		38,911,254	3.31
5. Sawatwannarat Family					
5.1	Ms.	Kesorn	Sawatwannarat	22,349,496	1.90
5.2	Mrs.	Panida	Sawatwannarat	3,341,688	0.28
Total of Sawatwannarat				25,691,184	2.19
6	Mr.	Preecha	Arunyingmongkol	22,362,240	1.90
7	Mr.	Sakol	Sanhachavee	20,956,528	1.78
8	Mrs.	Pacharapan	Arunyingmongkol	20,076,880	1.71
9	Mr.	Montree	Kangsawiwat	10,000,901	0.85
10		Nomura PB Nominess Ltd.		9,621,200	0.82
Top of top 10				476,106,466	40.49
Other Shareholders				699,632,623	59.51
Grand Total				1,175,739,089.00	100.00

### Restrictions of foreign Shareholders.

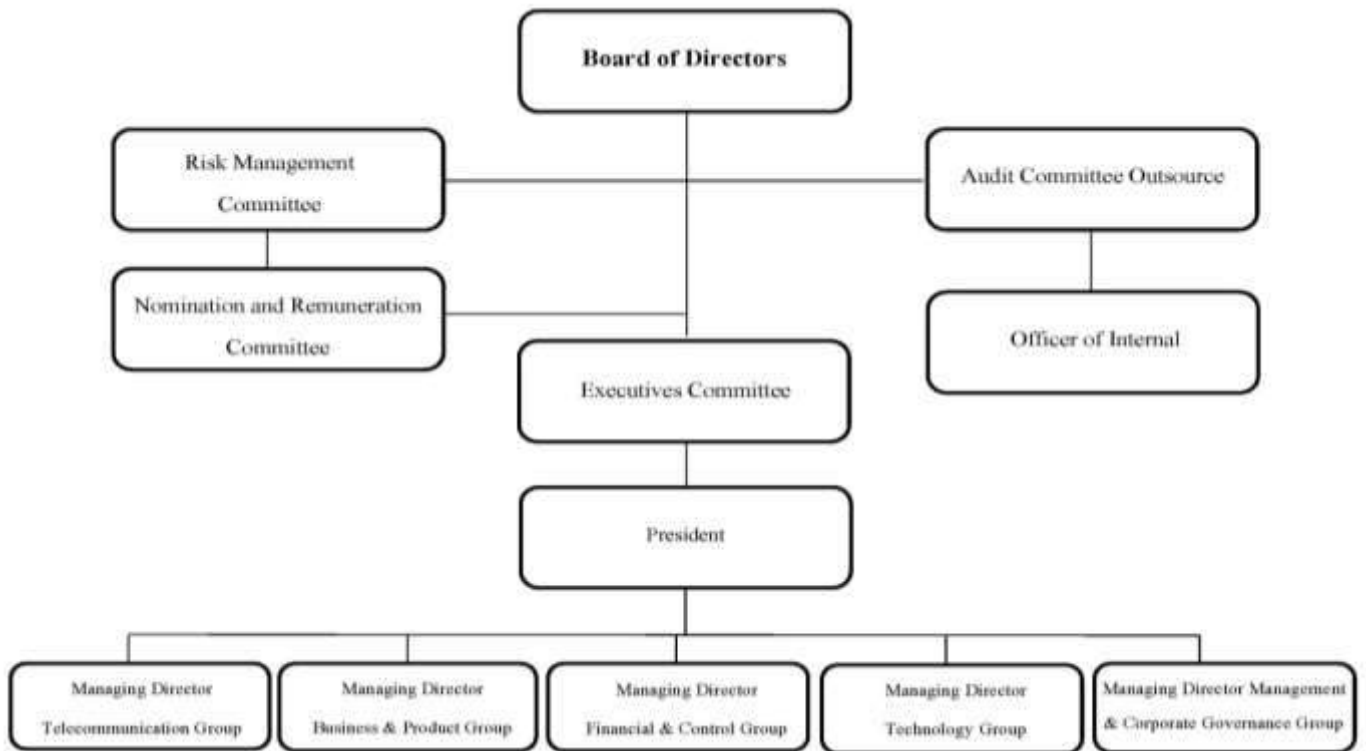
The foreigners can share ownership of The Company not more than 49 % of the total issued and paid-up shares, as of 16 March 2020, has foreign holding of 1.61 % of the total shares.

### Issuance of others assets

-None-

## Management Structure

Company's Structure at 31 December 2019



**Remark:**

The internal Audit Unit works directly to the Audit Committee. The Committee assigned Miss Panida Sawatwannarat representing to the internal auditor by liaise with the firm performing which the Company hires to perform on internal Audit Unit reports its auditing work and give advice to the Audit Committee Directly to improve upon the recommendation of the independent evaluation of the internal control system.

As of 31 December 2019, the management structure of The Company consists of the Board of Directors and the Executives. The Board of Directors consists of Independent Directors, executive and non-executive Directors. Half of the members are Independent Directors.

The Board of Directors determine to have 3 sets of committee with the Audit Committee, Nomination, Remuneration and Corporate Governance Committee and Risk Management Committee. and determine that the Chairman of the Board of Directors, Audit Committee and Nomination, Remuneration and Corporate Governance Committee are Independent Committee.

### Structure of Directors and composition of the Board of Director

The Board of Directors provides the appropriate size businesses. The current Board has 9 directors consisting of 4 executives' directors and 4 non-executives' directors (Four are Independent Directors).

The Independent Directors are as follows;

- |                       |                        |
|-----------------------|------------------------|
| 1. Assoc.Prof.Pitipat | Chataccaraphat (Ph.D.) |
| 2. Mr. Chattaphum     | Khantiviriya           |
| 3. Assoc.Prof.Prapart | Praisuwanna            |
| 4. Mr.Vuthichai       | Duangratana (Ph.D.)    |

### Independent Directors

The present Board of Directors consists of 5 Independent Directors, which is a half of all Directors. The Company realizes the importance of good corporate governance which defined the Chairman of the Board must not be the same person as the President in view of clear-cut responsibilities and duties. The Board of Directors gives consent of the definition and qualifications of Independent Directors, the regulations of which are more stringent than those of the Securities and Exchange Commission (SEC) and Stock Exchange of Thailand (SET), as follows:

1. Hold no more than 1% of the overall shares in The Company, subsidiaries, associated companies, or person(s) with potential conflicting interests.
2. Take no part in The Director administration, including not being an employee, personnel, permanent advisor, professional advisor to The Company such as an auditor, lawyer or authorized person of The Company or subsidiaries, or associated companies, or person(s) with potential conflicting interests and with no invested interest for no less than two years and can attend the Directors' meetings with independent opinions.
3. Have no business connection, no vested interest, whether directly or indirectly, financially or administratively, including not being a client, partner, supplier, trade or creditor/debtor of The Company, subsidiaries, associated companies, or person(s) with potential conflicts of interest and thus lacking independence.
4. Have no or never had business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant in respect of holding the power which may cause the obstacle of the independent decision, including not being or never been the significant shareholder, or controlling parties of any person having business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to SEC.

The business relationship mentioned under the first paragraph shall include business transaction in ordinary business manner of rent, or lease the immovable property, transaction related to assets or services, or the financial support regardless of being lent or borrowed, guaranteed, secured, by assets, debt, and any otherwise similar performance which causes liability or obligation to the applicant or counter party, have provided that such liability is equal to or exceed 3% of the net tangible assets of the applicant or equal or above 20 million baht, whichever is lower. In this regard, the calculation of such liability shall be in accordance with the calculation method of the value of connected transaction under the Notification of Capital Market Supervisory Board governing the conditions of connected transaction mutatis mutandis.

The liabilities incurred during a period of 1 year prior to the date of having business relationship with the above party shall be included on calculation of such liabilities.

5. Is not or has never been the auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of applicant, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
6. Is not or has never been the professional service provider, including but not limited to legal service or financial advisor with received service fee more than 2 million baht per year from the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above mentioned service firms unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
7. Is not The Director who is nominated to be the representative of directors of the applicant, major shareholders, or any other shareholder related to the major shareholder.
8. Do not operate the same and competitive business with the business of the applicant, or its subsidiaries, or is not a significant partner of the partnership, or is not an executive director, employee, staff, advisor who receives salary, nor holds shares for more than 1% of the total shares with voting right of any other company which operates same and competitive business with the business of the applicant, or its subsidiaries.
9. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the applicant.

## Board of Directors

According to The Company's regulations, the Board of Directors consists of at least five and at least half of the directors must reside in the Kingdom without sex discrimination. The Directors must carry out their duties under the laws, objectives and regulations of The Company, as well as the resolutions of shareholders' meetings, safeguarding The Company's benefit and assign Company Executives to work on their behalf. The Board of Directors on 31 December 2019 is as follows;

The Board of Directors consists of : 9 People

	Name		Position
1	Mr.Sompong	Kangsawiwat	Chairman and Chief Executive Officer
2	Assoc.Prof.Pitipat	Chataccaraphat (Ph.D)	Independent Director
3	Mr.Chattaphum	Khantiviriya***	Independent Director
4	Assoc.Prof.Prapart	Praisuwanna*/ **	Independent Director
5	Mr.Vuthichai	Duangratana (Ph.D)	Independent Director
6	Mr.Opas	Tiyawattanaroj	Director
7	Mr.Kittirat	Mekmanee	Director
8	Ms.Panida	Sawatwannarat	Director
9	Ms.Nongnuch	Temeesrisuk**	Director

### Remarks:

\* Assoc.Prof.Prapart Praisuwanna is a non-executive Director who has work experience related to the business of The Company. \*\* The Corporate Secretary is Ms.Nongnuch Temeesrisuk.

\*\*\*Mr.Chattaphum Khantiviriya and Assoc.Prof.Prapart Praisuwanna term of office will expire in year 2020. However, the appointment for replacement will be considered in the Annual General Meeting of Shareholders of year 2020.

### **Authorized Directors to sign behalf and bind The Company as stated in The Company's certificate**

The Directors authorized to sign their names binding The Company are Mr. Sompong Kangsawiwat, Mr. Opas Tiyawattanaroj, Mr. Kittirat Mekmanee, Miss Panida Sawatwannarat and Miss Nongnuch Temeesrisuk, two out of five directors jointly sign their named affixed with The Company's seal.

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

1. To hold annual general meeting of shareholders within 4 months from the end of fiscal year.
2. To hold the Board of Directors' meeting at least every 3 months, with attendance of all directors. Extra meeting may be held in case of necessity.
3. To provide annual report, to be responsible for execution and disclosure of financial statement audited by the auditors in order to reveal the financial status and operation result of the previous year, as well as to propose to the shareholders' meeting for consideration and approval.
4. To authorize and be responsible for compliance with laws, objectives and The Company's regulations, including resolution of the shareholders' meeting with honesty, while maintaining the benefit of The Company and the shareholders on regular basis.
5. To determine target, approach, policy, operation and budget plan of The Company, to efficiently and effectively control and manage the operation of The Executive Committee to be in compliance with the assigned policy in order to add maximum economic value to The Company as well as highest benefit to the shareholders.
6. To have a power of appointment or supervise the committee or operative group to consider or execute in a particular matter as considered appropriated by the Board of Directors.
7. To have the power to audit and approve on policy, approach and operation plan for large investment project as proposed by the Committee and/or the management
8. To control and oversee the compliance to securities and stock exchange law, including regulations of the Stock Exchange such as execution of connected transaction and acquisition or disposal of significant assets under criteria of the Securities and Stock Exchange Commission or the Stock Exchange of Thailand or applicable laws related to the business of The Company.
9. To be responsible for shareholders and to operate business based on the highest benefit of the shareholders, including disclosure information to the investors with accuracy, adequacy, standards and transparency.
10. To consider the management structure, pursue work procedures to be consistent with operation and budget plan on regular basis, monitor business operation and work performance of the committee and/or the management on regular basis to ensure the effective business operation of The Company.
11. Must not operate any business or become a partner in ordinary partnerships or become a partner with unlimited liability in limited partnerships or become a director of other private company which have the same nature as and are in competition with the business of The Company regardless of for their own benefit or the others' unless the notification is made to shareholders meeting prior to the resolution for such appointment.
12. A director shall notify The Company without delay of direct or indirect interest in a contract entered into with The Company or holds shares or debentures in an increased or decreased amount of The Company or an affiliate company.
13. Responsible for shareholders and to operate business with focus on the highest benefit of the shareholders, including disclosing the information to the investors with accuracy, adequacy, standards and transparency.
14. To supervise and set up an internal audit system to enable effective internal control system, reliable risk management and reliable financial report. The Internal Audit Unit is assigned to monitor and jointly work and liaise with the Audit Committee as well as external auditor in reviewing the internal control system.
15. To have power to consider and approve any matters necessary and related to The Company or considered as appropriate and beneficial to The Company.

16. The following matters can be executed by the Board of Directors only upon approval from the shareholders' meeting:
- a) Any matters as stipulated by law that requires resolutions from the shareholders' meeting and
  - b) Any matters where the directors' interest involved and under the law or notifications from the Securities and Stock Exchange Commission and the Stock Exchange of Thailand which stipulated to require approval from the shareholders' meeting.
17. The decision of the Board of Directors must receive approval from the shareholders' meeting with the votes of not less than three-fourths (3/4) of the shareholders attending the meeting and having the right to vote.
- a) Disposal or transfer as a whole or important part to other person
  - b) Acquisition or receive business of other companies under ownership of The Company
  - c) Conveyance, amendment or termination of agreements concerning all leasing business of The Company, as a whole or important parts, delegation other person to operate The Company's business, or merging with other juristic person with intention to share the profit margin
  - d) Amend the memorandum of association or articles of association of The Company
  - e) Increase, reduction or issuance of debenture stock of The Company
  - f) Amalgamation or dissolution
  - g) Any other matters set forth under the securities and stock exchange law and/or notification from the Stock Exchange of Thailand that requires approval from the Board of Directors' meeting and the shareholders' meeting with the vote aforesaid.
18. Report on one's own portfolio of securities, as well as those of their spouses and children not yet of legal age in The Company and subsidiaries to the monthly Board of Directors meeting and must report to The Company without delay
19. Each Director cannot hold a Director position in a listed company in SET and subsidiary company more than five companies.

However, any matters where the directors and/or related person have interest or conflict of interest with The Company and/or its subsidiaries (if any), the said directors have not right to vote on such matter.

### **The appointment and retirement of the Board of Directors**

1. At each annual general meeting of shareholders, 1/3 of the directors, or if the number is not a multiple of 3, then the number nearest to 1/3, must retire from office. The directors who have been the longest in office shall retire first. The retiring directors may be re-elected.
2. Prior to annual general meeting of shareholder, The Company will give an opportunity to any stakeholders to submit candidates, then the Nomination and Remuneration Committee will select and nominate qualified persons to be directors to the Board of Directors before seeking approval from the shareholders' meeting.
3. The shareholders' meeting shall appoint the Directors upon the rules and procedures below
  - 3.1 Each shareholder shall have one vote per share.
  - 3.2 Each shareholder may cast all his/her vote(s) according to electing one or several candidates as directors, and can allot the votes to any person at any number.
  - 3.3 The candidates receiving the highest number of votes in the respective order of the votes shall be elected as directors at such time. In the event that a number of candidates receiving an equal number of votes for the last directorship exceed the number of directors required, Chairman of the meeting shall have a casting vote.
4. Apart from retirement by rotation, the Directors shall vacate the office upon:
  - Death;
  - Resignation;
  - Lack of qualification or possession of prohibited characteristics as written in section 68 Public Limited Companies Act B.E. 2535;

- Removal by resolutions of the Shareholders' meeting as written in section 76 Public Limited Companies Act B.E. 2535;
  - Dismissal by a court order.
5. In the case of any vacancy on the Board of Directors not by purpose of retirement by rotation, the Nomination and Remuneration Committee shall elect a person who is qualified and does not possess any prohibited characterize as provided by the Public Limited Companies Act and the Securities and Exchange Act, to become member of the subsequent Board of Directors' meeting. Unless the remaining term of the directorship is less than 2 months, the replacement shall retain his/her office as same as the period for which the former director was entitled to retain. The resolution of the Board of Directors in respect of the first paragraph shall consist of not less than three-fourth votes of the remaining directors.

### The Term of Office of Directors

Since year 2013, the Board of Directors has stipulated that members should not have a term of office exceed 3 consecutive terms. Unless any director who is qualified to hold the position longer, the Board shall consider the independence and efficiency of the duties of The Director and report a reason to shareholders.

### Position in other companies

The Board of Directors has determined the policy to each Director to be appointed as a Director, not exceeding than 5 listed Companies.

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

1. To be responsible as the leader of the Board of Directors to oversee the operations of The Company to achieve the objectives pursuant to the specified plan;
2. To act as the Chairman of the Board of Directors Meeting and the Shareholders' Meeting and ensure that the said meetings run in good order in accordance with the Public Limited Company Act and the Securities and Exchange Act;
3. To have a casting vote in case the Board of Directors Meeting and Shareholders' Meeting has a tie vote.

### Board of Directors' Meeting

The Board of Directors announced the Board Meeting's schedule in advance for 1 entire year to the directors and the relevant parties requiring that arranged every quarter, with a special session meeting involved with company's benefit allowed to be convened as deemed necessary. In the year 2018, there are schedules of Directors' Meeting for the year 2019 in advance. (Meeting schedule is subject to change), excluding the special meeting agenda. As the follow;

No.	Board of Directors Meeting	Audit Committee Meeting	Nomination, Remuneration and Corporate Governance Committee Meeting	Risk Management Committee Meeting	Strategic Committee Meeting
1	28 Feb 2020	28 Feb 2020	28 Feb 2020	12 May 2020	9 Jan 2020
2	12 May 2020	12 May 2020			2 Apr 2020
3	14 Aug 2020	14 Aug 2020			2 Jun 2020
4	13 Nov 2020	13 Nov 2020			7 Jul 2020
5	13 Nov 2020	13 Nov 2020			1 Sep 2020
6					6 Oct 2020
7					1 Dec 2020

In each meeting, The Company Secretary shall submit an invitation letter complete with the meeting agenda and accompanied by related documents to all board members at least 7 days ahead of the meeting date to allow the board members sufficient time to consider the issues whereas all board members are entitled to propose agenda items independently through The Company secretary or shareholders.

The Chairman of the Board of Directors will be person who stipulate and consider agenda topic that allows each director to express his/her opinions freely and efficiently. In case of a Director having a stake in a matter being considered, The Director shall inform the meeting of such stake and shall not participate in discussing the matter and not exercise the voting right on the matter. In the event that the votes are equal, Chairman of the meeting shall have an additional casting vote for.

In addition, the minute report will be written completely after the meeting, information approved and stored so that it could be examined by authorized person. At least 2/3 of the total number of directors shall be presented to form a quorum at the same time of the Board passing a resolution. The Board of Directors should attend the board meeting consistently, with an average participation of at least 75% of total number of board meetings held in each year. (In 2019, The Board of Directors attendance about 95.56% of the meetings)

In 2019, the Board of Director held 5 meetings, classified into 4 regular term meeting to review business operations and into 1 extra term meeting.

**Details of Directors' attendance are as follows:**

	Name		Position	Attendance (Times)				Remark
				Normal Term	Extra Term	Total	Meeting of Shareholders	
1	Mr.Sompong	Kangsawiwat	Chairman and Chief Executive Officer	4/4	1/1	5/5	1/1	
2	Assoc.Prof.Pitipat	Chataccaraphat (Ph.D)	Independent Director	4/4	1/1	5/5	1/1	
3	Mr.Chattaphum	Khantiviriya	Independent Director	4/4	1/1	5/5	1/1	
4	Assoc.Prof.Prapart	Praisuwanna	Independent Director	4/4	1/1	5/5	1/1	
5	Mr.Vuthichai	Duangratana (Ph.D)	Independent Director	4/4	1/1	5/5	1/1	
6	Mr.Opas	Tiyawattanaroj	Director	3/4	1/1	4/5	1/1	
7	Mr.Kittirat	Mekmanee	Director	4/4	1/1	5/5	1/1	
8	Ms.Panida	Sawatwannarat	Director	4/4	1/1	5/5	1/1	
9	Ms.Nongnuch	Temeesrisuk	Director	3/4	1/1	4/5	1/1	

## The Audit Committee

The present Audit Committee consists of four Directors and they are specialist in accounting and finance or audit. Their meetings are to be convened at least once per quarter.

In the year 2019, Audit Committee hold 4 meeting. Should attendance not less than 3 times. Members of The Audit Committee attendance about 100% of the meetings. At 31 December 2019, The names of the Audit Committee are:

Name - Surname	Position	The Meeting of the Audit Committee (Times)	Remark
1. Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	Chairman of Audit Committee	4/4	
2. Mr. Chataphum Khantiviriya	Member of Audit Committee	4/4	
3. Assoc.Prof.Prapart Praisuwanna	Member of Audit Committee	4/4	
4. Mr. Vuthichai Duangratana (Ph.D.)	Member of Audit Committee	4/4	

*Miss Panida Sawatwannarat is a secretary of the Audit Committee*

## Scope of Authority and Responsibilities of the Audit Committee

- To verify the accuracy and adequacy of The Company's financial statement.
- To verify The Company's Internal Control and Internal Audit systems are appropriate and effective, evaluate the independence of The Company's Internal Audit Unit, and approve the appointment, transfer and dismissal of the head of the Internal Audit Unit or any other unit that has responsibilities related to the internal audit.
- To verify that The Company acts in compliance with the Securities and Exchange Act, regulations of the Stock Exchange and laws related to The Company's business.
- To consider, select and propose the appointment of independent persons to act as auditors of The Company and their appropriate remuneration. They must also attend meetings with the auditors, without anyone from the management present, not less than 1 time per year.
- To consider matters that is connected or may involve conflicts of interest, to ensure compliance with the law and regulations of the Stock Exchange and to have confidence that those matters are handled discreetly and in the best interests of The Company.
- To produce the Audit Committee report for publication in The Company's annual report, to be signed by the Chairman of the Audit Committee and containing at least the following information:
  - Comments on the accuracy, completeness and reliability of The Company's financial report.
  - Comments on the adequacy of The Company's internal control system
  - Comments regarding the legality of practices in regard to the Securities and Exchange Act, regulations of the Stock Exchange or other laws relating to The Company's business.
  - Comments regarding the suitability of the internal auditor.
  - Comments matters where there is a possible conflict of interest.
  - The number of Audit Committee meetings and attendance of each committee member.
  - Comments or overall observations that the Audit Committee have received while carrying out duties in accordance with their charter
  - Other matters that should be reported to the shareholders or investors, within the scope of the duties and accountability received from the Board of Directors.
- Other responsibilities assigned by the Board of Directors and accepted by the Audit Committee.

8. If, during the course of the aforementioned duties, the audit committee find or suspect any of the following matters or actions, which may have significant effects on The Company's financial stability or business operations, they should report to the Board of Directors so that the matter may be rectified within a time period that the audit committee sees fit.
  - a. Conflicts of interest.
  - b. Dishonesty, irregularities or flaws in the internal control system.
  - c. Violations of the Securities and Exchange Act, the regulations of the Stock Exchange or other laws relating to The Company's business. Should the Board of Directors or Company executives not rectify problems within the specified time period, one of the Audit Committee may report the matter to the Office of the Securities and Exchange Commission or the Stock Exchange.

### Nomination, Remuneration and Corporate Governance Committee

The Board of Directors appoints the Nomination, Remuneration and Corporate Governance Committee to nominate and define criteria for transparent and fair remuneration to Directors and the senior executives in compliance. The Nomination, Remuneration and Corporate Governance Committee hold at least one meeting a year.

In the year 2019, the Nomination, Remuneration and Corporate Governance Committee held 1 meeting. Members of The Nomination, Remuneration and Corporate Governance Committee attendance 100% of the meeting. At 31 December 2019, The names of Nomination, Remuneration and Corporate Governance are:

	Name	Position	The Meeting of the Committee	Remark
1	Assoc.Prof.Pitipat Chataccaraphat (Ph.D)	Chairman of Nomination, Remuneration and Corporate Governance Committee and Independent Director	1/1	
2	Mr.Chattaphum Khantiviriya	Member of Nomination, Remuneration and Corporate Governance Committee and Independent Director	1/1	
3	Ms.Panida Sawatwannarat	Member of Nomination, Remuneration and Corporate Governance Committee and Director	1/1	

Mrs.Prapussorn Lakwuthiwong is a secretary of the Nomination, Remuneration and Corporate Governance Committee

### Scope of Authority and Responsibilities of the Nomination, Remuneration Committee

1. Nominate appropriately qualified persons to serve on The Company's Board of Directors and committees (if any), including the achievements, qualifications of outgoing directors and their suitability for re-election, for the consideration of the Board of Directors and the AGM for approval of the appointment as a Director and/or committee member (if necessary).
2. To advise the Board of Directors on approving the structure of compensation for the Board and committees (if any), including monthly remuneration, incentives, bonuses, welfare, meeting allowances and other benefits, financial and otherwise, for approval of the Directors annual compensation by the AGM.
3. To consider, search for and specify appropriate qualifications and also set the compensation structure and terms of the employment agreement for The Company's Chief Executive Officer.
4. To advise the Board of Directors and oversee matters regarding The Company's vision and human resources strategy, including an executive development plan.
5. To undertake other duties related to the nomination and remuneration of directors, committee members (if any) and the Chief Executive Officer as assigned by the Board of Directors.

### Scope of Authority and Responsibilities of the Corporate Governance Committee

1. To consider, review, and present the following policies for the Board of Directors' approval. Such policies are Corporate Governance Policy, Code of Conduct, Corporate Social and Environmental Responsibility Policy, Sustainable Development Policy, and any practice for supporting The Company' operation in compliance with corporate governance, transparency, fairness, and sustainable growth.
2. To monitor, review and ensure that systems in the organization comply with code of conduct and best practices as defined.
3. To oversee and operate with the good corporate governance of law and regulations of the Securities and Stock Exchange Commission and the Stock Exchange of Thailand.
4. Assessing the performance of the Board of Directors, the individuals and sub-committee including in the assessment to present to the Board of Directors for consideration.
5. To monitor and report the organization's performance as said in Corporate Governance Policy and relevant policies to the Board of Directors and external organizations as appropriate.

### Risk Management Committee

The Risk Management Committee is responsible for the appropriate management of The Company as assigned by the Board of Directors in written form. The Committee has 5 members, at least one of whom must be an independent director

In the year 2019, The Risk Management Committee held 1 meeting. Member of The Risk Management Committee attendance 100% of the meeting. At 31 December 2019, The names of The Risk Management Committee are as follows:

Name	Position	Risk Management Committee Meeting	Remark
1. Mr.Sompong Kangsawiwat	Chairman of Risk Management Committee	1/1	
2. Mr.Opas Tiyawattanaroj	Member of Risk Management Committee	1/1	
3. Mr.Kittirat Mekmanee	Member of Risk Management Committee	1/1	
4. Ms.Panida Sawatwannarat	Member of Risk Management Committee	1/1	
5. Mr.Chattaphum Khantiviriya	Member of Risk Management Committee and Independent Director	1/1	

### Scope of Authority and Responsibilities of the Risk Management Committee

1. To set and present risk management policies for approval by the Board of Directors in areas such as liquidity risk, operational risk, marketing risk and other areas of significance for The Company.
2. To set strategies, plans and framework for risk management consistent with the policies, and analyzing, evaluating, testing and effective oversight of risk management procedures.
3. To study and revise The Company's working procedures in areas related to risk management to ensure that organizational risk management is adequate and appropriate.
4. To appoint persons and/or units and/or working groups and that are involve with risk management as appropriate and specifying their duties in accordance with the objectives.
5. To oversee, monitor and evaluate the work to ensure the appropriate use of risk management strategies in practice and for the revision and development of an efficient risk management system consistent with The Company's business operations, including assessment of potential risks that will affect operations from both external and internal factors.
6. To undertake any other duties related to risk management as assigned by the Board of Directors.

## Strategic Committee

The Board of Directors has set up the Strategic Committee to oversee the investment operations of The Company also follow up the investment strategy. The strategic Committee hold 5 meetings each year. In 2019, Member of The Strategic Committee attendance about 91.11% of the meeting. At 31 December 2019, The names of The Strategic Committee are as follows:

Name	Position	Strategic Committee Meeting	Remark
1. Mr.Sompong Kangsawiwat	Chairman and Chief Executive Officer	5/5	
2. Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	Member of Strategic Committee	5/5	
3. Mr.Chattaphum Khantiviriya	Member of Strategic Committee	5/5	
4. Assoc.Prof.Prapart Praisuwanna	Member of Strategic Committee	5/5	
5. Mr.Vuthichai Duangratana (Ph.D.)	Member of Strategic Committee	1/5	
6. Mr.Opas Tiawattananaraj	Member of Strategic Committee	5/5	
7. Mr.Kittirat Mekmanee	Member of Strategic Committee	5/5	
8. Ms.Panida Sawatwannarat	Member of Strategic Committee	5/5	
9. Ms.Nongnuch Temeesrisuk	Member of Strategic Committee	5/5	

## Scope of Authority and Responsibilities of the Strategic Committee

1. Formulate strategies, plans and operational frameworks for investment of company to comply with investment policy which can analyze, evaluate, measure and track effectively
2. Study and review work processes of company in relation to investment to ensure that organization has appropriate management and investment management processes
3. Supervise, monitor and evaluate performance to ensure investment management strategies have been implemented appropriately and to review and develop an efficient investment management system in accordance with business operations
4. Perform any or tasks related to risk management as assigned by Board of Directors.

## Executives Committee

The Executive Committee of The Company consisted of 5 persons. The Executives Committee hold every month. In the year 2019, The Executive Committee hold 12 meetings. Members of the Executives Committee attendance 100% of the meetings. The names are as follows:

Name	Position	Executives Committee Meeting	Remark
1. Mr.Sompong Kangsawiwat	Chairman of Executives Committee	12/12	
2. Mr.Opas Tiawattananaraj	Member of Executives Committee	12/12	
3. Mr.Kittirat Mekmanee	Member of Executives Committee	12/12	
4. Ms.Panida Sawatwannarat	Member of Executives Committee	12/12	
5. Ms.Nongnuch Temeesrisuk	Member of Executives Committee	12/12	

### **Authorities and Duties of Chief Executives Officer**

1. Govern and monitor the performance of Executive Committee
2. Advise the management on business procedure
3. Govern and monitor Management to perform according to the resolution of the Board of Directors
4. Perform other duties as assigned by the Board of Directors

### **Scope of Authority and Responsibilities of The Executive Committee**

1. The Executive Committee has authority over management and corporate operations as specified by the Board of Directors or by approval of the Board in particular instances.
2. The Executive Committee has authority over the administration of The Company in accordance with the policies and plans that have been set.
3. The Executive Committee has authority as granted by the Board of Directors.
4. The following business must first be submitted for approval by The Executive Committee:
  - 4.1 matters related to Company policy;
  - 4.2 matters that if implemented would cause significant changes to The Company's activities;
  - 4.3 matters that by law have to be performed by the Board of Directors;
  - 4.4 matters that have to be performed according to Company rules;
  - 4.5 matters that The Executive Committee sees fit to submit for approval on a case-by-case basis or following the principles set out by the Board of Directors.
5. The Executive Committee has the authority and duty to carry out specified activities for the administration of The Company's success and to meet Company targets, which include:
  - 5.1 To produce and verify strategic objectives, financial plans and important Company policy, and presentation for Board of Director's approval.
  - 5.2 Scrutiny of the annual business plan, the investment budget, targets and new initiatives that important for target achievement, and presentation for Board of Director's approval.
  - 5.3 Scrutiny of projects that require capital expenditure beyond the amount allocated by the Board of Directors, and presentation for Board of Director's approval.
  - 5.4 Consideration and approval of various matters within their designated authority or as granted by the Board of Directors.
  - 5.5 Review of the authority to act in matters as specified in the table of authority, and presentation for Board of Director's approval;
  - 5.6 Management and balancing of short-term and long-term objectives;
  - 5.7 Development and oversight of human resources in line with human resources strategy approved by the Nomination and Remuneration Committee;
  - 5.8 Following up and reporting to the Board of Directors on Company operations and progress on meeting The Company's objectives;
6. Consideration of annual budget allocation for presentation to the Board of Directors for consideration and approval, approving changes and additions to the annual budget without a Board of Directors meeting in urgent circumstances, and presenting these actions at the next Board meeting;
7. Authorizing the purchase of raw materials, goods or services for the purpose of making sales or providing services to customers at an amount of no more than 300 million baht per purchase
8. Authorization of investment in fixed assets such as land, buildings or structures at an amount of no more than 100 million baht per purchase;
9. Authorization of important investment expenditure that was included in the annual budget for which authority was delegated by the Board of Directors or that has already been approved in principle by the Board;
10. Allocation of incentives and rewards that have already been authorized by the Board of Directors for staff and employees of The Company or other individuals who have done work for The Company;

11. Appointing or assigning a particular individual or group to act in a particular instance in place of The Executive Committee as is seen fit and The Executive Committee may cancel, withdraw, change or revise this authority.

Authorization by The Executive Committee will not include approval of any matter in which the committee or any individual has a conflict of interest of any form with The Company or a subsidiary (if any), including reports that require approval from the shareholders and the acquisition or sale of any significant property belonging to The Company and/or a subsidiary, in accordance with the regulations of the Office of the Securities and Exchange Commission or the Stock Exchange, or other laws relating to The Company's business.

## Executives

As of 31 December 2019, The Company has 6 Executives, namely are as follows;

	Name	Position
1	Mr.Sompong Kangsawiwat	President
2	Mr.Opas Tiyawattanaroj	Managing Director Telecommunication Group
3	Mr.Kittirat Mekmanee	Managing Director Business & Product Group
4	Ms.Panida Sawatwannarat	Managing Director Financial & Control Group
5	Ms.Nongnuch Temeesrisuk	Managing Director Management & Corporate Governance Group
6	Mr.Narachet Chattratitiphan	Managing Director Technology Group

## Scope of Authority and Responsibilities of President

1. Designated as authorized person in administering The Company's business to be in line with the objectives, articles of association, policies, rules, regulations, instructions and resolutions of the Board of Directors Meeting and/or resolutions of the Shareholders Meeting.
2. Authority to command, plan, control and supervise The Company's operations in compliance with the policy, strategic plan and estimated budget as specified by the Board of Directors and/or the Executives Committee.
3. Arrange annual strategic plan and estimated budget for each division in order to attain approval from the Board of Directors; and also control and monitor on each unit's expenses as authorized by the Board of Directors.
4. Authority to give approval on any juristic act involving The Company's general transactions; such as sales and purchase, procurement and supply, expense for general transactions, investments, acquisition or disposal of equipment, properties and service; for the benefits of The Company within the allocated budget.
5. Authorizing the purchase of raw materials, goods or services for the purpose of making sales or providing services to customers at an amount of no more than 200 million baht per purchase
6. Authorization of investment in fixed assets such as land, buildings or structures at an amount of no more than 20 million baht per purchase;
7. Be authorized to order and determine internal regulations, rules, notices and records in relation to business operation of The Company to be in accordance with policies of The Company and for The Company's interest, including maintaining good order within the organization
8. Authority to employ, appoint, assign, dismiss, discharge, terminate, specify the wage/monthly salary/bonus and other welfares, as well as increase the salary for employees whose positions are lower than the Chief Executive Officer.
9. Authority to act and appear to outsiders on behalf of The Company in any necessary matter concerning The Company's general transactions and benefits.
10. Consider and execute on the submission of any company-related issue to the Board of Directors. Such matters must have an approval from the Board of Director, and should be informed to other relevant

organizations including the Securities and Exchange Commission, the Stock Exchange of Thailand, and the Ministry of Commerce.

11. Execute on any tasks assigned by the Board of Directors and/or the Executives Committee; and also appoint a substitute to do any or all of the aforementioned acts and subject matters in order to help facilitate The Company's operation as a whole

However, CEO delegates other persons to perform specific duties on his behalf. Such sub authorization and/or delegation shall be within the scope of authorization or delegation in accordance with the power of attorney granted and/or shall be in accordance with the internal regulations, rules or instructions given by the Board of Directors and/or The Company. The authorization of duties and responsibilities of the CEO shall not constitute an authorization or sub authorization which may cause the CEO or his authorized person(s) to be able to approve any transaction in which they, or any person who may have a conflict of interest (as defined in the notification of the Securities and Exchange Commission or the notification of the Capital Markets Supervisory Board), may have an interest or may gain benefit in any manner, or in which they may have any other conflict of interest with The Company or its subsidiaries, unless the approvals of such transactions are consistent with the policies and criteria approved by the Board of Directors Meeting.

## Corporate Secretary

The Board of Directors approved Ms.Nongnuch Temeesrisuk as a Corporate Secretary since 15 February 2013. The Profile is as follow;

### Miss Nongnuch Temeesrisuk

- Director, Managing Director Management & Corporate Governance Group and Corporate Secretary
- Age 56 years old
- Educations / Training
  - Bachelor of Accounting of Ramkhamhaeng University
  - Certificated of Institute of Directors
    - Director Accreditation Program Class 37/2005, IOD
    - Director Certification Program Class 60/2005, IOD
    - Company Secretary Program Class 27/2008
  - Certificated of "basic and rules related to listed companies" class 6/2011 of Thai Listed Companies Association
- Experiences
 

Communication & System Solution PLC.

  - 2013 - Now : Managing Director Management & Corporate Governance Group, Corporate Secretary
  - 2011 - Now : Executive Director
  - 2005 - Now : Director
- Other
  - 1997 – Now : Director, C.S.S. Energy Co.,Ltd
  - 2015 – Now : Director, Neonworx Communications (Thailand) Co.,Ltd

## Scope of Authority and Responsibilities of the Corporate Secretary

1. Preparing and storing important documents
  - a) The registration of The Company's directors
  - b) The invitation letter and minutes of the Board of Directors Meeting
  - c) The invitation letter and minutes of the Shareholders Meeting
2. Reports of conflicts of interest filed by directors and executives.
3. Executing additional duties about governance as assigned by the Board of Directors.

## Report on Securities Holding of Directors, Executives, Director's spouse or minor child of directors and Executives

The Board of Directors has determined that directors and executives have a duty to report holdings of its own securities and related since the election as the directors and executives of The Company. Each time there is a change in the holding of such securities. Must Reports to The Company and the Securities and Exchange Commission of Thailand (SEC) Within 3 business days for report. In the Board of Directors Meeting No.1/2018 has approved The Company's Secretary to make report on Securities Holding of Directors, Executives, Director's spouse or minor child of directors and Executives to acknowledge before the Board of Directors Meeting on a quarterly basis as at 31 December 2019 are as follows;

### Ordinary Share

No	Name	Position	Number of Shares at 31 December 2018	Number of Shares at 31 December 2019	In 2019 Increase (Decrease)	Ratio of the Company's shares (%)
<b><u>The Board of Director</u></b>						
1	Mr.Sompong Kangsawiwat	Chairman and Chief Executive Officer	208,148,836	-	-	17.70
	Director's spouse or minor		1,794,300	-	-	0.15
2	Assoc.Prof.Pitipat Chataccaraphat (Pl	Chairman of Audit Committee/ Independent Direct	-	-	-	-
	Director's spouse or minor		-	-	-	-
3	Mr.Chattaphum Khantiviriya	Member of Audit Committee /Independent Director	-	-	-	-
	Director's spouse or minor		-	-	-	-
4	Assoc.Prof.Prapart Praisuwan	Member of Audit Committee /Independent Director	-	-	-	-
	Director's spouse or minor		-	-	-	-
5	Mr.Vuthichai Duangratana (Ph.D.)	Member of Audit Committee /Independent Director	50,000	-	-	0.00
	Director's spouse or minor		-	-	-	-
6	Mr.Opas Tiyawattana	Director	58,339,711	-	-	4.96
	Director's spouse or minor		-	-	-	-
7	Mr.Kittirat Mekmanee	Director	30,058,756	-	-	2.56
	Director's spouse or minor		10,000,000	-	-	0.85
8	Ms.Panida Sawatwannarat	Director	3,341,688	-	-	0.28
	Director's spouse or minor		-	-	-	-
9	Ms.Nongnuch Temeesrisuk	Director	1,502,928	-	-	0.13

No	Name	Position	Number of Shares at 31 December 2018	Number of Shares at 31 December 2019	In 2019 Increase (Decrease)	Ratio of the Company's shares (%)
----	------	----------	---	---	-----------------------------------	--

Executives

1	Mr.Sompong Kangsawiwat	The President	208,148,836	-	-	17.70
	Director's spouse or minor		1,794,300	-	-	0.15
2	Mr.Opas Tiyawattanaroj	Managing Director Telecommunication	58,339,711	-	-	4.96
	Director's spouse or minor		-	-	-	-
3	Mr.Kittirat Mekmanee	Managing Director Business Group	30,058,756	-	-	2.56
	Director's spouse or minor		10,000,000	-	-	0.85
4	Ms.Panida Sawatwannarat	Managing Director Finance & Control Group	3,341,688	-	-	0.28
	Director's spouse or minor		-	-	-	-
5	Ms.Nongnuch Temeesrisuk	Managing Director Management & Corporate Governance Group	1,502,928	-	-	0.13
	Director's spouse or minor		-	-	-	-
6	Mr.Narachet Chattratitipan	Managing Director Technology Group	-	-	-	-
	Director's spouse or minor		-	-	-	-

## Remuneration of the directors

The Nomination, Compensation and Corporate Governance Committee has guidelines for considering the remuneration of the Board of Directors. Sub-committee of each committee, which considering The Company's operating results and performance including the responsibilities of the directors compare from the same industry and business expansion. The Annual General Meeting of Shareholders 2019, held on 26 April 2019 passed its resolution to determine remuneration of the directors of year 2018. The directors consist of the Board of Directors, Audit Committee, Risk Management Committee, Nomination, Remuneration and Corporate Governance Committee which included but not limited to salary, bonus, attendance fee, extra compensation, and other compensation not exceeding value of 4.5 million baht. Details are as follows:

1. The Board of Directors
  - Monthly remuneration
    - Chairman of the Boards 70,000 Baht per Month
  - Meeting allowance
    - The Board of Director 30,000 Baht per Meeting
2. Audit Committee
  - Monthly remuneration
    - Chairman of Audit Committee 50,000 Baht per Month
    - Member of Audit Committee 20,000 Baht per Month
  - Meeting allowance
    - Audit Committee 10,000 Baht per Meeting
3. Risk Management Committee
  - Meeting allowance
    - Risk Management Committee 10,000 Baht per Meeting
4. Nomination and Remuneration Committee
  - Meeting allowance
    - Nomination and Remuneration Committee 10,000 Baht per Meeting
5. Strategic Committee
  - Meeting allowance
    - Strategic Committee 5,000 Baht per Meeting

\*Item 3 – 4 The Executives Directors are exempted from receiving attendance fee.

6. The remaining is reserved for bonus, extra compensation and other compensation to the Board of Directors. The Board of Directors will then allocate the remaining amount.

In 2019, the individual remuneration of Directors was as follows:

Name of Director	Board of Director		Audit Committee		Attendance Fee			Total
	Attendance Fee (Baht)	Monthly Remuneration	Attendance Fee (Baht)	Monthly Remuneration	NRC Committee	Risk Managment Committee	Strategic's Committee	
Pol.Maj.Gen Supisarn Bhakdinarnath(Ph.D.)	-	70,000.00	-	-	-	-	-	70,000.00
Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	150,000.00	-	40,000.00	600,000.00	10,000.00	-	25,000.00	825,000.00
Mr.Chattaphum Khantiviriya	150,000.00	-	40,000.00	240,000.00	10,000.00	10,000.00	25,000.00	475,000.00
Assoc.Prof.Prapart Praisuwanna	150,000.00	-	40,000.00	240,000.00	-	-	25,000.00	455,000.00
Mr.Vuthichai Duangratana (Ph.D.)	150,000.00	-	40,000.00	240,000.00	-	-	5,000.00	435,000.00
Mr.Sompong Kangsawiwat	150,000.00	-	-	-	-	-	25,000.00	175,000.00
Mr.Opas Tiawattananroj	120,000.00	-	-	-	-	-	25,000.00	145,000.00
Mr.Kittirat Mekmanee	150,000.00	-	-	-	-	-	25,000.00	175,000.00
Ms.Panida Sawatwannarat	150,000.00	-	-	-	-	-	25,000.00	175,000.00
Ms.Nongnuch Temeesrisuk	120,000.00	-	-	-	-	-	25,000.00	145,000.00
	<u>1,290,000.00</u>	<u>70,000.00</u>	<u>160,000.00</u>	<u>1,320,000.00</u>	<u>20,000.00</u>	<u>10,000.00</u>	<u>205,000.00</u>	<u>3,075,000.00</u>

Remark: Pol.Maj.Gen.Supisarn Bhakdinarnath (Ph.D) Resigned from the Chairman and Independent Director on 1 February 2019. In this regard, Mr. Sompong Kangsawiwat was appointed as the Chairman of the Board of Directors on 25 February 2019, without requesting a monthly remuneration as the Chairman.

## Remuneration of Executives

The Nomination, Remuneration and Corporate Governance Committee of The Company uses measuring performance of The Executive in the form of performance indicators. (Key Performance Indicators: KPI). This is the way to measure the performance of each department. The president uses characteristics of KPI overview of The Company to determine the individual's remuneration by using various indicators. Such as Business performance of The Company, Evaluation individually and also compare the remuneration in the same position and industry groups Etc. The short term of benefit is salary adjustment and Bonus payment and other welfare. The long term of benefit is the Provident Fund.

For the President, the Nomination, Remuneration and Corporate Governance Committee considers the remuneration of the President and present to the Boards of Directors for approval of appropriate compensation by using characteristics of KPI overview of The Company. It also adheres to global management approach with a qualitative measurement (Balanced Scorecard) with four main aspects, including the financial performance of The Company's business, customer, internal processes and learning and development. It also was applied the concept to include sustainable use quick view of financial base. Lead the management methods to spend wisely cause worth promoting, learning to achieve better internal process and as the result to creating a comprehensive satisfaction of all stakeholders. The short term of benefit is salary adjustment and Bonus payment and other welfare. The long term of benefit is the Provident Fund.

The remuneration for executives and the President for the year 2018 and 2019 are as follow;

Remuneration	2018		2019	
	Persons	Baht	Persons	Baht
Executives	6	36,549,829.00	6	28,021,575.00

## Other Remuneration

### Other Remuneration of Directors

-None-

## Other Remuneration of Executives

### Provident Fund

The Company has established a provident fund to the 6 executives. The Company contributed to the fund monthly at the rate of 5 percent of basic salary. In 2018 and 2019 provident fund are as follows;

Provident fund	2018		2019	
	Persons	Baht	Persons	Baht
Executives	6	1,092,600.00	6	1,684,584.00

## Personnel and Employee Development Policy

### Personnel

Total employees of The Company (exclude the executives) as of 31 December 2019 were 308 people. Details of employees in each business line are as followings:

No	Group	Employees
1	Sale and Telecommunication	44
2	Sale and Marketing	178
3	Business Information and Technology	10
4	General Management	76
	<b>Total</b>	<b>308</b>

The ratio of employees by gender, age is as follows :

Classified by gender	Number of employees	Ratio by gender
Male	140	45.45%
Female	168	54.55%
<b>Total</b>	<b>308</b>	<b>100.00%</b>

Classified by age	Number of employees	Ratio by age %
Less than 30 years	43	13.96%
30 – 50 years	234	75.98%
More than 50 years	31	10.06%
<b>Total</b>	<b>308</b>	<b>100.00%</b>

### Remuneration of the employees (exclude executives)

In year 2018 and 2019, the remuneration in cash has been paid to employees in form of salary, wage, overtime, bonus, living expense, and other welfares. Details are as follows;

Remuneration	2018	2019
	Amount (Baht)	Amount (Baht)
Employees	146,508,162.49	149,381,721.81

### Other remuneration of the employees (exclude executives)

The Company has established a provident fund to the employees. In 2018 and 2019 provident fund are as follows;

provident fund	2018	2019
	Amount (Baht)	Amount (Baht)
Employees	4,129,544.00	4,173,373.00

### Personnel of Subsidiaries

The Company has 2 subsidiaries as of 31 December 2019. Details are as follows;

Subsidiaries	Employees
C.S.S.Energy Co.,Ltd.	-
Neonworx Communications Co.,Ltd.	52
<b>Total</b>	<b>52</b>

*Remark: C.S.S.Energy Co.,Ltd. has no employee, because employees have been transferred to The Company then all since April 2016. In addition, there is no labor dispute in the last 3 years of Subsidiaries*

### Remuneration of the employees from subsidiaries

In year 2019, the subsidiaries have been paid the remuneration in cash to employees in form of salary, wage, over time, bonus, living expense, and other welfares. Details are as follows;

Company	Baht
C.S.S. Energy Co.,Ltd	-
Neonworx Communications (Thailand) Co.,Ltd.	33,487,825.85
<b>Total</b>	<b>33,487,825.85</b>

### The Audit Fee

The Company's financial auditor is Ms.Krongkaew Limkittikul, certified public accountant registration no. 5874 of EY Office Limited was approved from the AGM 2019. Who is independent and have no relationship or any other types of stake or interest with The Company, its executives, major shareholders or persons related to those mentioned. Total of The Audit Fees in the year 2019 is 2,905,000 baht. Details are as follows;

	CSS	Energy	NWC
Yearly Audit fee (Baht)	1,410,000.00	185,000.00	440,000.00
Quarterly Reviewed Financial Statements (3quarters)	540,000.00	90,000.00	240,000.00
<b>Total</b>	<b>1,950,000.00</b>	<b>275,000.00</b>	<b>680,000.00</b>

### Welfare

For improving the quality of working life, company not only provides benefits as required by law, also offers various welfare benefits such as ward, group insurance, annual health check, welfare grants the employee's death and the deaths of his parents in order to build morale and strengthen confidence in working with The Company and highest benefit to employee.

### Rules on Consideration of Remuneration for employees of The Company

The Company has considered establishing format and rule for payment of remuneration and welfare for employees which is consistent with The Company's operating results in both short term and long term as follows.

**Consideration of Short Term Remuneration:**

- The Company has established the Salary structure and considered from education, knowledge and experience by comparing with other companies in the same industrial sector
- The Company has considered of salary adjustment and bonus payment once a year which is consistent with The Company's operating results. It is based on the ability to make a profit each year by Key Performance Indicators (KPI) of The Company to be used for consideration and comparing with other companies in the same industrial sector
- The Company providing welfare services to the employees; Accident Insurance, Health Insurance and arrange annual health check once a year for employee healthy. Others welfare are Allowance for cremation and employee's seminar etc.

**Consideration of Long Term Remuneration:**

- Company has a criteria for considering adjustment of staff level on a regular basis, once a year, using KPI (Key Performance Indicators) criteria to consider of performance and ability of employees by adhering to an international management approach with quality metrics Balanced Scorecard consists of four main factors: finance, business performance of company, customer, internal process and learning development determined appropriate compensation and incentives.
- The Company has established the Provident Fund for employees to encourage money saving by the employees. The fund saving proportion was increased so that the employee may choose the rate of 3%-15% with Company's contribution at the rate not exceeding 5% of base salary, employment period and willingness of the employee, which shall be paid back to the employee upon retirement or job quitting.

**Human Resource Development**

The Company has classified management into categories on this below;

1. Profit Center: defines as sales and business related sector which known as key sector
2. Cost Center: defines as general administrative comprises of finance and account, various administrative

For this reason, The Company has developed Human Resource policy to suit more consistent with HR policy of CSS divided into 3 main areas on this below;

1) HRM: Human Resource Management: manage HR assignment to make better quality of employee's life as a Second home, including being a good advisor to all employees and create employee satisfaction inform of HR Clinic

2) HRD: Human Resource Development is a practice which helps enhance employees' efficiency through various ways of learning along with an emphasis on applying the acquired knowledge in a real-life working situation. This practice plays an important role in the future development of each employee. The HR department has conducted a research on employees' needs concerning the seminar and training provided by The Company. A questionnaire would be distributed to each department at every year end where the department head should complete and return the form to the HR department who would afterwards gather, examine, and arrange a programme, an annual training plan as well as a budget for yearly training programmes in order to obtain an approval from the Board of Directors' meeting. Following each training programme, the HR department would ask employees to complete the satisfactory evaluation form and also keeps monitoring on the outcomes after the training.

Indicators of successful key developments for this year have shown that:

- 71.00% of employees' performances have been improved after the training program
- 87.89% of employees are satisfied with the training
- 53.24% has been of Budget management for training programs

Furthermore, during the training program, The Company also aims to provide a program content which helps support and increase work efficiency for the benefits of the organization as a whole. In 2019, The Company had arranged altogether 35 training program, or an average of 14.67 hours/person/year, for executives and employees both inside and outside the organization including,

- Internal programme by inviting professional instructors or expertise to share their knowledge and experience to the employees. The Company had arranged altogether 10 internal programs in 2019, all focusing on the

issues of laws, regulations and international standards. For the year 2019, internal training courses such as: Team for fun run for work Course , Follow-up and prosecution course when customers default , Crane Operator Course, 5S Program for Productivity, Basic Fire Prevention and Extinguishing Course. Basic knowledge course for employees, Course Product Knowledge, Course on Establishing Work Discipline in the Workplace.

- External programme by sending employees and executives to training from external institutions which is Specific course for each department, such as 100 Intensive Course for AGM 2019, Sustainable Supply Chain Course, Safety Management Training Course, Level 1 indoor electrician course, Technical Safety Course, Course New Income Recognition Criteria for TFRS 15 for the Next Business, Class 3-62. In the year 2019, The Company has organized 25 external trainings.

3) Safety & Quality Management (SQM): consist of 2 mainly tasks; employee's safety and ISO 9001: 2015 in order to create accountability and global acceptance. In 2019, The Company has been communicating to educate employees about how safe operating regulations in various works as well as provide training to educate security Occupational Health and Working Environment, caring for the environment and managed system for employees to secure and property as well as good hygiene. Such as Level 1 indoor electrician course , Safety Management Training Course, Technical Safety, Modern Business Model Program, Focusing on Global Warming and Sustainability, fire prevention and suppression (fire escape). Last year, company has managed to control and prevent accidents from work by dividing into 4 areas as follows:

- System: company has ISO 9001: 2015 support system which is an international standard, company has provided a process to manage security system. occupational health with a clear plan.
- Equipment tools company provides a plan to check equipment before use to prevent accidents
- Company employees require employees who use tools equipment must be trained and certified
- Organization
  - Company has publicized news to employees both via Intranet system and attached public relations boards at each point of safety including front office
  - Company supports, promotes and operates safety protection in air pollution, light and noise by checking with certified Council
  - Company has arranged work area to be suitable and convenient for operation to reduce accidents from using space
  - Company provides knowledge and understanding about safety correctly to company's Sub contract

From training courses above, in the year 2019 The Company has no accidents from work through stop working or death in any way.

However, in addition to the training and education of safety and health for employees, The Company also recognizes the importance of the security that is one of the factors that are critical to conducting business to achieve the goal as The Company put it. So it broadens the scope of safety and occupational health by training and educating contractors of The Company. By disclosed in the Corporate Social Responsibility report 2019 (CSR Report 2019).

### **Cooperation of employees in ethics and code of conduct and corporate governance.**

The Board has established policies and encourages employees abide by the ethics and The Company's code of ethics, including corporate governance policies by applying the code of ethics and business ethics as part of the new employee orientation course, On the first day of work, employees are given explanations and understanding for implementation. There are still communications to employees about The Company's corporate governance policy continuously, Such as public relations announcement and Electronic system communication (Intranet). With the aim of raising awareness and it is everyone's duty to help each other to keep The Company's operations to be consistent with the intention. In the past year, there were no cases of employees who failed to comply with or violated the ethics and corporate governance policies of The Company.

### **Significant labor dispute in the past 3 years**

-None-

## Corporate Governance

### Corporate Governance Policy

The Company determined driven for business growth to be stable and sustainable with the goal of achieving success in the business of communications engineering and distribution services for systems engineering to be accepted and trusted by quality management at international standards. By adhering to responsibility to all stakeholders for business operations by managing business with fairness Transparent and verifiable According to the principles of good corporate governance principles. The Board of Directors intends to continuously develop and enhance the level of corporate governance, with scheduled for revision every year and always updated. To consistent with regulations and changing circumstances, to make the operation in these matters have been continuously developed. The Board of Directors is confident that good corporate governance practices to be successful, must be cooperated and practiced together in the organization. Therefore defined as Policy for the executives and employees of The Company to comply with the policy Ethics and guidelines for corporate governance policies including communication create understanding and constantly monitor the performance of the corporate governance, Therefore has established a policy for corporate governance and business ethics In order to be a pattern for various operations as follows:

1. The Board of Directors, executives and all employees must adhere to the principles of corporate governance and business ethics. In order to be a guideline for behavior and perform duties as a motto in the operation
2. The Board of Directors have an important role with the management in determining the vision, strategy and goals of business operations By considering efficiency and effectiveness, transparency by adhering to responsibility to all stakeholders.
3. The Board of Directors and executives must be leaders in ethics and set good role model for performing duties with integrity. In accordance with the business ethics of The Company

The Company has a Code of Best practice policy for enhance transparency and is beneficial to The Company's business operations This will give confidence in the group of shareholders, investors and all relevant parties. Therefore, The Board of Directors has established the principles of corporate governance, which is a practice in accordance with good corporate governance guidelines. which is determined by the Stock Exchange of Thailand. The principles of corporate governance of The Company cover the following 5 principles:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Roles of Stakeholders
4. Disclosure and Transparency
5. Board Responsibilities

Which The Board of Directors has specified that the dissemination of good corporate governance policies of The Company for Stakeholders are informed via The Company's website on the topic of investor relations Corporate Governance Subtopics. **Also** The Company has prepared ethics and business ethics to be a guideline for The Directors, executives, and employees of The Company which has been publicized to employees both via Intranet system. In the year 2019, The Company operates under the aforementioned corporate governance policy in each category as follows:

#### Category 1 The Rights of Shareholders

The Board of Directors places importance on the basic rights of shareholders both as owners of The Company and as investors in stocks such as the right to trade or transfer stocks, the right to receive adequate information about The Company, the right to receive a share of the profits from The Company, rights in shareholder's meetings, the right to express an opinion, the right to take part in making decisions on important Company issues such as issuing dividends, appointing or removing directors, appointing auditors, and approving important business transactions that affect the running of the business. As well as having clear intention to not take

any action that deprives the basic rights of shareholders which deprives the basic rights of shareholders and facilitates shareholders to exercise the rights that the shareholders deserve.

#### 1.1. Protecting the rights of shareholders.

The Board of Directors recognizes and values the duty of overseeing and protecting the rights of shareholders. As well as protecting and promoting all shareholders to receive and exercise their basic rights in accordance with the laws and regulations of The Company appropriately, equitably and fairly according to The Company's restrictions and regulations of the office, The Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) including other related laws and consider matters that affect The Company, such as the allocation of dividends determination or amendment of company regulations and memorandum of association Capital reduction or increase of capital And approval of special items etc. The Company does not have a policy in away that prevents shareholders from communicating with each other and there is no policy to make agreements between shareholders that have a significant impact on The Company or other shareholders.

#### 1.2. Shareholders' Meeting

The Company organizes an Annual General Meeting within 4 months of the end of the fiscal year, for other shareholders' meetings, it will be an extraordinary meeting of shareholders. The Board of Directors will arrange a meeting as it deems appropriate, with policies to support and provide various processes to help facilitate meetings to support and encourage all shareholders including institutional investors attending the meeting and exercising the right to vote. In addition, The Company places importance on the date, time and venue of the meeting to be appropriate and convenient to attend the meeting of all shareholders, it allows the shareholders to propose the meeting agenda in advance before the meeting date according to the rules and relevant laws. Including the takedown public of the details of the securities, channels, time periods and results of the proposals to the shareholders via the website of the Stock Exchange of Thailand (SET). In the shareholders' meeting The Company has prepared a meeting invitation letter. Which specifies the meeting agenda, objectives, reasons, opinions and recommendations of The Board of Directors, along with relevant documents and information for each agenda in Thai, English, for publication on The Company's website and sent to shareholders in advance by post and if any shareholders have any queries Can send questions that need to be answered in the shareholders' meeting in advance in accordance with the channels and criteria specified by The Company or able to make inquiries, suggestions or comments on relevant matters on the date of the shareholders' meeting after the meeting, The Company has recorded and prepared minutes of shareholders' meetings that are accurate, complete and can be inspected.

In the year 2019, The Company held a general meeting of shareholders. On Tuesday 26 April 2019 at 10:00 am at Venus Room 3-4, Impact Exhibition Hall 5, Floor 2, Muang Thong Thani, 99 Popular Road, Ban Mai Subdistrict, Pak Kred District Nonthaburi Province. During the meeting, The Company did not add any meeting agendas or change important information without notifying shareholders in advance. In the 2019 Annual General Meeting of Shareholders, The Company proceeded as follows

#### Before the shareholders' meeting

1. The Company gives shareholders the opportunity to participate by proposing the agenda of the general meeting of shareholders. and nominating a person to be a director Including sending questions in advance before the general meeting of shareholders for the 2019 Annual General Meeting of Shareholders, The Company requires the shareholders to propose the agenda and names of the persons to be appointed as directors for the 2019 Annual General Meeting of Shareholders, The Company requires the shareholders to propose the agenda and names of the persons to be appointed as directors in advance from 9 October 2019 until 15 January 2020, with The Company notifying shareholders Through the news system of The Stock Exchange of Thailand. Along with announcement of rules and specify clear procedures on The Company's website at [www.cssthai.com](http://www.cssthai.com)

under the menu "Investor Information" under the heading "Shareholders' Meeting". At that time period no one proposed an agenda or propose a list of names That is suitable for Serve as a director.

2. The Company has announced the schedule of the annual general meeting of shareholders in advance. So that shareholders can allocate time to attend the meeting appropriately
3. The Company disseminated the invitation letter and meeting documents in both Thai and English for foreign shareholders via The Company's website 30 days before the meeting date. In the year 2019, The Company disclosed the invitation letter and meeting documents on the website on 25 March 2019.
4. Presentation and delivery of information to shareholders The Company assigned Thailand Securities Depository Co., Ltd., which is the registrar of securities of The Company, to deliver the meeting invitation and meeting documents stating the agenda, objectives, rationale and opinions of The Board of directors and information Important to consideration Including The Company prepared in english for foreign shareholders and delivered to the shareholders no less than 21 days in advance of the meeting for the shareholders have sufficient time to study the information and make decisions In addition, The Company also posted in newspapers To specify the date, time, place and agenda for 3 consecutive days before the meeting.
5. The Company delivers the proxies in the form specified by law. As well as advice on proxies Along with the meeting invitation letter to facilitate the shareholders who are unable to attend the meeting by themselves and appoint a proxy to others or appoint any independent director as specified in the proxy to be a proxy to attend the meeting and vote as specified by the shareholders and providing stamp duty to the proxies free of charge.
6. The election of directors There is information specified educational background, work history, The number of companies that hold directorship positions, despite being in SET and not in SET, number of years in the position and type of committee proposed and attendance in the past year. Including showing policies criteria and guidelines for the selection of directors in the invitation letter to be the information for consideration of the shareholders' decision.
7. Agenda for determining remuneration for directors for the year. The Board of Directors has established a transparent remuneration determination process and approved by shareholders. By considering the remuneration of that director The Company has proposed to the shareholders to consider and approve all forms of compensation, both monthly compensation, the remuneration is a meeting allowance and remuneration in the form of gratuity. By dividing the presentation into groups and positions Including disclosure of policies And guidelines for determining compensation in the meeting invitation letter In order to be the information for consideration of the shareholders' decision.
8. The Company gives shareholders the opportunity to submit questions that need to be clarified on issues relating to the meeting agenda in advance of the meeting day via the email address of The Board secretary. [secretary@cssthailand.com](mailto:secretary@cssthailand.com) or send question documents by post by addressed to the secretariat and to the shareholders (Investor Relations) Communication And Systems Solution Public Company Limited No. 329 Moo 3, Ban Mai Subdistrict, Pak Kred District Nonthaburi 11120.

### **The date of the shareholders' meeting**

The Company supports and encourages all shareholders. Including all institutional investors exercising the right to attend the meeting and vote. In the shareholders' meeting, which facilitates and arranges the meeting transparently and can be examined and do not do anything That is depriving the rights of shareholders As well as allowing shareholders to ask questions and express their opinions appropriately. In addition, in the 2019 Annual General Meeting of Shareholders, The Company conducted the following activities on the meeting date as follows:

1. The Company facilitates and encourages all shareholders to attend the meeting by arranging a convenient meeting location. And also providing a shuttle service for shareholders to the meeting location, clearly specifying the drop-off points in the meeting invitation letter.

2. The Company has prepared personnel and technology By using the barcode system showing the registration number of each shareholder In order to facilitate the registration and examination of documents to the attendees appropriately, Sufficient, convenient, fast. Also The Company uses the meeting system of OJ International Co., Ltd., from registration, vote counting and processing. Which can show the results to the meeting immediately and transparent, able to be inspected.
3. Prepare ballots for shareholders at the meeting.
4. Company Directors and Senior Executives Including the chairman of The Board and the chairman of every sub-committee attended the annual general meeting of shareholders to clarify and answer questions, listen to opinions and suggestions from shareholders. In addition, the auditor of The Company attended the general meeting of shareholders to answer questions for shareholders.
5. Notifying shareholders before starting the meeting regarding the rules methods of attending the meeting proxy and the use of ballots, along with explaining the rules and procedures for voting and counting votes to inform shareholders.
6. The Company gives the right to shareholders to vote 1 share per 1 vote.
7. Arrange for an independent person, including an auditor representative or minor shareholders participating in the examination of the voting in the shareholders 'meeting and disclosed in the minutes of the shareholders' meeting.
8. Arrange for legal advisors to attend the shareholders 'meeting and disclose in the minutes of the shareholders' meeting.
9. The Company gives rights to shareholders who attend the meeting after the meeting has started. Have the right to vote for the agenda being considered and not yet being voted on It was considered a quorum from the agenda that was attended and pronounce onwards.
10. Conducting the meeting according to the meeting agenda specified in the meeting invitation letter, In which the details any relevant information in each agenda has been informed to the shareholders in the meeting invitation letter and The Company does not add a meeting agenda or change important information without notifying shareholders in advance.
11. In the election of directors in place of those retired by rotation The Company requires the shareholders to vote for each individual director.
12. The Company allows the shareholders to freely express opinions, suggestions or ask questions in various agendas before voting. And recorded the questions and answers clearly in the minutes of the meeting.

#### **After the shareholders' meeting**

1. The Company arranges to notify the resolutions of the general meeting of shareholders and the voting results. Through the news system of the Stock Exchange of Thailand (SET) within the time specified by the SET
2. After the shareholders' meeting ended The Company prepares the minutes of the shareholders' meeting with complete and complete details, including voting of approval, disapproval, abstention and invalid votes in every agenda. Agenda that requires voting And delivered to the Stock Exchange of Thailand within 14 days after the meeting date And also published on The Company website at [www.cssthai.com](http://www.cssthai.com)> Investor Relations > Shareholder Information So that the shareholders can check
3. Announcement of images of the atmosphere of the Annual General Meeting of shareholders on The Company's website [www.cssthai.com](http://www.cssthai.com)> Investor Relations > Multimedia presentation So that the shareholders who did not attend the meeting were informed the meeting atmosphere.

In the year 2019, The Company received 100 points from the assessment of the quality assessment of the general meeting of shareholders, which is evaluated by the Thai Investment Promotion Association.

## **Category 2      The Equitable Treatment of Shareholders**

The Board of Directors recognizes the importance of treating shareholders and give equal opportunity to every shareholder and allocate voting rights at the meeting according to the number of shares held, one share equivalent to one vote, and will do nothing that restricts, violates or dispossess shareholders of their rights, whether major shareholders, minor shareholders, investors or foreign shareholders. The Company assigns an independent director to assist minor shareholders, allowing them to make proposals, express opinions or raise complaints with the independent director who will decide on the appropriate way to proceed in each case. For example, in the case of a complaint, the independent director will investigate the facts and find an appropriate solution. In the case of a proposal on an important issue that affects the stakeholders or The Company's business, the independent director will put the matter to a shareholder's meeting to consider putting it on the meeting agenda. Therefore establishing policy guidelines for supervision Protect and support all shareholders to receive fair and fair treatment as follows:

1. The meeting proceeds according to Company regulations, following the meeting agenda. Detailed information is presented for each item and relevant information is clearly presented for consideration. Additional items will not be added to the agenda without notifying shareholders in advance, unless there is good reason. If the shareholder is unable to attend the meeting in person, the shareholder may authorize the independent director or another individual to attend as a proxy, by using the power of attorney form sent out with the notice of the meeting. Voting is transparent and follows the meeting agenda. The election of directors gives shareholders the opportunity to exercise their right to appoint directors, with votes being cast for individuals.
2. The Company has also taken measures to prevent insider trading by related persons, which means directors, executives or any staff that work in units dealing with internal information (including spouses and children of minor age). Related persons are not permitted to trade in Company stock for a period of at least 1 month before the quarterly and annual financial statements are released and should wait for at least 24 hours after this information is made public. It is also forbidden to pass that information on to other individuals.
3. The Company informs directors and executives of their duty to report their stock holding in The Company and the penalties specified in the Securities and Exchange Act 1992 and the regulations of the Stock Exchange of Thailand. In instances where directors or executives trade Company stock, they must report the stock held by themselves, spouse and children who are still minors in compliance with Section 59 of the Securities and Exchange Act B.E. 2535 within 3 working days to the Office of the Securities and Exchange Commission for the information to be put into the public domain.
4. The Board of Directors has stipulated that The Directors, management and their related persons (as defined by SEC and SET) must prepare and submit a report on interests annually by disclosed the conflict of interest of The Directors and executives and review every year.
5. The Company gives shareholders the opportunity to propose meeting agendas and names of qualified and qualified persons. In order to be considered to be a director of The Company in advance of the date of the general meeting of shareholders in accordance with the rules, conditions and procedures that The Company or related laws. Including dissemination of the details, criteria, channels, duration and results of the agenda and names of the shareholders to the shareholders via The Company website and the SET website As well as informing the result of the meeting's agenda proposal and the name of the said person to shareholders for acknowledgment.
6. The Company prepares an invitation letter for the annual general meeting of shareholders, meeting documents, annual reports and report corporate social responsibility Both Thai and English.
7. The Company has sent Notice to the 2019 Annual General Meeting of Shareholders with the supporting documents to shareholders and publish the documents on The Company's website in advance of the meeting date within the period specified by relevant laws and regulations.
8. In case of shareholders are unable to attend the meeting by themselves The Company has attached the Proxy Form B, Which is a form in which shareholders can specify their own voting guidelines for

each agenda together with the notice of the meeting for allow shareholders who are not convenient to attend the meeting by themselves can authorize independent directors or other persons to attend the meeting and vote on their behalf. Also The Company publishes on The Company website for shareholders to download.

9. In the shareholders' meeting The Company makes use of voting cards on every agenda item that requires voting for transparency and can be checked in the event of a dispute later. Along with the counting of votes and revealing the voting and recording the resolution of the meeting clearly in the minutes of the meeting.
10. Giving the right to vote according to the number of shares held equally 1 share per 1 vote.
11. The Board of Directors conduct meeting followed by those listed in the notice of meeting without additional agenda. In order for fairness of shareholder who is absent.
12. In conducting Related Party Transactions, it must be done fairly. (Fair and at arm's length) By considering the normal price of the business or as a reference to the market price And consider the benefits of The Company as important. Which The Board of Directors supervising the compliance with the rules and disclosure of Related Parties Transaction of listed companies strictly.

In addition, The Board has clearly defined guidelines for the implementation as accordance with the laws, rules and regulations of the SET and the SEC. Along with regularly reviewing compliance with corporate governance principles Therefore, shareholders can be confident that they are treated and used, have an equal opportunity and justice.

### **Category 3      The Role of Stakeholders**

The Board of The Company places importance in all groups of stakeholders, whether they are internal stakeholders, etc. The Company staff and management, or external stakeholders such as competitors, partners and customers. The Company is aware that support and input from all groups of stakeholders is valuable to The Company's business and development. Accordingly, The Company acts in compliance with the relevant laws and regulations to ensure that the rights of the stakeholders are properly respected. In addition, The Company has determined the scope of ethics and business ethics. Which announcements on The Company website and communicate with employees and executives as a guideline for the rights of all groups of stakeholders. To create a stable business environment, The Company works together with each group of stakeholders in the following ways:

#### **(a) Shareholders**

The Company is focused on development and continuous growth which will lead to an increase in Company earnings and profits. This will increase the value of The Company and mean that shareholders will receive the best returns.

#### **(b) Customers**

The Company considers the quality and standards of its products, while customer care and other responsibilities are carried out with honesty and fairness. Also maintain customers' relationship as well as sustainable improvement of customers' relationship and accept customers' suggestions and complains to improve customers' satisfaction.

#### **(c) Partners**

Company policy is to deal fairly with trading partners according to the trading terms and/or contractual agreements in order to establish good business relationships that benefit all parties.

#### **(d) Competitors**

The Company supports free and fair competition and conducts its business according to the regulatory framework on proper competition.

#### **(e) Creditors**

Company Policy is conduct in compliance with contract and conditions both in terms of repayment of loan, interest to maintain and other conditions. Also reports financial status to the creditors of requirements in the loan contract properly. The Company will report its creditors in advance if cannot fulfill the obligations in the agreement and jointly find solutions to fix problems.

**(f) Employees**

Company policy is to treat employees equitably and fairly, providing appropriate remuneration and welfare as well as supporting development of their knowledge and ability.

**(g) Community and society**

The Company recognizes its responsibilities towards the community and society, conducting an ethical business and supporting creative social projects as appropriate.

**(h) The Environment**

The Company strictly follows laws and regulations relating to the environment and constantly sets measures to control environmental impact. Also support employees to participate in the training related to environment and keep materials and equipment up to standards level to reduce the use of natural resources

**(i) Do not breaches of intellectual property rights.**

The Company has policy to employees shall protect and keep The Company's copyright, and intellectual properties in order to avoid any infringement by other individuals. And the employees shall respect and shall not breaches intellectual property rights of others.

**(j) Respect of Human Rights**

The Company focuses on respect for human rights. By conducting business under the labor law and human rights very seriously. To respect for the rights, freedoms and non-discrimination of labor rights, women's rights, children's right, and human dignity.

The Company operates in compliance with the relevant laws and regulations to ensure that the rights of stakeholders are well protected.

Company has realized of quality and standard of its products and services, resulting in its responsibility to the customers with honesty and fairness. Company conducts a customer satisfaction survey on a yearly basis in order to maintain a good relationship with customers there are topics as follows: 1) Product 2) Service management 3) Selling price 4) the order side 5) Delivery. In this year The Company has summarized customer satisfaction with the average score of 4.27 (5 points)

Also, The Board of Directors has established other operational guidelines related to social responsibility and care for the benefits of stakeholders as follows:

### **Guidelines for the process of reporting clues, wrongdoing or complaints**

The Company has provided channels for all stakeholders to report or complain about unlawful activities or those in violation of the law, rules, regulations, or corporate governance principles including incorrect financial reports or defective internal control systems of The Company to the Independent Director and Audit Committee.

#### **Channels to report or complain**

E-mail : [Audit\\_Com@cssthailand.com](mailto:Audit_Com@cssthailand.com)

Mail : The Audit Committee

Communication & System Solution PLC.

329 Moo.3 Banmai, Pakkred, Nonthaburi, 11120

### **Action after Receive the Complaint**

Once we received the complaint, the Audit Committee will consider the complaint and inform the relevant parties to investigate facts about the complaint and resolve the complaint appropriately. The Audit Committee will periodically monitor the progress of complaint. The relevant parties will notify the result to the complainant within a reasonable period. The Audit Committee shall report to The Board of Directors.

### **Protection and Confidentiality of the Complainant**

To protect the rights of complainant and relevant informants who acts in good faith, The Company shall keep all information of complainants and informants in confidentiality. Only the persons who are responsible in conducting inspection about the complaints can have access to such information. The assigned persons to handling the complaint are responsible for keeping all information regarding the complaint, relevant documents as confidential and shall not disclose such information to other persons unless the disclosure is required by laws.

#### **Guidelines for the process of anti-corruption**

The Board recognizes and places importance on anti-corruption. By cooperating with various agencies in combating corruption as appropriate The Company is in the process of raising the of anti-corruption of the organization. To be certified as a member of the Private Sector Collective Action Coalition Against Corruption Project (CAC).

#### **Category 4 Disclosure and Transparency**

The Board of Company is aware of the importance of the complete and accurate disclosure and transparency of financial and general information in accordance with the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as other important information affecting The Company's stock price, as this influences decision making by investors and stakeholders. The Company makes information available to shareholders, investors and the general public through the channels provided by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as on The Company website: [www.cssthai.com](http://www.cssthai.com). Disclosure guidelines which cover company communications are as follows:

1. The Board of Directors is responsible for the disclosure of company information and reports. Including financial reports that are not financial information and other information in accordance with the rules and regulations of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to be clear and clear and can be able to authenticate it.
2. The Board of Directors is responsible for overseeing that the reporting of information and various operations according to the annual information disclosure form (Form 56-1) and annual report (Form 56-2) is complete, accurate and timely according to the law or other departments stipulated. Including disclosing such information on The Company website In order for the shareholders and the stakeholders to receive the information correctly and equally.
3. The Board of Directors is responsible for the financial reports of The Company which have been prepared. There is a report of The Board of Directors' responsibility for financial reports together with the auditor's report in the annual report form (Form 56-2), as well as supervising the management to prepare financial statements and financial information to be correct complete under the generally accepted accounting principles in Thailand and also choosing to use appropriate accounting policies and practice consistently. Including sufficient information disclosure in the financial statements. The Audit Committee will review the quality of financial reports and internal control systems, as well as sufficient disclosure of important information in the notes to financial statements.
4. The Company submits financial reports to the office of SEC and SET within the time limit and there are no conditional items for which the auditor has expressed opinions.
5. The Company has set to disclose information and news to shareholders, investors, and related parties through the SET's media and The Company's website for investors and all groups of stakeholders can access The Company information thoroughly and equally, such as financial statements, news documents, company regulations, etc.
6. The Company has prepared a report on responsibilities of Board on Financial Report as disclosed in Form 56-1 and Annual Report together with report from auditors.
7. Disclosure of shareholding of The Board of Directors and Management clearly. The Board of Directors requires directors and executives to report the following:
  - a. Reporting on the purchase or sale of The Company's shares. Must be reported according to the regulations of the SET and the SEC.

- b. Reporting the equity and related transactions. The Board of Directors assigned to The Directors must report to the stakeholders and reviewed annually.
8. The Company has provided a channel for disclosure of information, which is a way that shareholders, investors, and the general public can access information easily and equally. In both Thai and English In addition, The Company has provided the website of The Company as another way to disseminate important information of The Company. However, The Company is determined to develop the website of The Company to have up-to-date information at all times for investors and people who are interested can have access to company information.
9. In the part of Investor Relations, The Company assigned Mrs.Prapussorn Lakwuthiwong, manager of Corporate Secretary & Shareholders Department is responsible for communicating and providing information to investors, Shareholders and general public. Contact number is 02-018-1111 #5501  
Email : [prapussorn@cssthailand.com](mailto:prapussorn@cssthailand.com)

In the year 2019, The Company held 2 meetings with analysts and there were no complaints regarding incorrect announcement or disclosure of important events and the order to amend the financial statements also The Company not delivering financial reports both quarterly and annually late.

## Category 5 Responsibilities of The Board of Directors

### 1. Structure of The Board of Directors

The Company's Board of Directors consists of individuals who must have skills, professions, specialize, gender etc., The Board of Directors will be act an important role in setting policies and the overall direction of The Company. They are also responsible for governance, checking and evaluating the performance of The Company against the plans that were set.

At 31 December 2019, The Board has 9 Directors consisting of 5 Executive Directors and 4 non-executive Directors who are qualified to be Independent directors and provide balance when votes are taken. The Audit Committee consists of 4 Independent Directors who represent the shareholders in overseeing transparency in the governance of Company operations.

The Independent Directors of The Company have qualifications regarding independence. According to the requirements of the Securities and Exchange Act and other relevant laws

The Board also appoints 4 committees: The Audit Committee, the Executive Committee, the Nomination, Remuneration and Corporate Governance Committee and the Risk Management Committee. Each committee has areas focus areas on which they make proposals for the consideration of or acknowledgement by The Board of Directors, with each committee also having its own specified rights and duties.

The Company has clearly separated the role and responsibilities of The Board of Directors and The Company's executives. The Board is responsible for setting policies and oversight of the executives at the policy level. The executives are responsible for the management of The Company's operations in line with the policies that have been set.

It is the duty of The Company Secretary to give advice to The Board of Directors regarding regulatory requirements to coordinate implementation of The Board's decisions.

### 2. Role, Duties and Responsibilities of The Directors

The Board of Directors is composed of individuals with a great depth of knowledge, skills and expertise, which are recognized for their leadership. The Board of directors has an integral role in setting the vision, mission, strategy, policy, business approach and compliance with the law, objectives, regulations and the resolutions of shareholders meetings in order for the benefit and oversight of The Company's operations. The Board of Directors has therefore set up various committees to oversee the operations of The Company.

#### 2.1 Corporate Governance Policy

The Company has a written corporate governance policy that was accepted by The Board of Directors meeting in order that they might review this policy and act accordingly. Moreover, after The Company's ordinary shares are registered on the Stock Exchange of Thailand, The Company will act in accordance with the law and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The corporate governance report will be released in the annual report and the information disclosure form (Form 56-1). For unprocessed parts, company will use as guideline in the appropriate deployment as follows

## 2.2 Code of Conduct

The Company has set out a code of conduct that The Board of Directors, management and staff are expected to adhere to at all times as they carry out their duties according to The Company's mission, displaying honesty and impartiality towards The Company, the stakeholders, the public and society. The Company has therefore announced and informed all employees to act in strict accordance with this approach and disclosed in Company's website and intranet.

## 2.3 Conflicts of Interest

The Company's policy regarding conflict of interest is set on the principle that any decision affecting business operations should only be made in the interests of The Company and any action that creates a conflict of interest should be avoided. Persons with an interest in a matter under consideration must inform the Company of their relationship or connection in that matter must not take part in the decision and have no authority to approve that business.

The Audit Committee will advise The Board of Directors on matters that are connected and matters where there is conflict of interest, giving full consideration of the appropriateness in accordance with the guidelines of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The information will be included in the annual report and the information disclosure form (Form 56-1).

## 2.4 Internal Control

The Company places importance on the internal control system at both the management and operational levels. To ensure operational efficiency, The Company has clearly defined in writing the duties and authority of those performing tasks and the executive. There is oversight of the beneficial use of Company property and the separation of duties between those performing tasks and those supervising and evaluating. The Company appoints the Audit Committee to test the internal control system and carry out an appropriate and effective internal audit, as well as to hire outside experts to inspect the internal control system and report the results to the Audit Committee to ensure that The Company's main operations follow the specified approach and are effective. In the year 2019, the audit results concluded that The Company has sufficient internal control to ensure confidence in achieving the specified operational objectives.

## 2.5 Risk Management

The Company made an evaluation of the adequacy of the existing internal control system in order to consider methods of revising operations to further improve efficiency.

In order to have an effective risk management process at every step in accordance with the principles of good corporate governance The Board therefore resolved to expand the scope of risk management to affiliated companies in order to create confidence among investors and all interested parties regarding business operations under the risk control system that has Guideline in accordance with consistent international principles and also reduces the risk that may occur in the future as well.

## 2.6 Board of Directors Report

The Audit Committee is responsible for verifying the financial statement, with the accounts division and auditor presenting their financial report quarterly at The Board of Directors' meeting. The Board of Directors are responsible for The Company's budget and the financial information that appears on the annual report (Board of Directors responsibility to the financial report). The financial statement is produced to accredited accounting

standards and checked/verified by The Company's auditor and the important information disclosed, both financial and non-financial, is done so on the basis of truth and consistency.

### 2.7 Board of Directors Report

The Board of Directors determines and approves the vision, mission, strategy, goal, business plan and budget of The Company. By having a board meeting at least 1 time per quarter to monitor The Company's performance and acknowledge important operations of the management. The Board of Directors has established an appropriate vision and mission with the business operations of The Company. As well as reviewing annually to make the vision and mission of The Company appropriate and consistent with the current economic situation and conditions. Disclosed on The Company website In the section about The Company> sub-topic, vision and mission..

### **3. Meetings of The Board of Directors**

In accordance with Company regulations, a meeting of The Board of Directors is held at least once every 3 months, Which the meeting is scheduled in advance for the whole year and able to schedule with special meeting called when necessary. Invitations are sent out 7 days in advance, unless the situation requires an emergency meeting to protect The Company's interests. Each meeting has a clearly organized agenda. Documents with full details are prepared and sent to The Directors in advance so that they have sufficient time to study the information before the meeting. The Chairman and Company directors jointly set the agenda and decide the subjects to be discussed at the meeting, with every director having the chance to propose topics for inclusion. Directors may discuss and give their opinions openly and the Chairman summarizes and concludes the views expressed. Votes are passed by a majority with each director having one vote. Directors with an interest will not attend the meeting and/or vote on that matter. If votes are equal, the Chairman will have a deciding vote. The minutes of the meeting will be written after the meeting has finished and the approved minutes will be kept for inspection by The Directors and others. In addition, the secretary of The Board will record the minutes of the meeting as well as record the discussion and opinions of the committee and submitted to the Chairman of The Board to consider and certify the signature By proposing to the meeting for approval in the first agenda of the next meeting and is the organizer for storing information or documents about various meetings. However, in the year 2019, The Company held 5 meetings of The Board of Directors, 95.56% of the members attending the meeting. The Company delivered documents for each meeting agenda in advance (average of 7 days).

#### Subcommittee Meeting

The meeting is scheduled in advance for the whole year and able to schedule with special meeting called when necessary and record and prepare meeting minutes every time. According to The Board of Directors' and committees' meeting agenda 2019, The Directors had attended to the meeting as the follows.

- The Audit Committee had 4 times meeting, there were directors attended 100%
- The Nominations, Remuneration and Corporate Governance Committee had 1 meeting, there was directors attended 100%
- The Risk Management Committee had 1 times meeting, there was directors attended 100%
- The Strategic Committee had 5 times meeting, there were directors attended 91.11%
- The Executives Committee had 12 times meeting, there were directors attended 100%

### **4. Remuneration of Directors and Executives**

The Company appointed the Nomination and Remuneration Committee to suggest appropriate remuneration for the various committees to The Board of Directors so that policy on remuneration of Company directors is clear and transparent and is at a level that is appropriate for the duties and responsibilities of each director, sufficient to retain directors with knowledge and ability. The Company will present suggested remuneration for these directors for approval at the Annual General Meeting: AGM.

The Company discloses the remuneration paid to Directors and Executives in the format specified by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

### Policy on Director Remuneration

To provide remuneration for Directors, The Company will take into consideration the appropriateness of duties and responsibilities as assigned and compared with listed companies on SET with a similar industry. The Nomination, Remuneration and Corporate Governance Committee will propose to The Board of directors Meeting to approve The Directors' Remuneration.

### Policy on Executives and the President Remuneration

The Nomination, Compensation, and Corporate Governance Committee will consider and approve the remuneration of the President and Executives by using Corporate KPI measurement and evaluation system. Each executive has annual KPI to measure the performance of each Division corresponding to the KPI of The Company by President shall consider and approve the appropriate remuneration on an individual basis by using indicators such as indicator. The results include The Company's business. Evaluation work individually. It also compares the compensation and position in the same industry. Classify into short term criteria such as Salary, annual Bonus, other welfare and long term benefits such as Provident Fund.

For the President, the Nomination, Compensation, and Corporate Governance Committee will consider and approve the remuneration of the President and submit to The Board of Directors to consider appropriateness of remuneration using Corporate KPI measurement and evaluation system of the President that adheres to international management principles scoring by Balanced Scorecard including 4 aspects; Financial performance including business performance, Customers, Internal process and Learning and development regarding to leader performance based on the guidelines of the Stock Exchange of Thailand and apply to corporate practice to consider remuneration and incentives. It also applies concept of sustainability through use of financial perspectives to lead how to manage cash flow economically, to provide good value for good internal management to satisfy all stakeholders by classify into short term criteria such as Salary, annual Bonus, other welfare and long-term benefits such as Provident Fund.

### Development of Directors and Executives

The Board of Directors has a policy to provide training for the relevant Directors in the corporate governance system of The Company, which includes Directors, the Audit Committee, the Executive Committee, the Risk Management Committee, the Nomination and Remuneration Committee and Company executives, so that there is continuous development. If there are changes in The Board of Directors will provide advice to new Directors on The Company's business approach and useful information on carrying out their duties in order to support continued efficiency under the corporate governance framework.

### New Director Orientation

The Company encourages The Directors to attend the training program to increase their understanding on the roles and responsibilities under the good corporate governance campaign by internal training Program and other institute

Internal training The importance of new director orientation by assigning all incoming directors to attend and Executive team will provide themselves with information relevant to The Directors' duties

External training Company provides education training for new directors in various courses related to the roles and responsibilities of The Directors under the good corporate governance framework such as roles and duties of directors in accordance with the rules and regulations of The Directors, the Securities and Exchange Commission (SEC), Stock Exchange of Thailand (SET), Public Company Limited Act and Thai Institute of Directors (IOD) etc. also encourage specialized knowledge for directors to promote effective performance such as financial reporting knowledge.

## Training of The Board of directors

The Company encourages training and knowledge sharing for directors, to promote continuous performance improvement in management under good corporate governance. There are The Directors who has been trained in IOD courses are as follows;

Name	Position	Corporate Governance for Executives	Role of the Chairman Program (RCP)	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Advanced Audit Committee Program (AAP)	Audit Committee Program (ACP)	Financial Statements for Director (FSD)	Board Matters & Trends (BMT)	Board That make a Difference (BMD)	Board Nomination and Compensation Program (BNCP)
1. Mr.Sompong Kangsawiwat	Chairman and Chief Executive Officer		2012	2006	2011						
2. Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	Independent Director				2005						
3. Mr.Chattaphum Khantiviriya	Independent Director		2008		2008		2005				
4. Assoc.Prof.Prapart Praisuwanna	Independent Director				2009			2013			
5. Mr.Vuthichai Duangratana (Ph.D.)	Independent Director				2014	2016					2018
6. Mr.Opas Tiwattananaraj	Director				2011						
7. Mr.Kittirat Mekmanee	Director				2011						
8. Ms.Panida Sawatwannarat	Director			2005	2005						
9. Ms.Nongnuch Temeesrisuk	Director			2005	2005						

Training of The Board of Directors for the year 2019 are as follows;

No	Name	Position	Training Courses
1	Mr.Sompong Kangsawiwat	Chairman of the Board / Chief Executive Officer / President / Chairman of Risk Management	
2	Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	Chairman of Audit Committee/ Independent Director Chairman of NRCG Committee	
3	Mr.Chattaphum Khantiviriya	Member of Audit Committee /Independent Director Member of NRCG Committee	
4	Assoc.Prof.Prapart Praisuwanna	Member of Audit Committee /Independent Director	
5	Mr.Vuthichai Duangratana (Ph.D.)	Member of Audit Committee /Independent Director	- Design Thinking Deep Drive for Executive Board 2562
6	Mr.Opas Tiwattananaraj	Director / Member of Risk Management Committee / Managing Director Telecommunication	
7	Mr.Kittirat Mekmanee	Director / Member of Risk Management Committee / Managing Director Business Group	
8	Ms.Panida Sawatwannarat	Director / Member of Risk Management Committee / Managing Director Finance & Control Group	
9	Ms.Nongnuch Temeesrisuk	Director / Corporate Secretary and Managing Director Management & Corporate Governance Group	

## Evaluation of The Board of Directors

The Company has a policy to ask its Board of Directors to the principles of good corporate governance for listed companies to evaluate its performances at least once a year with principles and threads in the assessment with the Stock Exchange of Thailand to consider and review their performances and issues and obstacles over the year and to increase the effectiveness of The Board of Directors by principle and the topic in the evaluation in accordance with the Stock Exchange of Thailand as follows.

1. Composition and Qualifications of The Board of Directors
2. Board Meetings
3. Roles and Responsibilities of The Board of Directors
4. Duties and Independence of The Board of Directors
5. Relationship with The Board of Directors Management
6. Board Development which appraise are different sub-headings based on roles and responsibilities.

For self-assessment process of Board, Nomination, Compensation, and Corporate Governance Committee will consider performance of The Board of Directors and the committees prior to propose to The Board of Directors for consideration. Secretary will submit the evaluation form to The Board of Directors to appraise annual performance. After evaluation process has been done, will be submitted back to secretary to collect scores of each individual. The results of the performance appraisal of The Board of Directors were analyzed and reported to The Board of Directors for acknowledgment and to seek direction in supporting the performance of The Board which evaluation comprises of self-assessment form of The Board, subcommittees and individual committee.

More than 85 %	=	Excellent
More than 75 %	=	Very Good
More than 65 %	=	Good
More than 50 %	=	Acceptable
Less than 50 %	=	To be improved

In 2019, the self-assessment of The Board of Directors, individual and sub-committees can be summarized as follows.

(A) Entire Board of Directors with an average score of 96.12 at an excellent level which the highest score is The Board of Directors' meeting. The Board Attach importance to the meeting and monitor the performance of the management to be in accordance with the strategy set or not In addition, the Board of Directors' meetings can express opinions freely. Which all suggestions are beneficial to all business operations

(B) Individual Board of Directors has an average score of 96.53 at an excellent level with the highest score being Structure and Qualifications of Board of Directors. Since Board of Directors is a person with diverse knowledge and capabilities and be able to provide useful advice for business.

(C) Audit Committee get an average score of 100 at an excellent level due to Audit Committee is able to perform duties in accordance with Charter of Audit Committee and being independent from management

(D) Nomination, Remuneration and Corporate Governance Committee get an average score of 99.72 at excellent level because of performing duties in recruiting directors and determining remuneration for directors, also manage to control company to comply with requirements of good corporate governance as well.

(E) Risk Management Committee with an average score of 94.02 at an excellent level, the highest score is Structure and qualifications of the risk management committee. As the Risk Management Committee has knowledge, ability and expertise in The Company's business Therefore, being able to analyze the risks may affect The Company and manage the risk to be able to control Also, able to give suggestions that are beneficial to The Company's business operations.

(F) Strategy Committee with an average score of 95.08 at an excellent level, the highest score is topic of meeting. In the past year, economic conditions and situations changes rapidly and more intense, company has plans to invest in business expansion from various opinions of each director which is beneficial to decision and business.

(G) Executive Committee with an average score of 94.17 at an excellent level, the highest score is role, Structure and qualifications of directors and board meetings. Which, The Board of directors has various knowledge

and capabilities and have expertise in The Company's business and able to give suggestions that are beneficial to The Company's business operations.

## 9. Performance Assessment of President and Executives

Company has guidelines for evaluating performance of President and all executive levels by using corporate measurement and evaluation systems by dividing the assessment categories in 2 part are as follows:

- First part is using universal practice of Balanced Scorecard, which comprises of 4 factors such as financial, customer, internal and learning and development factors by the opportunity of Human Resource Department.
- Second part is regarding to leader performance based on the guidelines of the Stock Exchange of Thailand and apply to corporate practice under the responsibility of Secretary and Shareholders Department.

Besides evaluation guidelines, company also consider compensation for fairness and effectiveness based on information from the business results and comparison among the same industry which classify into short term . Salary criteria, annual Bonus, other welfare and long term benefits . Provident Fund etc.,

The Results of President's assessment leads to process of consideration by the Nomination, Compensation, and Corporate Governance Committee and will consider submit to The Board of Directors to consider onwards.

The Results of President's assessment in 2019 with the overall score decreasing with 86.03 % in 2018 and 85% in 2019 as Good.

## 10.The Succession plan

Company recognizes importance of succession planning for top executives and the President to ensure sustainable management. Nomination and Remuneration Committee Corporate Governance determines qualifications of the successor to all aspects of management including knowledge management skills and experiences to ensure that the successor has knowledge sufficient ability to officiate. It also sets the potential for good leadership that information is based on assessment of the Stock Exchange of Thailand and applied to the context of company and assigned Human Resources Management to be responsible for project. Starting from the process of selection of external quality institutes and developed a program of qualified executive development that meets the criteria and guidelines which includes the testing and selection process on summary and report format. This will be used to provide information to the Nomination, Remuneration, and Corporate Governance Committee.

## 11. Holding the position of the President in another company

The Board takes into account importance on the performance of duties as President to ensure the sufficient time to perform his duties. The Board of Directors has determined the policy for the Managing Director shall not be appointed as a Director in more than 2 other listed companies and must be agreed by The Board of Directors.

In addition, the Managing Director/Chief Executive Officer shall not hold Director Position in other company which has the same nature as and is in competition with the business of The Company unless The Board of Director has agreed. The above regulations are except being Director in subsidiary company.

### Policy on Director Nomination

In its nomination of directors, The Company considered the lists of qualified persons to be appointed as Director of The Company and its subsidiaries. In this regard, the structure of The Board of Directors must have diversity of skills, professions, specialize, gender etc. They must be able to devote adequate time to their duties to benefit The Company's business. The Company provided the opportunity for shareholders to propose meeting agenda items and appointment of new director according to the good corporate governance criteria through The Company's website ([www.cssthai.com](http://www.cssthai.com)) from October to January. The Nomination, Remuneration and Corporate Governance Committee will propose to Board of Directors Meeting.

## Governance of Operations of Subsidiaries and Associate Companies

The Company has the following policies on the governance of subsidiaries and associate companies:

- To send directors and/or persons assigned by The Company to be its representative according to the proportion of shares held in order to participate in the management of that business, including the right to vote in Board of Directors meetings and shareholders meeting, for the greatest benefit to The Company;
- To set the scope of authority and responsibilities of The Directors and executives representing The Company in that business in overseeing or taking part in setting important policies for business operations;
- To ensure complete and accurate disclosure of the financial status and operating results, transactions made between the subsidiary and a connected person, the acquisition or disposal of assets, or other important transactions of the subsidiary, and to apply the rules concerning disclosure and transactions of a nature similar to the rules of The Company;
- To ensure that there is an internal control system that is suitable, efficient and adequate for the main business of the subsidiary, and also other mechanisms in the governance of the subsidiary such as approving a capital increase or decrease, winding up the subsidiary etc.

## Oversight of the use of inside information

The Company has the following policies and methods for the oversight of The Directors and executives using inside information that has not yet been publically disclosed for their own benefit, including the trading of assets:

- To inform directors and executives of various divisions regarding their duty to disclose assets held by themselves their spouse and children still of minor age to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand in compliance with Section 59 and subject to the penalties prescribed by Sections 59 and 275 of the Securities and Exchange Act B.E. 2535.
- To require directors and executives to report changes in their assets to the Office of the Securities and Exchange Commission in compliance with Section 59 of the Securities and Exchange Act B.E. 2535 within 3 business days from the date of the changes, and to send a copy of this report to The Company on the same day.
- The Company requires directors, executives and others carrying out related duties who receive important inside information that could influence the price of stock must refrain from trading in Company stock for a period of at least 1 month before the financial or inside information is disclosed publicly, and at least 24 hours afterwards, and also must not disclose that important information to others.

The Company will take disciplinary action against those violating rules against the use of inside information for their own benefit, including written warnings, pay cuts, suspension without pay or dismissal. Penalties will be determined by the intention of the act and the seriousness of the violation.

## Implementing good corporate governance principles for listed companies in 2017

The Company has always emphasized and followed the principles of good corporate governance. By following good corporate governance principles for listed companies in 2017 to be suitable for the business of The Company. However, The Board of Directors requires regular review at least once a year.

## Compliance with good corporate governance principles in other matters.

According to the survey conducted in 2019, the Thai Institute of Directors Association surveyed 677 companies. Summary of the survey The Company received an overall score in the "Excellent" The rating was 90%, which is one of 172 companies with five-star quality level. from past performance Showing The Company's commitment to continuously developing corporate governance standards. To be a good organization and quality, also being transparent and verifiable However, in 2019, it is still not possible to cover the criteria of the CGR project in the following;

Has not been implemented	Reason
1. The committee should consist of more than 50% independent directors.	The Board of Directors consists of qualified members with diverse qualifications, capabilities and experience. There are 4 independent directors out of the total of 9 directors, which are considered to be appropriate to the performance of The Board of directors.
2. The Chairman of The Board and the President shouldn't be the same person to divide the supervision duties and management responsibilities Clearly	Although the Chairman of the Board And the President are the same person And is not an independent director But the chairman of the board Has overseen the company Fair, transparent, verifiable by taking into account the interests of the company. By not allowing the benefit of any person It also supports and encourages directors and independent directors to Participate in discussions and express independent opinions. Including the company, there has never been a case In which the chairman has exercised the right to vote in order to decide in any resolution.
3. The Board of directors should specify that the independent directors hold their positions for not more than 9 years from the date of first appointment as independent directors.	As the independent directors are knowledgeable and are experts in the business of The Company Therefore is considered an important person for The Company to achieve the business success.
4. The Nomination, Remuneration and Corporate Governance Committee should be an independent committee.	The Nomination, Remuneration Committee consists of The Nomination Committee consists of 3 members consisting of 2 independent directors and 1 executive director. In which The Nomination, Remuneration Committee is an independent director .The Board of Directors has considered that The composition of the current selection committee is appropriate. Including all of the Nomination Committee who are qualified and able to perform their duties well and efficiently.
5. The non-executive board held a meeting among themselves without the management in attendance.	In the past year, The Company did not hold a meeting of non-executive directors, held meetings among themselves without management participation in the meetings. There is an opinion that the meeting will be held in 2020 to allow non-executive directors to discuss various issues. Regardless of The Company's business.
6. Anti-Corruption Action	The data preparation process is in progress due to the important data that is consistent with the internal audit plan of the internal control system auditors. Including the data review based on the self-assessment to prepare for the CAC certificate application.

## Environmental Protection and Efficient use of resources

The Company has concerned and promoted employees to save and use resources efficiently for the maximum benefit. The environmental impact is major to consider. So, the Company sets policy for employees as follows;

- The company set requiring to care the environment and use resources efficiently is part of the company's operations and consistent with the law and other regulations.
- The Company consider that take care of environment and use resources efficiently is the responsibility of all employees.
- The Company supports knowledge for the employees in the way of caring the environment and use resources efficiently to raise awareness to employees all levels, realize and keep importance in Environmental Protection and Efficient use of resources. The new employee has to be training about the environment protection and efficient use of resources.

### Educating and training employees on environmental issues.

In addition to training and educating employees on the environment and efficient use of resources, it is a course for training New employee orientation. In the year 2019, The Company also organized training courses for employees in the Safety Management Program, Professional Safety Course, Modern Business Model Course, Focusing on Global Warming and Sustainability. As well as focusing on the change of work process to reduce the environmental pollution.

## Internal Control and Risk Management

### Board of Director Opinion about Internal Control

Company has concerned about internal control by assigning Audit Committee to monitor and evaluate regularly. Company has concentrated to adequate and appropriate of internal control system for operational efficiency consists of resource usage, property maintenance and deter instance of errors or fraud. Board of Directors Meeting No.5/2019, 8<sup>th</sup> November 2019, by 4 members of Audit Committee to attend the meeting, they express opinions about adequate and appropriate of internal control system refer to “evaluation of adequacy of internal control systems” of Security and Exchange Commission, Audit Committee report on internal control and make recommendation focusing on operational investigation regularly improve in efficiency and effectiveness, monitoring and reporting audit report to Board of Director regularly.

Audit Committee Meeting 4 times in 2019, Auditors and Internal Audit Office, Audit Committee has performed their duties with regard to law and scope of work assigned by Board of Director in accordance with Audit Committee Charter, e.g. Financial Report Review, Governance and Risk Management, appointment of an Auditor, supervisory Internal Auditing compiles with laws and regulations related to business operation.

Board of Director has opinions in internal control system as same as Audit Committee and be summarized as follows;

#### 1. Organization and Environment

Company promotes and supports in corporate environment of internal control adequately, Board of Director in Corporate Governance consist of all company management set goals and clearly annual plan, measurable, business process plan development and strategic planning process ready to respond situation and business fast change in according to organization structure, there have chain of command, approval authority and clear functional group to build business operation flow indicating measurement to perform and follow up outcome comparing with goals. Company is focusing on recruiting process and standard in human resource management to suit for corporate culture and provides reasonable employee compensation. Company raises Code of Conduct and expects all employee to conduct themselves in honesty, ethical manner and responsibility to stakeholders. In Anti-Corruption, it is under information preparation process due to containing important information be consistent with internal control auditor's audit plan of 2019, as well as a review of the self-assessment data preparing for CAC certification application.

#### 2. Risk Management

Company has concerned about its operating policy and risk management procedure by all management level and functional area to monitor in risk assessment, impact of risk, likelihood of occurrence and risk management planning with Risk Management Committee review throughout organization conform to both internal and external risks. Company has clearly defined its scope of risk lead to business operation integrate with risk management system and strategic management process in the organization.

#### 3. Control Activity

Board of Director has appointed subcommittee into 4 groups; Audit Committee, Nomination, Remuneration and Corporate Governance Committee, Risk Management Committee and Management Committee, all of them work under scope of duties and responsibilities properly and identify protective measure to avoid conflict of interest (company vs private interest), require monitoring compliance with applicable laws and regulations as promoting management under proper and appropriate internal control system.

#### 4. Information and Communication Technology

Company has concerned about both inside and outside Information and Communication Technology that assume as an important tool for business operation serve as performance indicator and financial report using for management decision making base on sufficient information, accurate, trustworthy and enhance in competitiveness. Company has provided communication to staff in relevant ICT laws and regulations concerning in each responsibility and accessible

data clearly. Company has concerned about importance of information and communication technology improvement aiming to contribute to business activities and management efficiency.

#### 5. Tracking System

Company has risk tracking system at management and operational level by Board of Director and Management use for evaluating the performance compare with target and provides clear direction and guidance. When found in unexpected, two subcommittees have monitored and reported to Board of Director as indicator system toward exceeding preset timely management actions to mitigate when problems be taken and find solution with relevant team monthly. In part of internal audit, they define plan focusing on balancing and transparency throughout management and operational process, evaluate an adequate and comply with internal control system establishing by management to achieve its effectiveness and efficiency, then report result to Board of Director, Audit Committee, and all management level regularly.

## Details of the transaction

In 2019, the company has transaction with subsidiaries; this transaction is normal business operations. For procedure for the approval of the transaction, the company has conducted business according to general trade agreement, market price and conditions. In case of unusual trade nor in accordance with market terms and conditions must be submitted to the Board of Directors to approve all the transaction.

However, consideration of all the transaction shall be in attendance to Audit Committee's review to examine the appropriateness of the price rates of return. Except in case of normal transaction or usual business according to market terms and conditions, Executive Committee or Chief Executive Officer or senior management has entitled to approve the scope of the authorization given. Yet, in event that the committee does not have the expertise to consider the transaction, the company shall provide expert such as auditors or independent experts to comment on the transaction said. The Board of Directors or a person with special expertise will be applied to the decision of the Board of Directors or shareholders, as the case.

Moreover, company will reveal such transactions in the financial statements 'notes audited by the auditors. The transaction shall be done in accordance with the law, notifications, or regulations of the Securities and Exchange Commission and / or Stock Exchange of Thailand including compliance with the disclosure of transactions and the acquisition or disposal of major company's assets.

For future transaction, company has procedure for approving transaction. Company has stipulated policy to proceed according to general trade, market terms and conditions to maximize company's benefit.

The Audit Committee will give opinions on the appropriateness of the transaction and the price with fair price for the best benefit of the Company.

### Details of the transaction

(unit: Thousand Baht)

Individual / related parties	Detail	Transaction value		Remark
		31-Dec.-19	31-Dec.-18	
CSS Energy Co.,Ltd subsidiary	Buy-Sell electric wire	2,572	1,613	Based on general trade and support the company's operations to maximize benefit.
Phu Khanh Solar Power Joint Stock Company Limited	Short-term loans	297.65	-	Is a transaction that provides loans for Additional liquidity with an interest rate of 7% per annum

The Audit Committee Meeting No. 1/2020 held on February 28, 2020 has considered and opined that the above transactions are reasonable. The price and terms are in line with normal business practices. (Fair and arms' length)

## Financial Status and Results of Operation

### Audit Report

2017-2019

Audited by Ms.Krongkaew Limkittikul

A Certified Public Accountant - registration no. 5874

EY Office Limited

#### **For financial statement of year end 2017 as of 31 December 2017**

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2017, the auditor expressed his unqualified opinion that the financial statement presented operation result and cash flow for the same year end of the Company and subsidiaries and jointly-controlled entities and entities under sole control of the Company accurately, in all material respect in accordance with financial report standard according to report dated 23 February 2018.

And has address key audit matters about Goodwill, Allowance for doubtful accounts, net realizable value of inventories and the revenue recognition.

#### **For financial statement of year end 2018 as of 31 December 2018**

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2018, the auditor expressed his unqualified opinion that the financial statement presented operation result and cash flow for the same year end of the Company and subsidiaries and jointly-controlled entities and entities under sole control of the Company accurately, in all material respect in accordance with financial report standard according to report dated 25 February 2019.

And has address key audit matters about Goodwill, Allowance for doubtful accounts, net realizable value of inventories.

#### **For financial statement of year end 2019 as of 31 December 2019**

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2019, the auditor expressed his unqualified opinion that the financial statement presented operation result and cash flow for the same year end of the Company and subsidiaries and jointly-controlled entities and entities under sole control of the Company accurately, in all material respect in accordance with financial report standard according to report dated 28 February 2020.

And has address key audit matters about Goodwill, Allowance for doubtful accounts, net realizable value of inventories.

## Analysis and explanation of the Management

### Business Overview

Communication & System Solution Public Limited Company (“the Company”) presently, the main income of the Company is obtained from sales of electrical wires and related equipment. As, trading business does not require high cost of investment in fixed assets as in production and distribution, but it does require high cost of working capital for purchasing and storing products for sale which need to be diversified to meet customers’ requirements. The factors of success in trading business depending on marketing strategy, inventory management and effective payment collection. The Company distributes products of international standard manufacturers such as Phelps Dodge, 3M and Phillips. Similar to distribution of other product types, gross profit from distribution of electrical wires and equipment is set in medium range rate, therefore, to increase the net profit, the Company concentrated on sales volume. In addition, the growth of such business distribution of electrical wires and equipment depending on economic growth of construction and real estate businesses mainly.

Another income of the Company is derived from provision of installation service which consists of communication network, fire protection equipment etc. As for business of installation of communication network, the scope of work includes design, procure and contract installation of communication network which the types, patterns, height and weight of the pole including communication equipment can be adjusted to meet customers’ requirements. Types of services includes new site installation to support network expansion, installation of additional devices to upgrade properties and performance of existing poles for customers who are network owners or mobile phone service providers such as True move, AIS and DTAC or act undertake job as a subcontractor for network owner such as Huawei, AWC and ZTE. Each project contains several sites for installations, where normally the installation takes 45-60 days per one site. In case where the project is passed to sub-contractors, the engineering team will be assigned to control such project. The service charge is fixed upon complexity of work which consisted of important factors which are: landscape of the area (on the building or on the ground level), distance of the site, types and patterns of the poles and duration of operation. However, the installation of communication network expanded consistently with investment of the mobile phone service providers who will make decision mainly based on economic situation, changes of technologies and consumer behaviors.

Moreover, the Company and its subsidiaries have added channels to provide income by increase join bidding project of government. The bidding is about electric system, IT system and telecommunication system Which is related to a business that the company performed.

And on 8 May 2015, The Company invested in the ordinary shares in Neonworx Communications Co.,Ltd. (“NWC”) about 344 Million Baht. NWC do a business about telecommunications. The main customers are AIS and True. These make the telecommunication business of the company cover all networks.

At 4 October 2017, The Company has invested in Nam Sor Hydro Power Co.,Ltd. which is located in Laos for conducting hydropower business about 27.7 Million Baht or 28% of registered capital. This is a joint venture of the Company.

And Nam So Hydro Power Co.,Ltd has increased the registered capital. The company invested more on April 24, 2018 to maintain the investment 28% of the registered capital. On October 1, 2018, the Company invested in ordinary shares in Nam So Hydro Power Co.,Ltd about 14.6 Million Baht or 10% of the registered capital or 38% This is a joint venture of the Company.

At 20 December 2018, The Company has invested in Phu Khanh Solar Power Joint Stock Company is a company incorporated and registered under the laws of Vietnam with the original purpose of operating for conducting Solar power Plant about 176.4 Million Baht or 25% of registered capital of Phu Khanh Solar Power Joint Stock Company.

The Company’s consolidated financial statement comprises of consolidated financial statement of the Company and subsidiaries as per proportion of controlling-stake. The Company has controlling proportion of 99% in C.S.S. Energy Co.,Ltd, and 70% in Neonworx Communications (Thailand) Co.,Ltd, Investment in Nam Sor Hydro Power Co.,Ltd shows the investment under the equity method, and realized gain/loss from investment in associates.

The analysis of financial status and operation result during 2016-2019 will be based on consolidated financial statement where the material parts are operation result of the Company and subsidiaries.

## Operating Results

### Total incomes

Main incomes of the Company into 3 main parts are from sales of electrical systems such as electrical wires and equipment and fire protection equipment etc. equipment for fire protection system. Revenue from installation service Consists of providing telecommunication installation services Providing fire installation services and other installation services. Other sources of incomes are such as revenue received from service of electrical equipment installation, marketing promotion of distributor, interest received, rent, profit from asset disposal, and profit from exchange rate. Structure of total incomes of the Company Group is summarized as follows

Types of Products	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Electrical wire	2,288.04	51.27	2,584.37	56.60	2,427.54	63.21
Lamps and lighting equipment	431.56	9.67	131.85	2.89	20.99	0.55
Electrical conduits and fittings	114.63	2.57	84.15	1.84	86.52	2.25
Electrical system control equipment	373.49	8.37	325.41	7.13	494.06	12.86
Passive fire protection materials and equipment	40.62	0.91	32.19	0.71	29.58	0.77
Electrical transformers	13.90	0.31	19.79	0.43	6.22	0.16
Other	8.27	0.19	34.38	0.75	21.33	0.56
<i>Total sales revenues</i>	<b>3,270.51</b>	<b>73.29</b>	<b>3,212.14</b>	<b>70.35</b>	<b>3,086.24</b>	<b>80.36</b>
Telecommunication system installation revenue	1,114.71	24.98	986.91	21.62	343.13	8.94
Passive fire protection system installation revenue	35.31	0.79	37.60	0.82	39.71	1.03
Other service revenue	18.45	0.41	293.47	6.43	322.69	8.40
<i>Total installation service revenues</i>	<b>1,168.47</b>	<b>26.18</b>	<b>1,317.98</b>	<b>28.87</b>	<b>705.53</b>	<b>18.37</b>
Other income	23.51	0.53	35.52	0.78	48.90	1.27
<i>Total revenues</i>	<b>4,462.49</b>	<b>100.00</b>	<b>4,565.64</b>	<b>100.00</b>	<b>3,840.67</b>	<b>100.00</b>

During 2017-2019, the Company's total incomes were 4,462 Million Baht, 4,566 Million Baht and 3,841 Million Baht respectively. Main income was from sales of electrical wires and equipment which accounted 70 -80% of total incomes. Other sources of incomes were from installation service which accounted 18-29% of total incomes.

In 2017, total income of the Company was 4,462 Million Baht, decreased by 5% comparing to 2016. The income comprised of sales from electrical wires and equipment decreased 8% and installation service increased 3% which represented 73% and 26% of total incomes respectively.

In 2018, total income of the Company was 4,566 Million Baht, increased by 2% comparing to 2017. The income comprised of sales from electrical wires and equipment decreased 2% and installation service increased 13% which represented 70% and 29% of total incomes respectively.

In 2019, total income of the Company was 3,841 Million Baht, decreased by 16% comparing to 2018. The income of sales decreased 126 Million Baht or 4% comparing to 2017. The income comprised of sales from electrical wires and equipment decreased. The revenue from electrical control equipment increased from special products.

For other products Sales are close to last year. The revenue from installation services decreased by 612 Million Baht, or 46% compared to the last year. The revenue from installation of telecommunication systems decreased more than 50% of the revenue from installation services. The revenue from the installation of the fire system and income from other installation services Close to the last year and the proportion of sales revenue and installation services are 80% and 18% of total incomes respectively.

### Incomes from sales and services

- **Total sales income**

Main incomes of the Company were from sales of electrical wires and equipment. During year 2017-2019, sale incomes of the Company reached 3,271 Million Baht 3,212 Million Baht and 3,086 Million Baht respectively or 73%, 70% and 80% of total incomes respectively.

Sale income during year 2017-2019 is classified by products types as follows:

Sales Revenue	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Electrical wire	2,288.04	69.96	2,584.37	80.46	2,427.54	78.66
Lamps and lighting equipment	431.56	13.20	131.85	4.10	20.99	0.68
Electrical conduits and fittings	114.63	3.50	84.15	2.62	86.52	2.80
Electrical system control equipment	373.49	11.42	325.41	10.13	494.06	16.01
Passive fire protection materials and equipment	40.62	1.24	32.19	1.00	29.58	0.96
Electrical transformers	13.90	0.43	19.79	0.62	6.22	0.20
Other	8.27	0.25	34.38	1.07	21.33	0.69
<b>Total Sales Revenues</b>	<b>3,270.51</b>	<b>100.00</b>	<b>3,212.14</b>	<b>100.00</b>	<b>3,086.24</b>	<b>100.00</b>

In year 2017 compared with year 2016, It was a result of decrease 298 Million Baht in sale volume. The product has also been dropping were Electrical wire and Lamps and lighting equipment about 362 Million Baht from Mega Projects. But Electrical system control was growing 103 Million Baht from the Housing and Condominium's Projects.

Sales revenue in 2018, compared to 2017, decreased by 58 Million Baht due to company terminated contract with Philips supplier caused sales decrease 300 Million Baht. Also, economic slowdown result in sales of conduits and installation equipment including electrical control systems equipment related to fire protection systems decreased by 87 Million Baht.

Sales revenue in 2019, decreased by 126 Million Baht or 4% compared to the last year. Revenue from the sale of electrical wires decreased 157 Million Baht or 6% compared to the previous year. Lighting and equipment decreased due to the company terminated contract with Philips suppliers products in early 2018. Revenue from sales of electrical control equipment increased by 169 Million Baht or 52% compared to the previous year due to the company has ordering special electrical control devices From the Provincial Electricity Authority and Metropolitan Electricity Authority.

In addition, the Company's income from sale of electrical wire and equipment are from domestic customers nationwide which mostly are from private sectors totaling of approximately 3,200 customers. The Company has policy to expand customer base to over sea, targeting ASEAN region in correspond to ASEAN Economics Community: AEC. Furthermore, the Company plans to focus more on government departments by assigning its subsidiaries to cope with operations involving thereof. With such proactive marketing, the Company assures that it will support growth of sale income continuously.

The Company has policy to seek for customers by direct contact the target groups by meeting and/or connecting through media such as telephone, fax and Internet etc. or through introduction of business allies such as the Board of Directors, executives, customers and suppliers. The Company has determined policy on analysis of financial status and payment record of customers on regular basis in order to specify and improve policy on

credit loan approval as well as credit duration for each customer to ensure that the Company will be able to control sale volume to each customer efficiently.

- **Income from installation service**

Installation services of the Company are classified into 3 main types: (1) Service of Design, procure and contractor for installation of communication system including maintenance service thereof (2) Service of design, procurement and installation of Fire Protection System (3) Service of installation of electrical equipment (subsidiary). The Company's income derived from installation service were 1,168 Million Baht and 1,318 Million Baht and 706 Million Baht, in 2017-2019 or 26%, 29% and 18% respectively, such growth is mainly a result of increase of installation of communication system which accounted 49-95% of total income from installations.

Since changing internal and external economic conditions including the intense competition of telecommunication service providers As a result, the investment in the telecommunications network infrastructure of the major service providers has decreased continuously. Causing the installation of telecommunication systems to slow down The Company is looking for opportunities to expand the business to increase trade opportunities. By bidding for government jobs Projects related to communication devices alternative energy, electronic equipment and computer equipment. As well as the construction business in which the company and the subsidiary company has expertise, resulting in continuous increase in other installation revenue of the company.

**Incomes received from installation service during year 2017-2019 are as follows:**

installation service	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Telecommunication system installation revenue	1,108.89	95.40	986.91	74.88	343.13	48.63
Passive fire protection system installation revenue	35.31	3.02	37.60	2.85	39.71	5.63
Other service revenue	24.27	1.58	293.47	22.27	322.69	45.74
<b>Total installation service revenues</b>	<b>1,168.47</b>	<b>100.00</b>	<b>1,317.98</b>	<b>100.00</b>	<b>705.53</b>	<b>100.00</b>

During the year 2017-2018 the Company's income from installation of communication system amounted of 1,109 Million Baht, and 987 Million Baht and 343 Million Baht respectively, and compared to a percentage of total installation service revenue, accounting for 95%, 75% and 49%, resulting in revenue from telecommunication system installation services. There is a significant decreased trend.

Income from installation of Fire Protection System totaled of 35 Million Baht, 38 Million Baht and 40 Million Baht between years 2017-2019 consecutively. The service scope of design, procurement and installation of fire protection system consists of installation materials and equipment to protect fire spread on opened lid of electrical conduit, power system, water system, and air-conditioning system. The system is capable to protect heat, flame and smoke for at least 3 hours. At present, most entrepreneurs are interested and realize the importance of installation of fire protection system more since the system slow down the flame and smoke in case of fire.

Incomes from other services in 2017-2019 of 24 Million Baht, 293 Million Baht and 323 Million Baht, respectively. The other installation revenue is the revenue that the company seeks to bring experience and expertise that the company has to increase revenue. Most of them are bidding for government projects. Such as Smart Way project about 3 Million Baht invest in the installation and maintenance of energy saving lamps and lamps By the Energy Engineering Institute, Kasetsart University and Electricity Development Division,

In 2017, The Company and its subsidiaries recognized income from Telecommunication Infrastructure Project to drive the economy of the country. (24,700 Internet housing Projects).

In 2018, The Company has got the project of Improvement of the power station 22 KV systems of the Provincial Electricity Authority and installation of video conference system of the Provincial Electricity Authority.

In 2019, The Company Consists of the installation project of the fusing system of the Provincial Electricity Authority. Subsidiary companies, such as CCTV installation, UMS300 equipment installation, 'Digital network radio installation for forgiveness etc.

- **Other incomes**

Other incomes of the Company are administrative income, commission, transportation fees, income from marketing promotion of manufacturers, interest received, rent, profit from assets disposal and profit from exchange rate etc. In 2017-2019 other income of the Company amounted at approximately 24 Million Baht, 36 Million Baht and 49 Million Baht consecutively, representing 1-2 % of total income.

Details of other incomes of the Company during year 2017-2019 are as follows:

Other incomes	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
income from marketing promotion of manufacturers	8.22	34.96	10.09	28.41	2.60	5.32
interest received	6.72	28.57	9.19	25.88	26.64	54.51
profit from assets disposal and profit from exchange rate	3.51	14.92	4.72	13.29	2.40	4.91
transportation fees	2.63	11.21	2.37	6.68	1.34	2.74
Other*	2.43	10.34	9.15	25.74	1.79	3.68
Service					14.10	28.84
<b>Other income</b>	<b>23.51</b>	<b>100.00</b>	<b>35.52</b>	<b>100.00</b>	<b>48.87</b>	<b>100.00</b>

Remarks:\* Other includes income from rent, profit/loss from exchange rate and adjustments etc.

In 2019, the company received interest income of 27 Million Baht, an increase of 17.45 Million Baht from the last year, equivalent to 190% due to the company granting a Joint venture to loan money and charged interest at the rate of 6.75 -7% per year and the company has charged consulting fees to the joint venture company in the amount of 14 Million Baht.

### Cost of sales and service and coordination

#### **Cost of sales**

Costs of sales of the Company were mainly from cost of purchasing products for re-selling. Normally, the Company has policy to determine selling price by adding profit margin prior to selling to customers. In 2017-2019 cost of sales of the Company were 2,901 Million Baht, 2,930 Million Baht and 2,772 Million Baht, respectively which represented 89-91% comparing to sale income respectively.

In 2017 cost of sale of the Company was 2,901 Million Baht, decreased by 10% comparing to the previous year as a result of lower amount of sale income. The ratio of sale cost per sale income stood at 89%, The Company has set reserves for adjustment of cost of inventory at the end of year 2017 about 31 Million Baht.

In 2018 cost of sale of the Company was 2,930 Million Baht, increased by 1% comparing to the previous year as a result of higher amount of sale income. The ratio of sale cost per sale income stood at 91. The Company has set reserves for adjustment of cost of inventory to be net price between the year had decreased 0.64 Million Baht. It made the reserves for adjustment of cost of inventory to be net price at 28 Million Baht in the end of 2018.

In 2019 cost of sale of the Company was 2,772 Million Baht, decreased by 5% comparing to the previous year as a result of lower amount of sale income. The ratio of sale cost per sale income stood at 90%, The Company has set reserves for adjustment of cost of inventory to the net realizable value during the year decrease 0.97 Million Bath. Resulting in the reserve set up for adjustment decrease of cost of inventory at the end of year 2019 about 28 Million Baht.

#### **Cost of installation**

Cost of installation is derived from service provision on installation of communication system, fire protection system etc. During year 2017-2019 cost of installation were approximately 853 Million Baht, 958 Million Baht and

506 Million Baht respectively, representing 73%, 73% and 72% of installation incomes respectively. Cost of installation consists of main expenses such as labor cost, products used in installation such as telecommunication towers, equipment related to communication systems, equipment related to fire protection system, equipment related to electrical system etc. The cost of other installation work depends on the type of work.

### **Expenses**

Major expenses of the Company were sales expense, administrative expense, and financial expenses. In the recent year, sale expenses and administrative expenses decreased in comparison to total income, total of the expenses represented 10-12% of total income. Summary and analysis of expense in each category is shown as following.

#### **Sale expense**

Sale expenses include expenses related to sales persons, commission, transportation fee, sales promoting expenses mainly. In 2017-2019, sale expenses amounted of approximately 104 Million Baht, 97 Million Baht and 78 Million Baht respectively or 2% of total income. The sale expense are a result of decrease sale. In the year 2019, sales decreased by 126 Million Baht and selling expenses decreased by 20 Million Baht.

#### **Administrative expenses**

Administrative expenses during year 2017-2019 were 344 Million Baht and 354 Million Baht and 364 Million Baht respectively, representing 8% in year 2017 and 2018 and 9% In year 2019. Administrative expenses mainly consist of expenses related to employees which accounted 63%, 61%, 58% of administrative expenses. Other administrative expenses were depreciation cost of vehicles and office equipment, rent paid in accordance with work contract, office and warehouse rent and Utility Bills, Insurance premium advisor and doubtful accounts.

Administrative expenses during year 2017 were 344 Million Baht, decreased by 11 Million Baht or 3% comparing to year 2016 as a result were depreciation cost of office equipment, computer, vehicles and consultant.

Administrative expenses during year 2018 were 354 Million Baht, increased by 10 Million Baht or 3% comparing to year 2017 as a result due to an increase in allowance for doubtful accounts.

Administrative expenses during year 2019 were 364 Million Baht, increased by 10 Million Baht or 3% comparing to year 2018 as a result due to unrealized exchange rate losses, employee benefit expenses relating to severance pay from termination under the new law, section 118 in the case of 20 years of age or more, pay compensation in the event of termination from 300 days to 400 days an increase in allowance for doubtful accounts. The decrease in administrative expenses of the Company consists of amortization of intangible assets which have expired in the year. 2018 and staff expenses in relation to salary and employee compensation

#### **Financial expenses**

Financial expenses of the Company were from interest incurred from loan from financial institutions. Overdraft limit promissory note Liabilities under financial lease agreements and long-term loans. In 2017-2019 the financial expenses of the Company were 10 Million Baht, 8 Million Baht and 16 Million Baht respectively. Average interest rate was between 2-9% per annum.

In 2017 the Company and subsidiaries has short-term loan 7.2 Million Baht include the interest incurred from long-term loan applied from the New Office building and New Warehouse 2.8 Million Baht.

In 2018 the Company and subsidiaries has short-term loan 6 Million Baht include the interest incurred from long-term loan applied from the New Office building and New Warehouse 2 Million Baht.

In 2019 the Company and subsidiaries has short-term loan 15 Million Baht include the interest incurred from long-term loan applied from the New Office building and New Warehouse 1 Million Baht.

#### **Share of profit (loss) from investments in Joint Venture Company**

The company records the share of profits (losses) from joint ventures. According to the ratio that the company holds by holding shares in the company Namsor Hydro Power Company Limited holds 38% of the investment and holds 25% of the shares in PhuKhan Solar Power Joint Stock Company Limited.

In the year 2018, the company has a share of losses from investments in Hydro Power Company Limited, amount 6 Million Baht

In 2019, the company has a share of losses from investments in Namsor Hydro Power Company Limited in the amount of 9 Million Baht and the profit sharing from the investment in Phukhan Solar Power Joint Stock Company Limited in the amount of 15 Million Baht, including the share of profits from investment in the joint venture 6 Million Baht.

### Profits

During 2017-2019 the Company's gross profit from sale( electrical wires, electrical equipment, electronic equipment and various communication devices) and installation service (telecommunications, installation of fire protection system and others) were 685 Million Baht and 642 Million Baht and 514 Million Baht respectively, presenting 15%, 14% and 13% of total gross profit. Details are summarized as follow:

- **Gross profit-sale of electrical wire and equipment**

The Company's gross profits from sale of electrical equipment were approximately 370 Million Baht, 282 Million Baht and 314 Million Baht in year 2017-2019 respectively. Gross profit margin was 9% in 2017-2018 and 10% in 2019. Gross profit of trading business was decreased because sale of electrical wires, which is the main product of the company by increasing at the rate of 1% compared to the last year and electrical equipment which have special product groups with high gross margin

- **Gross Profit - Installation Service** (telecommunications, installation of fire protection system and others)

The Company's gross profit from installation service were approximately 315 Million Baht, 360 Million Baht and 200 Million Baht in year 2017-2019. Gross profit margin decreased 46% due to reduced revenue from installation of telecommunication services but the gross margin of the installation service business approximately 27-28 similar the last year.

- **Net profit**

Net profits of the Company in year 2017-2019 were 200 Million Baht, 169 Million Baht and 86 Million Baht, representing net profit margin of 4% of total revenue for the year 2017-2018 and 2% of total revenue for the year 2019 Divided to shareholders' equity in 2017 – 2019 about 204 Million Baht, 170 Million Baht and 80 Million Baht respectively.

In 2017 profit before tax of the Company was 250 Million Baht, and corporate income tax expense was approximately 50 Million Baht, divided into interim corporate income tax approximately 59 Million Baht; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 9 Million Baht, tax expenses paid accounted 20% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

In 2018 profit before tax of the Company was 213 Million Baht, and corporate income tax expense was approximately 44 Million Baht, divided into interim corporate income tax approximately 51 Million Baht; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 7 Million Baht, tax expenses paid accounted 21% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

In 2019 profit before tax of the Company was 110 Million Baht, and corporate income tax expense was approximately 25 Million Baht, divided into interim corporate income tax approximately 35 Million Baht; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 10 Million Baht, tax expenses paid accounted 23% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

### Return on equity

During year 2017-2019, the Company's returns on equity were 12%, 10% and 5% respectively. The Company's dividend payment policy is to pay dividends at a rate of approximately 40% of its consolidated net income, after deduction of all reserves as required by law and the Company (see more details in Clause 2, Article 8.3 Dividend Payment Policy). During year 2017-2019 the Company's consolidated net income accounted 256 Million Baht, 171 Million Baht and 35 Million Baht respectively. Dividend from such profit was paid to shareholders at the amount of 212 Million Baht, 141 Million Baht, and 36 Million Baht respectively, which represented 83%, 82% and 101% of consolidated net income respectively. Details are summarized as follows:

Dividend	Dividend per share (THB)	Total dividend paid (Million Baht)
<b>Dividend of year 2017 comprises:</b>		
Interim dividend paid in cash to shareholders totaling 1,175 million shares.	0.08	94
Dividend for operation result during year 2017 - net after deduction of 1st interim dividend, paid in cash to shareholders*	0.10	118
<b>Totals dividend of the year 2017</b>	<b>0.18</b>	<b>212</b>
<b>Dividend of year 2018 comprises:</b>		
Interim dividend paid in cash to shareholders totaling 1,175 million shares.	0.06	70.5
Dividend for operation result during year 2018 - net after deduction of 1st interim dividend, paid in cash to shareholders*	0.06	70.5
<b>Totals dividend of the year 2018</b>	<b>0.12</b>	<b>141</b>
<b>Dividend of year 2019 comprises:</b>		
Interim dividend paid in cash to shareholders totaling 1,175 million shares.	0.02	24
Dividend for operation result during year 2019 - net after deduction of 1st interim dividend, paid in cash to shareholders*	0.01	12
<b>Totals dividend of the year 2019</b>	<b>0.03</b>	<b>36</b>

Remark: The payment of dividend for the year 2019, it must be approved by the Annual General Meeting of the Shareholders for the year 2020

Toward the future, the Company continues to strictly comply with Dividend Payment Policy as specified in Clause 2, Article 8: Fund Structure, Article 8.3 Dividend Payment Policy.

## Financial Analysis

### Total Assets

Total assets of the Company as of 31 December 2017-2019 amounted of and 3,606 Million Baht and approximately 3,442 Million Baht and 3,631 Million Baht respectively. Most of the assets are trade receivables and other receivables which portioned 28-35% of total assets. Other assets are inventory which portioned 13-17% and property, building and equipment about 10%. In the year 2019, There is an increase of the investment in associated company about 367 Million Baht or 10% of total assets.

Total assets as of ending year 2017 decreased 237 Million Baht or 6% comparing to year 2016. Assets which decreased were cash and Cash equivalents were decreased 195 Million Baht. trade receivables and other receivables decreased 31 Million Baht, inventory which increased 13 Million Baht and property, building and equipment decreased about 30 Million Baht. Intangible assets decreased 24 Million Baht and investment in joint venture increased 25.8 Million Baht

Total assets as of ending year 2018 decreased 164 Million Baht or 5% comparing to year 2017. Assets which decreased were cash and Cash equivalents were decreased 57 Million Baht. Trade receivables and other receivables decreased 217 Million Baht, inventory which decreased 80 Million Baht and property, building and equipment decreased about 22 Million Baht. Intangible assets decreased 24 Million Baht and investment in joint venture increased 198 Million Baht. Long-term loan 80 Million Baht. Deposit with guarantee 40 Million Baht.

Total assets as of ending year 2019 increased 189 Million Baht or 5% comparing to year 2018. Assets which increased were Short-term loans to a joint venture 298 Million Baht, inventory which increased 198 Million Baht, Cash and Cash equivalents were increased 126 Million Baht. Investment in joint venture increased 100 Million Baht. Assets which decreased were Trade receivables and other receivables and Contract assets decreased 422 Million Baht, Property, plant and equipment decreased 20 Million Baht.

### Trade receivables and other receivables

As of 31 December 2017-2019 the Company's trade receivables, other and Contract asset receivables were approximately at 1,838 Million Baht and 1,620 Million Baht and 1,198 Million Baht respectively, which represented 51%, 47% and 33% of total assets. Details of the Company's assets are as follows:

### Trade receivables

As of 31 December 2017-2019, the Company's trade receivables-net were approximately at 1,220 Million Baht, 1,155 Million Baht and 989 Million Baht respectively, represented 34%, 34% and 27% of total assets. The increase in trade receivables is due to increase in sale volume of the Company. In addition, the Company has set clear policy on sale of products and approval of credit for customers based on credit rating, analysis on previous financial statements, financial status and business operation. The financial amount of credit approved is reviewed on regular basis. Averagely, the Company allows payment duration around 30-120 days. Details of trade receivables of the Company as of 31 December 2017-2019 are summarized as follows:-

Table showing age of trade receivables

(Unit: Million Baht)

Items	2017		2018		2019	
	Value	Proportions	Value	Proportions	Value	Proportions
Not yet Due	622.00	48.56%	574.00	47.01%	477.00	44.63%
Trade Receivables past due						
Up to 3 Months	530.00	41.37%	448.00	36.70%	350.00	32.77%
3 - 6 Months	30.00	2.34%	60.00	4.91%	55.00	5.12%
6 - 12 Months	26.00	2.03%	49.00	4.01%	49.00	4.56%
Over 12 Months	73.00	5.70%	90.00	7.37%	138.00	12.93%
Total Trade Receivables	1,281.00	100.00%	1,221.0	100.00%	1,069.00	100.00%
Less: Allowance for doubtful debts	(61.00)	(4.76) %	(66.00)	(5.41)%	(80.00)	(7.45)%
Total Trade Receivables Net	1,220.00	95.24%	1,155.0	94.59%	989.00	92.55%

The Company has set policy on forecasting of allowance for receivables doubtful accounts based on record of payment collection, analysis of aging of outstanding payment. The Company sets its allowance for doubtful accounts at 50% of receivable value for 6-12 months outstanding payment, 100% for outstanding payment up to 12 months.

As of 31 December 2017, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months amounted of 92 % of total trade receivables while the ratio between outstanding payment between 6-12 months and up to 12 months accounted 2% and 6% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 61 Million Baht or 5% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 1,220 Million Baht.

As of 31 December 2018, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months amounted of 89 % of total trade receivables while the ratio between outstanding payment between 6-12 months and up to 12 months accounted 4% and 7% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 66 Million Baht or 5% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 1,155 Million Baht.

As of 31 December 2019, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months amounted of 82 % of total trade receivables while the ratio between outstanding payment between 6-12 months and up to 12 months accounted 13% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 80 Million Baht or 7% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 989 Million Baht.

The executives are of the opinion that the Company's policy on allowance for doubtful accounts and control and monitor Debt Payment System are appropriate and sufficient for the business operation. However, the Company may consider improvement on receivable policy to be appropriate and consistent to the current situation based on risks and benefit of the Company.

During year 2017-2019 the Company's financial ration on collection period of sales were approximately 117 days, 98 days and 106 days respectively. Such duration was similar to credit loan policy for trade receivables of the Company.

- **Other receivables**

Others receivables consists of consists of other receivables, other accrued income, Upfront cost, advance costs and accrued interest which totaled of approximately 26 Million Baht and 32 Million Baht and 35 Million Baht, as of 31 December 2017-2019 respectively.

Items	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Accrued installation service income	5,074	0.86%	4,502	1.04%	13,085	7.56%
Unbilled revenue	586,398	99.14%	428,376	98.89%	159,885	92.44%
Assets resulting from the contract	591,472	100.00%	432,878	100.00%	172,970	100.00%

### **Inventories**

The Company has set policy on recording value of finished goods and on-going project based on cost (First in-First out) or the net value expected to receive depended on the lower value. Finished product (cables) recorded value as cost (specific) or the net value expected to receive depended on the lower value.

However, the Company records loss incurred from reduction of product value in income statement in case where the cost of inventory in any accounting period is higher than net profit expected to receive. Upon the circumstance that it is not necessary or less necessary to reduce of product value to be lower than product cost,

the Company will reverse the loss recognized in the previous accounting period in income statement of the particular accounting period.

As of 31 December 2017-2019 the Company's inventory valued of approximately 662 Million Baht, 582 Million Baht, and 772 Million Baht respectively, which represented 18%, 17% and 21% of total assets respectively. Details of inventory of the Company as of 31 December 2017-2019 are concluded as follows:

**Table showing details of inventory**

(Unit : Million Baht)

Items	2017		2018		2019	
	Value	Proportions	Value	Proportions	Value	Proportions
Finished Goods	4621.00	69.64%	459.00	78.78%	658.00	85.23%
<u>Less: Reduce cost to net realizable value</u>	<u>(31.00)</u>	<u>(4.68%)</u>	<u>(28.00)</u>	<u>(4.81%)</u>	<u>(28.00)</u>	<u>(3.63%)</u>
Finished goods - Net	430.00	64.96%	431.00	74.06%	630.00	81.60%
Installation in Progress - Telecommunication Project	92.00	13.90%	49.00	8.42%	32.00	4.15%
Installation in Progress - passive fire protection equipment and other	140.00	21.14%	102.00	17.52%	110.00	14.22%
Inventories - Net	662.00	100.00%	582.00	100%	772.00	100.00%

Inventory of the Company is mainly in form of finished goods-net value portioned 70%, 79% and 85% of total inventory in 2017-2019. The Company recognized income derived from installation of communication systems during the first phase at 95% of project value upon completion of work. Therefore, the on-going project is recorded as 'on-going project' in the inventory which amounted of 92 Million Baht, 49 Million Baht and 32 Million Baht in 2017-2019 respectively, or represented 14% and 9% and 4% of net-inventory value during the same period respectively.

During year 2017 - 2019 the sale duration in average were 58 days, 57 days and 72 days consecutively. Presently, the Company has set its policy on storage of finished goods at around 30-60 days of sale volume forecast in order to be sufficient for customers' requirement which is consistent to the current sale duration of the Company.

The Company has set policy on reserves for allowance of price reduction of finished goods at 25% of electrical wire stored longer than 2 years and 25-100% allowance in accordance with period of storage of other products which is longer than 1 year. Since most of the finished goods are electrical wires, the Company experienced no obsolete and depreciation. At the end of year 2018-2019, the allowance for value reduction remained in amount at 28 Million Baht and 28 Million Baht. Between the year 2019, the Company set allowance for price reduction of finished goods amount 28 Million Baht. At the end of year 2019, the allowance for value reduction remained in amount at 28 Million Baht.

#### **Investments in joint venture companies**

The company has investments in 2 associated companies, Namsor Hydro Power Company Limited , which engages in the business of production and distribution of electric power plus hydro power. Which is located in Laos With investment ratio of 38%. PhuKhan Solar Power Joint Stock Company Limited., Which operates in the production and distribution of electric power from solar energy Which is located in the Socialist Republic of Vietnam investment ratio of 25%. Investments in joint venture are stated under equity method.

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

As of 31 December 2017-2019 the Company's property, building and equipment valued of approximately 410 Million Baht, 387 Million Baht and 367 Million Baht respectively, mainly are building and vehicles which represented 86%, 89% and 90% of property, building and equipment consecutively. Other assets are vehicles, supporting devices for work contract represented 5%, 5% and 5% of property, building and equipment and net equipment respectively.

As of 2017 the Company's property, building and equipment decreased to 409 Million Baht or by 30 Million Baht from the annual depreciation. And sold 3 stores townhouse with the land.

As of 2018 the Company's property, building and equipment decreased to 387 Million Baht. During the year, the company has purchased Office equipment and vehicles in the amount of 13 Million Baht and sold and written off in the amount of 11 Million Baht. Depreciation for the year 36 Million Baht.

As of 2019 the Company's property, building and equipment decreased to 367 Million Baht. During the year, the company has purchased Office equipment and vehicles in the amount of 15 Million Baht and sold and written off in the amount of 11 Million Baht. Depreciation for the year 35 Million Baht.

#### Asset of deferred income tax

In 2016 the Company has implemented Accounting Standard Edition 12 subject: Income Tax to the regulation which determine that the Company shall specify temporary differences incurred out of differences of asset value and liability between accounting and taxation in order to recognize impact of tax as asset or liability of deferred income tax as stipulated in accounting standard. After implementation of such accounting standard, the Company's asset of deferred income tax as of 31 December 2017 – 2019 were 21 Million Baht, 24 Million Baht and 30 Million Baht respectively.

	2017	2018	2019
Return On Fixed Assets (%)*	56%	43%	23%
Return On Assets (%)	5%	5%	2%
Total assets turnover (times)	1.20	1.30	1.09

Remarks: \* Based on net-property, building and equipment

During year 2017-2019 the Company was managed to operate business and generated income from asset constantly. Trend of utilization of the asset to business operation is likely to be better. Rate of return from fixed asset was approximately 56%, 43% and 23% respectively. Rate of return from asset were 2% while the asset turnover were 1.20 times, 1.30 times and 1.09 times respectively.

#### Liquidity

(Unit: MillionTHB)

	2017	2018	2019
Net cash from operating activities	(111.39)	462.51	204.13
Net cash in investing activities	(27.60)	(244.93)	(341.03)
Net cash in financing activities	(56.40)	(274.26)	262.99
<b>Net increase (decrease) in cash</b>	<b>(195.39)</b>	<b>(56.68)</b>	<b>126.08</b>

As a result of business policy which aims to increase income from sales of product and service, most of the cash flow was spent as working capital in form of inventory and trade receivables. Therefore, in each year, the Company mainly spent cash flow in operating activities and investing activities.

In 2017, the Company used 111 Million Baht of cash flow from operating activities, profit before tax was 250 Million Baht, were decreased of Trade and other payables at 440 Million Baht, inventory increased to 13 Million Baht. Cash flow spent in investing activities at 28 million which divided in purchase of other assets totaling 11 Million Baht. Pay for investment in Nam Sor Hydro Power Co.,Ltd totaling 28 Million Baht. The Company spent on funding activities at 56 Million Baht, loan of short-term 194 Million Baht, long-term repayment amount of approximately 28 Million Baht. And repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 11 Million Baht. Nonetheless in 2017 the Company paid dividend in cash to shareholders at the amount of 212 Million Baht. Therefore, the net cash flow in 2017 decreased to 195 Million Baht while cash and cash equivalent as of year-end 2017 was at 263 Million Baht.

In 2018, the Company used 463 Million Baht of cash flow from operating activities, profit before tax was 213 Million Baht while trade and other receivables decreased to 213 Million Baht, inventory decreased to

83 Million Baht. Unbilled cost increased 56 Million Baht. Trade and other payables increased to 10 Million Baht. Cash flow spent in investing activities at 245 Million Baht which divided in purchase of other assets totaling 5 Million Baht. Lending the joint venture about 80 Million Baht. Pay for investment in Nam Sor Hydro Power Co.,Ltd totaling 29 Million Baht. And pay for investment in Phu Khanh Solar Power about 176 Million Baht. The Company spent on funding activities at 274 Million Baht, loan of short-term down to 48 Million Baht, long-term repayment amount of approximately 85 Million Baht. And repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 10 Million Baht. Nonetheless in 2018 the Company paid dividend in cash to shareholders at the amount of 188 Million Baht. Therefore, the net cash flow in 2018 decreased to 57 Million Baht while cash and cash equivalent as of year-end 2018 was at 206 Million Baht.

In 2019, the Company used 204 Million Baht of cash flow from operating activities, profit before tax was 110 Million Baht while trade and other receivables decreased to 159 Million Baht, Contract asset decreased to 260 Million Baht. Inventory increased to 206 Million Baht. Trade and other payables increased to 149 Million Baht. Resulting in the company having cash flow from operating activities in the amount of 242 Million Baht and net cash from operating activities at 204 Million Baht. The company having Cash flow spent in investing activities at 341 Million Baht. Lending the joint venture about 316 Million Baht. Purchase of other assets totaling 6 Million Baht. Pay for investment in Nam Sor Hydro Power Co.,Ltd totaling 16 Million Baht. And pay for investment in Phu Khanh Solar Power about 96 Million Baht. The Company spent on funding activities at 263 Million Baht, loan of short-term increased to 398 Million Baht, long-term repayment amount of approximately 28 Million Baht. And repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 12 Million Baht. Nonetheless in 2019 the Company paid dividend in cash to shareholders at the amount of 94 Million Baht. Therefore, the net cash flow in 2019 decreased to 126 Million Baht while cash and cash equivalent as of year-end 2019 was at 332 Million Baht.

The Company's liquidity ratio during year 2017-2019 were at 1.56 times, 1.45 times and 1.37 times consecutively while the quick liquidity ratio accounted at 1.18 times, 1.09 times and 0.80 times consecutively. Such ratios were ranked in average level due to the business operation requires working capital. In the past years, the Company applied for short-term loan as a source of fund to purchase or reserve the products, expenditure on installation of communication system, fire protection system etc.

#### Source of fund

- **Structure of fund**

The ratio of debt per shareholders' equity (D/E) as of 31 December 2017-2019 was at 1.10 times, 1.03 time and 1.03 times, respectively

#### Liabilities

Total liabilities of the Company as of 31 December 2017-2019 were 1,890 Million Baht, 1,745 Million Baht and 1,988 Million Baht, respectively. Main liabilities were trade and other payables, short-term loans which represented 88% of total liabilities in the year 2019.

Total liabilities of the Company as of 31 December 2017 were 1,890 Million Baht, which consist of current liabilities at the amount of 1,786 Million Baht, representing 94% of total liabilities. Main current liabilities are trade and other payables at approximately 1,175 Million Baht, unbilled cost accounted at 197 Million Baht and long-term loan which repayment due within 1 year at the amount of 28 Million Baht. The Company's non-current assets was 105 Million Baht, representing 6% of total liabilities. Main non-current liabilities consist of long-term loan from financial institutions-net from payment due within 1 year at amount of 45 Million Baht, reserves for employees' benefit at 40 Million Baht and liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 13 Million Baht.

Total liabilities of the Company as of 31 December 2018 were 1,745 Million Baht, which consist of current liabilities at the amount of 1,671 Million Baht, representing 96% of total liabilities. Main current liabilities are trade and other payables at approximately 1,242 Million Baht, unbilled cost accounted at 77 Million Baht. Liabilities arising from the contract of 56 Million Baht and long-term loan which repayment due within 1 year at the amount of 28 Million Baht. The Company's non-current assets was 74 Million Baht, representing 4% of total liabilities.

Main non-current liabilities consist of long-term loan from financial institutions-net from payment due within 1 year at amount of 17 Million Baht, reserves for employees' benefit at 44 Million Baht and liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 13 Million Baht.

Total liabilities of the Company as of 31 December 2019 were 1,988 Million Baht, which consist of current liabilities at the amount of 1,907 Million Baht, representing 96% of total liabilities. Main current liabilities are trade and other payables at approximately 1,117 Million Baht, Liabilities arising from the contract of 56 Million Baht and long-term loan which repayment due within 1 year at the amount of 15 Million Baht. The Company's non-current assets was 81 Million Baht, representing 4% of total liabilities. Main non-current liabilities consist of reserves for employees' benefit at 67 Million Baht and liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 11 Million Baht.

- **Loans from financial institutions**

The Company's source of fund was mainly from short-term loans which the Company is exposing to the risk of financial liquidity. However, main financial credit the Company was granted were bank overdraft, short-term loan in form of promissory note, factoring service. The financial institutions grant the loan to enable the Company use as working capital in business operation to ensure that the Company will be able to repay the loan within the due course.

Liabilities incurred out of loan from financial institution as of 31 December 2019 are as follow:-

- **Short-term loan: total of 2,852 Million Baht divided into**
  - Bank overdraft at financial amount of 121 Million Baht.
  - Short-term promissory notes, trade on demand which is similar to promissory note but with option to withdraw cash from financial institution as of balance of receivables and/or payables of reference, financial credit total of 2,731 Million Baht.

As 31 December 2019, the subsidiaries have short-term from financial institution amount 530 Million Baht.

- **Long-term loan: total of 198.10 Million Baht divided into**
  - Long-term loan for purchase of land and construction of office building and new warehouse at Pakkred district, Nonthaburi province. Total of finance amount 180 Million Baht, which divided into purchase of land amount 120 Million Baht. And amount for construction of new office building and warehouse at 60 Million Baht. The Company has withdrawn 118.40 million from the long-term loan to purchase the land. The repayment of loan is determined on monthly basis, total 78 payments, each payment is at 0.83 Million Baht. The first payment was in July 2015. As 31 December 2017 the outstanding balance approximately 73 Million Baht. Now The contract closed prematurely at 31 August 2018.
  - Long-term loan for working in business operation by loan guarantee with Mortgaged land and buildings of the company total 56 Million Baht. By repayment at the end of the month about 38 times. At the period 1-20 pay amount 2.4 Million Baht each time and at the period 21-38 pay amount 0.83 Million Baht each time. Started on August 2018. At 31 December 2019, there are balance about 17 Million Baht.

- **Liabilities under the financial lease**

The Company has entered into financial lease and hire-purchase contract with leasing company in order to lease and hire-purchase vehicles for use in business operation of the Company. The duration of contract is averagely between 2-5 years. The repayment is set on monthly basis, average interest rate at 2.35-10.64% per year during 2017-2019.

As of 31 December, 2017-2019 the Company had obligation to pay the minimum rent as per financial lease contract and hire-purchase contract at the amount of 22 Million Baht, 21 Million Baht and 19 Million Baht consecutively. The details of payment are as follows:

(Unit: Million Baht)

	31 December 2017			31 December 2018			31 December 2019		
	Less than a year	1 - 5 years	Total	Less than a year	1 - 5 years	Total	Less than a year	1 - 5 years	Total
Future minimum lease payments	7.47	14.06	21.53	7.44	13.64	21.08	6.70	12.36	19.06
Deferred interest expenses	(1.01)	(1.25)	(2.26)	(1.05)	(1.01)	(2.06)	(0.82)	(1.28)	(2.10)
Present value of future minimum lease payments	6.46	12.81	19.27	6.39	12.63	19.02	5.88	11.08	16.96

- **Unbilled costs**

In 2017, the Company's cost of service for communication recognized at the amount of 853 Million Baht. It was installation of telecommunication about 805 Million Baht and other installation 48 million and in 2018, the Company's cost of service for communication recognized at the amount of 958 Million Baht. It was installation of telecommunication about 674 Million Baht and other installation 284 Million Baht. In 2019, the Company's cost of service for communication recognized at the amount of 506 Million Baht. It was installation of telecommunication about 187 Million Baht and other installation 319 Million Baht. In 2017, received invoices for cost of service at the amount of 887 Million Baht, it was installation of telecommunication about 720 Million Baht and others installation 167 Million Baht. In 2018, received invoices for cost of service at the amount of 750 Million Baht, it was installation of telecommunication about 688 Million Baht and others installation 62 Million Baht. In 2019, received invoices for cost of service at the amount of 554 Million Baht it was installation of telecommunication about 284 Million Baht and others installation 270 Million Baht. In 2017, Ongoing project totaled of 232 Million Baht with telecommunication service about 92 Million Baht and others installation 140 Million Baht. In 2018, Ongoing project totaled of 151 Million Baht with telecommunication service about 49 Million Baht and others installation 102 Million Baht. In 2019, Ongoing project totaled of 142 Million Baht with telecommunication service about 32 Million Baht and others installation 110 Million Baht. The Company recognized income from installation of communication system during the first phase at completion percentage of 95% of project value upon work completion. Therefore, the ongoing communication projects are recorded as "ongoing project" in the inventory.

As a result, the unbilled cost of the telecommunications job paid about 197 Million Baht in 2017 and 142 Million Baht in the year 2018 and 63 Million Baht in the year 2019 The details are as follows,

Unit : Million Baht	31 Dec 2017	31 Dec 2018	31 Dec 2019
Costs of installation recognized as at the beginning period	852.66	958.40	505.95
The actual costs of installation	(886.84)	(967.93)	(585.87)
Add Work in process - Telecommunication	91.94	49.05	32.17
Add Work in process	139.73	102.24	110.65
Unbilled costs	197.49	141.76	62.90

In 2019, unbilled costs are included in trade and other payables.

### Reserve for long-term employee benefits

The company has reserved money to compensate employees when leaving work according to the Labor Protection Act. The compensation rate in the case of termination of employment is 44 Million Baht and 67 Million Baht in 2018-2019.

### **Shareholders' equity**

Shareholder's equity as of 31 December 2017-2019 were 1,717 Million Baht, 1,697 Million Baht, and 1,643 Million Baht respectively. The increase was in consistent with the net profit at 200 Million Baht, 169 Million Baht and 86 Million Baht respectively.

As of 31 December 2017 the Company's shareholder's equity was 1,717 Million Baht, consist of shareholder's equity 1,654 Million Baht and Non-controlling subsidiaries interests amount 63 Million Baht decrease of 12 Million Baht. Net profit of 200 Million Baht. During the year the Company paid dividend at the amount of 212 Million Baht.

As of 31 December 2018 the Company's shareholder's equity was 1,697 Million Baht, consist of shareholder's equity 1,635 Million Baht and Non-controlling subsidiaries interests amount 62 Million Baht, decreased of 20 Million Baht from the previous year. Net profit of 169 Million Baht. During the year the Company paid dividend at the amount of 141 Million Baht.

As of 31 December 2019 the Company's shareholder's equity was 1,643 Million Baht, consist of shareholder's equity 1,578 Million Baht and Non-controlling subsidiaries interests amount 65 Million Baht, decreased of 55 Million Baht from the previous year. Net profit of 85 Million Baht. During the year the Company paid dividend at the amount of 23 Million Baht.

#### **Auditors' remuneration**

Details of audit fee are summarized as follows:

- In 2017, the Company paid audit fee to the Company's auditor at the amount of 1.77 Million Baht, including the audit fee for its subsidiaries at 0.96 Million Baht. The Company and its subsidiaries did not use other additional service from auditors.
- In 2018 the Company paid audit fee to the Company's auditor at the amount of 1.85 Million Baht, including the audit fee for its subsidiaries at 0.96 Million Baht. The Company invested in new subsidiary. The Company and its subsidiaries did not use other additional service from auditors.
- In 2019 the Company paid audit fee to the Company's auditor at the amount of 1.95 Million Baht, including the audit fee for its subsidiaries at 0.96 Million Baht. The Company invested in new subsidiary. The Company and its subsidiaries did not use other additional service from auditors.

### **Main factors and influences that may have impact to the financial status and operation result in the future.**

Main factors and influences that may have impact to the financial status and operation result in the future are:

#### **• Risk from fluctuation in copper price which impact the income and cost of the product (electrical wire)**

Main cost of electrical wire is copper which its price is changes upon global demand and supply. Changes in copper price directly affect the buying price or cost of electrical wire including selling price, income and gross profit of the Company. Significantly when the price of copper will decline if the Company will not be able to adjust the product price to be consistent to the changes of product cost, it may adversely affect the sale cost and value if inventory of the Company. For this reason, the Company has put its emphasis on risk management on such matter by regularly monitor the price of copper in order to forecast direction and trend of copper price to apply appropriate inventory management. Normally, upon fluctuation of copper price, it takes around 6-7 months (Lapse Time) to actually affect the selling price and cost of electrical wires. For such method, the Company will be able to ease the impact from copper price fluctuation at a certain level.

#### **• Risks from inconsistent revenue derived from Projects**

Service design and installation of communication of the Company is conducted under project scope with schedule of completion, not long-term contract. Therefore, the consistency of income is depended on opportunity to undertake each project. However, the Company has good working background, deliver project within specified time frame. In addition, the communication industry is likely to grow steadily upon auction of license on mobile phone 4G network as well as demand to improve mobile phone signal regularly, the executives believe that the Company will not be affected from such risk much.

**• Risks from working capital**

In the normal business operation regarding distribution of electrical wires and equipment and services of installation of communication system, the Company requires working capital for purchasing products and maintaining inventory for sales. This should represent variety and adequate quantity to meet the customers' demand. In regard to service of installation of communication systems, the Company also requires working capital for purchasing, hiring and preparing tasks prior to receiving the payment from the customers according to the agreement. To manage cash flow, the Company utilized the short-term loan from the financial institutions as a working capital to operate such business. Therefore, the liquidity ratio and quick liquidity ratio in 2017 were 1.56 times and 1.18 times respectively while liquidity ratio and quick liquidity ratio in year 2018 were 1.45 times and 1.09 times respectively. In 2019 were 1.37 times and 0.80 times respectively,

Report of the Independent  
Certified Public Accountants  
**Financial Statements**

ended on 31 December 2019

Notes to consolidated financial statements



## Independent Auditor's Report

To the Shareholders of Communication & System Solution Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Communication & System Solution 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 Communication & System Solution 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 Communication & System Solution Public Company Limited and its subsidiaries and of Communication & System Solution 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.

### Goodwill

The Company recorded goodwill of Baht 156 million as a result of the acquisition of shares in subsidiary. I have focused my audit on the balance of goodwill due to the goodwill amount is highly significant to the financial statements and the assessment of impairment of goodwill as disclosed in Note 15 to the financial statements is a significant accounting estimate requiring management to exercise a high degree of judgement in estimating the cash inflows generated from a subsidiary in the future, and setting an appropriate discount rate and long-term growth rate. The assessment of the impairment thus directly affects the balance of goodwill presented at period-end.

I gained understanding and assessed management's decision-making process whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from a subsidiary, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average costs of capital and

others information with other comparable companies, tested the calculation of the recoverable amount of the assets using the selected financial model and considered the impact of changes in key assumptions on those recoverable amount. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill as well as sensitivity of the impact of changes in key assumption to the cash flow projections.

#### **Allowance for doubtful debt**

In presenting the value of accounts receivable at period-end, which is significant to the financial statements, the Group has to estimate the amount of allowance for doubtful debts required for receivables that are not expected to be collectible, which is presented as a deduction from accounts receivable, as described in Note 8 to the financial statements. Estimating the allowance for doubtful accounts requires management to exercise judgement, taking into consideration collection history, the results of aging analysis and analysis of debtors' ability to make payment. The estimation of allowance for doubtful debts thus directly affects both the doubtful debt expense recorded in profit and loss and the balance of accounts receivable presented at period-end.

I assessed and tested the internal controls of the Group relevant to the determination of allowance for doubtful debts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by management in determining of the policies on determining allowance for doubtful debts on a basis of aging. I reviewed the preparation of the accounts receivable aging report and tested the calculation of allowance for doubtful debt in accordance with these policies. In addition, I reviewed the provisions set aside for specific trade receivables.

#### **Net realisable value of inventory**

Estimating the net realisable value of inventory, as disclosed in Note 11 to the financial statements, requires management to exercise judgement for policies on allowance for diminution in value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle. The estimation of net realisable value of inventory thus affects both the allowance of inventories expense recorded in profit and loss and the balance of inventories presented at period-end.

I assessed and tested the internal controls of the Group relevant to the determination of allowance for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by management in determining of the policies on determining allowance for diminution in value of inventories on a basis of aging. I reviewed the preparation of the inventories aging report and tested the calculation of allowance for diminution in value of inventories in accordance with these policies. In addition, I analysed the inventory holding periods and inventory movement to identify product lines with indicators of lower than normal inventory turnover. Moreover, I reviewed the preparation of the comparison report between net realisable value of inventory and the cost of inventory for each product line and examined supporting documents on a sampling basis for actual sales transactions occurring after the period-end.

#### **Revenue recognition**

Sales and service revenues are highly significant to the financial statements and a key indicator of business performance in which management and financial statements' users are interested. Because the increases or decreases in revenue directly affect the Group's performance, I draw a special consideration regarding the revenue recognition of the Group.

I have examined the revenue recognition of the Group by

- Assessed and tested 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.

- Examined, on a sampling basis, supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Applied a sampling method to select sales and service agreements whether the recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- Reviewed credit notes that the Group issued after the period-end.
- Performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

#### **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.

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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **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.

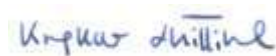
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude 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.



Krongkaew Limkittikul

Certified Public Accountant (Thailand) No. 5874

EY Office Limited

Bangkok: 28 February 2020

## Communication &amp; System Solution Public Company Limited and its subsidiaries

## Statement of financial position

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		332,372,264	206,291,033	137,394,583	58,411,037
Trade and other receivables	8	1,024,670,471	1,187,167,086	850,029,480	1,080,818,147
Contract assets	9	172,970,387	432,877,739	104,926,807	347,571,528
Short-term loans to associate	7	297,654,823	-	297,654,823	-
Costs to fulfil contracts with customers	10	142,809,764	151,276,100	79,970,488	82,109,617
Inventories	11	629,392,906	431,089,167	526,776,822	418,479,775
Other current assets		14,165,232	11,730,573	1,628,199	3,164,021
<b>Total current assets</b>		<b>2,614,035,847</b>	<b>2,420,431,698</b>	<b>1,998,381,202</b>	<b>1,990,554,125</b>
<b>Non-current assets</b>					
Restricted bank deposits		131,461,500	143,101,500	117,421,500	132,421,500
Investments in subsidiaries	12	-	-	494,858,940	494,858,940
Investment in associates	13	324,414,290	224,229,254	325,139,047	232,876,714
Property, plant and equipment	14	366,951,204	386,687,568	340,125,010	354,914,864
Goodwill	15	156,497,121	156,497,121	-	-
Long-term loan to associate	7	-	80,000,000	-	80,000,000
Deferred tax assets	23	30,402,901	23,607,096	25,588,007	16,872,204
Other non-current assets		6,906,711	7,471,310	2,041,019	2,364,139
<b>Total non-current assets</b>		<b>1,016,633,727</b>	<b>1,021,593,849</b>	<b>1,305,173,523</b>	<b>1,314,308,361</b>
<b>Total assets</b>		<b>3,630,669,574</b>	<b>3,442,025,547</b>	<b>3,303,554,725</b>	<b>3,304,862,486</b>

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

**Statement of financial position (continued)****As at 31 December 2019**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	16	694,500,000	296,700,000	596,000,000	244,500,000
Trade and other payables	17	1,117,036,854	1,241,919,159	982,926,949	1,227,711,791
Contract liabilities	9	55,565,338	65,087,095	47,640,064	48,556,836
Current portion of long-term loans	18	14,520,000	28,200,000	14,520,000	28,200,000
Current portion of liabilities under					
finance lease agreements	19	5,880,808	6,393,432	4,690,227	4,838,422
Income tax payable		450,736	5,284,312	450,736	4,585,185
Other current liabilities		18,896,499	27,410,214	7,808,594	25,575,914
<b>Total current liabilities</b>		<u>1,906,850,235</u>	<u>1,670,994,212</u>	<u>1,654,036,570</u>	<u>1,583,968,148</u>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	18	2,020,000	16,540,000	2,020,000	16,540,000
Liabilities under finance lease agreements,					
net of current portion	19	11,085,555	12,627,852	7,607,134	7,958,850
Deferred tax liabilities	23	819,859	879,326	-	-
Provision for long-term employee benefits	20	66,898,555	43,767,960	58,722,275	38,644,371
<b>Total non-current liabilities</b>		<u>80,823,969</u>	<u>73,815,138</u>	<u>68,349,409</u>	<u>63,143,221</u>
<b>Total liabilities</b>		<u>1,987,674,204</u>	<u>1,744,809,350</u>	<u>1,722,385,979</u>	<u>1,647,111,369</u>

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

## Communication &amp; System Solution Public Company Limited and its subsidiaries

## Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Shareholders' equity					
Share capital					
Registered					
1,176,073,769 ordinary shares of Baht 0.5 each		588,036,885	588,036,885	588,036,885	588,036,885
Issued and fully paid-up					
1,175,739,089 ordinary shares of Baht 0.5 each		587,869,545	587,869,545	587,869,545	587,869,545
Share premium		753,575,398	753,575,398	753,575,398	753,575,398
Difference resulting from business combination					
under common control		6,827,505	6,827,505	-	-
Retained earnings					
Appropriated - statutory reserve	21	59,000,000	59,000,000	59,000,000	59,000,000
Unappropriated		189,929,843	228,967,056	180,723,803	257,306,174
Other components of shareholders' equity		(19,142,632)	(1,246,473)	-	-
Equity attributable to owners of the Company		1,578,059,659	1,634,993,031	1,581,168,746	1,657,751,117
Non-controlling interests of the subsidiaries		64,935,711	62,223,166	-	-
Total shareholders' equity		1,642,995,370	1,697,216,197	1,581,168,746	1,657,751,117
Total liabilities and shareholders' equity		3,630,669,574	3,442,025,547	3,303,554,725	3,304,862,486

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

## Communication &amp; System Solution Public Company Limited and its subsidiaries

## Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		3,086,238,302	3,212,143,387	2,929,133,922	3,047,648,237
Revenues from installation services contracts		705,529,116	1,317,984,390	356,145,784	1,089,141,871
Other income		48,897,802	35,519,747	46,320,523	30,801,755
<b>Total revenues</b>		<b>3,840,665,220</b>	<b>4,565,647,524</b>	<b>3,331,600,229</b>	<b>4,167,591,863</b>
<b>Expenses</b>					
Cost of sales		2,772,103,254	2,929,614,139	2,625,909,565	2,777,572,863
Installation service costs		505,954,679	958,402,146	232,529,931	798,664,814
Selling and distribution expenses		77,622,619	96,611,788	76,528,261	95,526,172
Administrative expenses		364,219,266	353,536,591	312,839,971	275,429,977
Loss on impairment in value of investment in associate	13	-	-	20,057,795	-
<b>Total expenses</b>		<b>3,719,899,818</b>	<b>4,338,164,664</b>	<b>3,267,865,523</b>	<b>3,947,193,826</b>
<b>Profit before share of loss from investments in associates, finance cost and income tax expenses</b>					
		120,765,402	227,482,860	63,734,706	220,398,037
Share of profit (loss) from investments in associates	13	5,761,067	(6,115,101)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>126,526,469</b>	<b>221,367,759</b>	<b>63,734,706</b>	<b>220,398,037</b>
Finance cost		(16,340,491)	(8,347,422)	(13,848,421)	(6,553,543)
<b>Profit before income tax expenses</b>		<b>110,185,978</b>	<b>213,020,337</b>	<b>49,886,285</b>	<b>213,844,494</b>
Income tax expenses	23	(24,682,586)	(43,768,474)	(15,115,085)	(42,592,391)
<b>Profit for the year</b>		<b>85,503,392</b>	<b>169,251,863</b>	<b>34,771,200</b>	<b>171,252,103</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive income from investments in associates, net of income tax	13	(17,896,159)	(636,587)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial losses, net of income tax		(3,150,831)	-	(2,267,877)	-
<b>Other comprehensive income for the year</b>		<b>(21,046,990)</b>	<b>(636,587)</b>	<b>(2,267,877)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>64,456,402</b>	<b>168,615,276</b>	<b>32,503,323</b>	<b>171,252,103</b>

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

## Communication &amp; System Solution Public Company Limited and its subsidiaries

## 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
Profit attributable to:					
Equity holders of the Company		79,648,698	170,337,772	34,771,200	171,252,103
Non-controlling interests of the subsidiaries		5,854,694	(1,085,909)	-	-
		85,503,392	169,251,863	34,771,200	171,252,103
Total comprehensive income attributable to:					
Equity holders of the Company		58,601,708	169,701,185	32,503,323	171,252,103
Non-controlling interests of the subsidiaries		5,854,694	(1,085,909)	-	-
		64,456,402	168,615,276	32,503,323	171,252,103
Earnings per share	24				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.07	0.14	0.03	0.15

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

## Communication &amp; System Solution Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
						Other components of shareholders' equity				
						Other comprehensive income				
			Difference resulting from business combination under common control	Retained earnings		Share of other comprehensive income from investment in associated company	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders'
	Issued and paid-up share capital	Share premium		Appropriated	Unappropriated					
Balance as at 1 January 2018	587,869,545	753,575,398	6,827,505	59,000,000	246,747,506	(609,886)	(609,886)	1,653,410,068	63,309,075	1,716,719,143
Profit for the year	-	-	-	-	170,337,772	-	-	170,337,772	(1,085,909)	169,251,863
Other comprehensive income for the year	-	-	-	-	-	(636,587)	(636,587)	(636,587)	-	(636,587)
Total comprehensive income for the year	-	-	-	-	170,337,772	(636,587)	(636,587)	169,701,185	(1,085,909)	168,615,276
Dividend paid (Note 27)	-	-	-	-	(188,118,222)	-	-	(188,118,222)	-	(188,118,222)
Balance as at 31 December 2018	587,869,545	753,575,398	6,827,505	59,000,000	228,967,056	(1,246,473)	(1,246,473)	1,634,993,031	62,223,166	1,697,216,197
Balance as at 1 January 2019 (as previously reported)	587,869,545	753,575,398	6,827,505	59,000,000	228,967,056	(1,246,473)	(1,246,473)	1,634,993,031	62,223,166	1,697,216,197
Cumulative effect of changes in new financial reporting standard (Note 6)	-	-	-	-	(21,740,938)	-	-	(21,740,938)	(2,877,263)	(24,618,201)
Balance as at 1 January 2019 (as restated)	587,869,545	753,575,398	6,827,505	59,000,000	207,226,118	(1,246,473)	(1,246,473)	1,613,252,093	59,345,903	1,672,597,996
Profit for the year	-	-	-	-	79,648,698	-	-	79,648,698	5,854,694	85,503,392
Other comprehensive income for the year	-	-	-	-	(2,885,946)	(17,896,159)	(17,896,159)	(20,782,105)	(264,886)	(21,046,991)
Total comprehensive income for the year	-	-	-	-	76,762,752	(17,896,159)	(17,896,159)	58,866,593	5,589,808	64,456,401
Dividend paid (Note 27)	-	-	-	-	(94,059,027)	-	-	(94,059,027)	-	(94,059,027)
Balance as at 31 December 2019	587,869,545	753,575,398	6,827,505	59,000,000	189,929,843	(19,142,632)	(19,142,632)	1,578,059,659	64,935,711	1,642,995,370

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

Communication & System Solution Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up		Retained earnings		Total
	share capital	Share premium	Appropriated	Unappropriated	
<b>Balance as at 1 January 2018</b>	587,869,545	753,575,398	59,000,000	274,172,293	1,674,617,236
Profit for the year	-	-	-	171,252,103	171,252,103
Total comprehensive income for the year	-	-	-	171,252,103	171,252,103
Dividend paid (Note 27)	-	-	-	(188,118,222)	(188,118,222)
<b>Balance as at 31 December 2018</b>	587,869,545	753,575,398	59,000,000	257,306,174	1,657,751,117
					-
<b>Balance as at 1 January 2019 (as previously reported)</b>	587,869,545	753,575,398	59,000,000	257,306,174	1,657,751,117
Cumulative effect of changes in new financial reporting standard (Note 6)				(15,026,667)	(15,026,667)
<b>Balance as at 1 January 2019 (as restated)</b>	587,869,545	753,575,398	59,000,000	242,279,507	1,642,724,450
Profit for the year	-	-	-	34,771,200	34,771,200
Other comprehensive income for the year	-	-	-	(2,267,877)	(2,267,877)
Total comprehensive income for the year	-	-	-	32,503,323	32,503,323
Dividend paid (Note 27)	-	-	-	(94,059,027)	(94,059,027)
<b>Balance as at 31 December 2019</b>	587,869,545	753,575,398	59,000,000	180,723,803	1,581,168,746

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

**Communication & System Solution Public Company Limited and its subsidiaries****Cash flow statement****For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>				
Profit before tax	110,185,978	213,020,337	49,886,285	213,844,494
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	35,214,665	59,693,834	29,934,982	30,373,457
Written off withholding tax	-	805,094	-	-
Allowance for doubtful accounts	13,080,409	6,054,319	26,189,635	9,122,965
Reduction of cost of inventory to net realisable value (reversal)	905,609	(3,534,012)	968,578	(3,566,144)
Loss on impairment of investment in associate	-	-	20,057,795	-
Share of (gain) loss from investments in associates	(5,761,067)	6,115,101	-	-
Provision for long-term employee benefits	20,038,723	3,702,735	18,089,724	3,014,030
Gain on disposal of investment property	-	(2,499,999)	-	-
Gain on disposal of property, plant and equipment	(1,312,243)	(2,222,039)	(1,024,532)	(2,222,039)
Unrealised loss on exchange	18,837,255	-	18,975,694	-
Interest income	(26,640,013)	(9,193,988)	(25,095,278)	(7,654,416)
Interest expenses	16,340,490	8,347,422	13,848,421	6,553,543
Profit from operating activities before changes in operating assets and liabilities	180,889,806	280,288,804	151,831,304	249,465,890
Operating assets (increase) decrease				
Trade and other receivables	159,087,585	183,246,972	214,270,412	(3,203,667)
Contract assets	259,907,352	29,442,175	242,644,721	114,461,514
Costs to fulfil contracts with customers	8,466,336	64,530,070	2,139,129	60,394,943
Inventories	(205,613,883)	18,557,578	(109,265,625)	2,386,769
Other current assets	9,755,423	4,157,619	5,292,488	4,428,164
Other non-current assets	149,402	(306,901)	149,258	427,900
Operating liabilities increase (decrease)				
Trade and other payables	(148,996,768)	8,541,461	(263,438,719)	209,493,028
Contract liabilities	(9,521,757)	(74,185,931)	(916,772)	(91,713,273)
Other current liabilities	(12,270,381)	8,217,930	(21,523,988)	9,589,282
Other non-current liabilities	-	994,426	-	-
Cash flow from operating activities	241,853,115	523,484,203	221,182,208	555,730,550
Cash received from interest income	16,260,864	8,055,351	14,716,128	6,515,783
Cash paid for long-term employee benefits	(846,667)	(199,000)	(846,667)	(199,000)
Cash paid for interest expenses	(15,276,595)	(7,272,277)	(13,065,813)	(5,776,661)
Cash paid for income tax	(37,862,591)	(61,559,679)	(23,641,701)	(54,275,831)
<b>Net cash flows from operating activities</b>	<b>204,128,126</b>	<b>462,508,598</b>	<b>198,344,155</b>	<b>501,994,841</b>

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

**Communication & System Solution Public Company Limited and its subsidiaries****Cash flow statement (continued)****For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from investing activities:</b>				
Decrease in restricted bank deposits	11,640,000	40,267,133	15,000,000	43,627,133
Short-term loans to associates	(391,900,000)	(32,000,000)	(391,900,000)	(32,000,000)
Cash receipt from repayment of short-term loans to associates	75,936,160	32,000,000	75,936,160	32,000,000
Long-term loans to associates	-	(80,000,000)	-	(80,000,000)
Cash receipt from repayment of long-term loans to associates	80,000,000	-	80,000,000	-
Acquisition of investments in associates	(112,170,995)	(205,165,113)	(112,320,128)	(205,165,113)
Proceeds from sales of investment property	-	2,499,999	-	-
Proceeds from sales of property, plant and equipment	1,622,062	2,440,884	1,276,268	2,440,884
Acquisition of property, plant and equipment	(6,161,557)	(4,969,822)	(5,862,502)	(4,797,566)
<b>Net cash flows used in investing activities</b>	<b>(341,034,330)</b>	<b>(244,926,919)</b>	<b>(337,870,202)</b>	<b>(243,894,662)</b>
<b>Cash flows from financing activities:</b>				
Increase (decrease) in short-term loans				
from financial institutions	397,800,000	(48,126,191)	351,500,000	(66,500,000)
Cash receipt from long-term loans	-	56,490,000	-	56,490,000
Repayment of long-term loans	(28,200,000)	(84,690,000)	(28,200,000)	(84,690,000)
Repayment of liabilities under finance lease agreements	(12,553,538)	(9,819,090)	(10,731,380)	(7,960,628)
Dividend paid to shareholders	(94,059,027)	(188,118,222)	(94,059,027)	(188,118,222)
<b>Net cash flows from (used in) financing activities</b>	<b>262,987,435</b>	<b>(274,263,503)</b>	<b>218,509,593</b>	<b>(290,778,850)</b>
<b>Net decreased in cash and cash equivalents</b>	<b>126,081,231</b>	<b>(56,681,824)</b>	<b>78,983,546</b>	<b>(32,678,671)</b>
Cash and cash equivalents at beginning of year	206,291,033	262,972,857	58,411,037	91,089,708
<b>Cash and cash equivalents at end of year</b>	<b>332,372,264</b>	<b>206,291,033</b>	<b>137,394,583</b>	<b>58,411,037</b>
	-	-	-	-
<b>Supplemental cash flow information:</b>				
Non-cash item				
Increase in vehicle through financial leases	9,360,500	8,394,822	9,360,500	8,394,822

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

## Comunication & System Solution Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2019

#### 1. General information

Communication & System Solution Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution and installation of equipment production for electricity, water, air conditioning and telecommunication systems. The registered office of the Company is at 329 Moo 3 Banmai, Pakkred, Nonthaburi. The Company has Chonburi Branch at 59 Moo 7, Bang Pra, Sriracha, Chonburi.

#### 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 Communication & System Solution Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) as follows:

Name of entity	Nature of business	Country of incorporation	Percentage of shareholding	
			2019 Percent	2018 Percent
C.S.S. Energy Company Limited	Distribution and installation of electric cables, tube and electrical products	Thailand	100	100
Neonworx Communications (Thailand) Limited	Distribution and installation of equipment product for telecommunication systems	Thailand	70	70

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, as from the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that is not held by the Company and is presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### 3. New financial reporting standards

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

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

#### TFRS 15 Revenue from Contracts with Customers

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

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

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

The Group adopted TFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2019, and the comparative information was not restated.

The cumulative effect of the change is described in Note 6.

#### (b) Financial reporting standards that became 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:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or 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 have occurred.
- Recognition of derivatives - The Group is to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The management of the Group is currently evaluating the impact of these standards to 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 management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

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

##### **4.1 Revenues and expenses recognition**

###### **a) Revenues from installation services contracts**

The Group has determined that their construction contracts generally have one performance obligation. The Group recognises construction revenue over time where the stage of completion is measured using an output method, based on measurement of the value of services rendered up to the end of the period and total project value of contracts.

The likelihood of contract variations, claims and liquidated damages, delays in delivery or contractual penalties is taken into account in determining the revenue to be recognised, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the value and stage of completion of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

###### **b) Revenue from sales of goods**

Revenue from sales of goods are recognised at the point in time when control of goods is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration receivable, excluding value added tax, of goods supplied after deducting discounts to customers.

###### **c) Interest income**

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

###### **d) Installation service costs**

Installation service costs are recognised in accordance with satisfied performance obligations in the contract when incurred. Provision for anticipated losses on projects is made in the accounts in full when the possibility of loss is ascertained.

##### **4.2 Cash and cash equivalents**

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

##### **4.3 Trade and other receivables**

Trade and other receivables 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.

**4.4 Balances of contracts with customers****a) Contract assets**

A contract asset is the excess of cumulative revenue earned over the billings to date. Allowance for impairment loss is provided for the estimated losses that may be incurred in customer collection. Contract assets are transferred to receivables when the rights become unconditional i.e. services are completed and delivered to the customer.

**b) Contract liabilities**

A contract liability is recognised when the billings to date exceed the cumulative revenue earned and the Group has an obligation to transfer goods or services to a customer. Contract liabilities are recognised as revenue when the Group fulfil their performance obligations under the contracts.

**4.5 Costs to fulfil contracts with customers**

The Group recognises costs to fulfil a customer contract as an asset, provided that the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future and the costs are expected to be recovered. The asset recognised is amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of consideration that the entity expects to receive less direct costs.

**4.6 Inventories**

Finished goods are valued at the lower of cost (under the first-in first-out method), except large size cables (under the specific identification method), and net realisable value.

**4.7 Investments**

- a) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associates are accounted for in the separate financial statements under the cost method less allowance for loss on impairment (if any),

**4.8 Property, plant and equipment/Depreciation**

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

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

Buildings	-	20 years
Furniture and fixtures	-	5 years
Toolings and equipment	-	5 years
Office equipment	-	3, 5 years
Motor vehicles	-	5 years
Installed equipment under contract	-	10, 20 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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 from disposal of an asset is included in profit or loss when the asset is derecognised.

**4.9 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### 4.10 Related party transactions

Related parties comprise individuals or 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 or enterprises 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 direction of the Group's operations.

#### 4.11 Long-term leases

Leases of property, plant and 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 other long-term payables, while the interest element is charged to profit or loss over the lease period. The asset 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 included in the consolidated financial statements of each entity are measured using that functional currency.

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

Gains and losses on exchange are included in determining profit or loss.

#### 4.13 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment and 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.

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

*Defined benefit plans*

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

**4.15 Provisions**

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

Provision for losses on construction projects is made in the accounts in full when the possibility of loss is ascertained.

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

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

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

**4.17 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards.

Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation techniques 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 the categorisation of inputs to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

## 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:

### Installation contracts

The Group recognises revenue from installation contracts over time taking into account the stage of completion. The management has exercised judgement in measuring the progress towards satisfaction of the performance obligation, with reference to information provided by project engineers or project managers and relying on their expertise and past experience.

### Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### 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.

### Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates the expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

### Property, plant and equipment/Depreciation

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

### Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### Deferred tax assets

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

### Post-employment benefits under defined benefit plans

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

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

As described in Note 3 to the financial statements, during the current year, the Group have adopted TFRS 15 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2019. Therefore, the comparative information was not restated.

The amounts of adjustments affecting the statements of financial position as at 31 December 2019 and the statements of comprehensive income for the year ended 31 December 2019 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		
	Previous accounting		TFRS 15
	policy	Increase (decrease)	
<b>Statement of financial position</b>			
<b>Liabilities</b>			
Trade and other payables	1,110	7	1,117
Income tax payable	6	(6)	-
<b>Shareholders' equity</b>			
Retained earnings - unappropriated	189	1	190
<b>Statement of comprehensive income</b>			
<b>Profit or loss</b>			
Installation service costs	528	(22)	506
Profit for the period	64	22	86
<b>Earnings per share (Baht)</b>			
Basic earnings per share	0.05	0.02	0.07

(Unit: Million Baht)

	Separate financial statements		
	Previous accounting		TFRS 15
	policy	Increase (decrease)	
<b>Statement of financial position</b>			
<b>Liabilities</b>			
Trade and other payables	978	5	983
Income tax payable	4	(4)	-
<b>Shareholders' equity</b>			
Retained earnings - unappropriated	180	1	181
<b>Statement of comprehensive income</b>			
<b>Profit or loss</b>			
Installation service costs	246	(13)	233
Profit for the period	22	13	35
<b>Earnings per share (Baht)</b>			
Basic earnings per share	0.02	0.01	0.03

The Group has decided to recognise costs that relate to satisfied performance obligations in the contract as installation service costs when incurred, rather than in accordance with the percentage of completion, based on total estimated costs.

The Group has reclassified certain amounts in the statements of financial position as at 31 December 2018 to conform to the defined terms under TFRS 15, which are summarised below.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Trade and other receivable	1,187	1,620	1,081	1,428
Contract assets	433	-	347	-
Costs to fulfil contracts with customers	151	-	82	-
Inventories	431	582	419	501
Trade and other payables	1,242	1,165	1,228	1,088
Accrued costs	-	142	-	189
Contract liabilities	65	-	49	-

## 7. Related party transactions

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

	(Unit: Thousand Baht)				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,243	1,131	Cost plus margin more than 2%
Purchases of goods	-	-	1,329	482	Cost plus margin more than 2%
Cost of installation services	-	-	9,772	86,557	Cost plus margin 8%
<u>Transactions with associates</u>					
Interest income	20,537	-	20,537	-	Rate 6.75 - 7 percent per annum
Consultation income	14,102	-	14,102	-	Contract price

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade receivables - subsidiary (Note 8)	-	-	-	1,234
Interest receivables - associate (Note 8)	11,534	1,124	11,534	1,124
Trade payables - subsidiaries (Note 17)	-	-	1,280	4,454
Other payables - associate (Note 17)	-	699	-	699
Accrued costs - subsidiary (Note 17)	-	-	5,429	77,980

**Short-term loans to associate**

(Unit: Thousand Baht)

	Consolidated/Separate financial statements				
	31 December	Increase during	Decrease during	Unrealised loss	31 December
Loans to	2018	the period	the period	on exchange	2019
Phu Khanh Solar Power Joint Stock					
Company Limited	-	391,900	(75,936)	(18,309)	297,655

Short-term loans to related party of USD 9.93 million carried interests at the rate of 7 percent per annum and principal and interest repayable at call.

**Long-term loan to associate**

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	31 December 2018	Increase during the period	Decrease during the period	31 December 2019
Loan to				
Namsor Hydro Power				
Company Limited	80,000	-	(80,000)	-

Long-term loans to associate carried interests at the rate of 6.75 percent per annum. The loan and interests are to be repaid for every 3 months. During June 2019, the Company received full amount of repayment.

**Directors and management's benefits**

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	40,149	46,551	31,966	37,642
Post-employment benefits	1,512	1,432	1,152	1,156
Total	41,661	47,983	33,118	38,798

## 8. Trade and other receivables

(Unit: Thousand Baht)				
	Consolidated	financial	Separate	financial
	statements		statements	
	2019	2018	2019	2018
<b><u>Trade receivables - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	477,131	574,270	413,057	547,714
Past due up to 3 months	350,326	447,703	310,507	425,202
3 - 6 months	54,706	60,470	52,970	19,825
6 - 12 months	48,727	48,629	29,485	48,629
Over 12 months	138,236	90,110	78,422	53,787
Total	1,069,126	1,221,182	884,441	1,095,157
Less: Allowance for doubtful debts	(79,654)	(66,573)	(56,980)	(30,790)
Total trade receivables - unrelated parties, net	989,472	1,154,609	827,461	1,064,367
<b><u>Trade receivables - subsidiary (Note 7)</u></b>				
Aged on the basis of due dates				
Over 12 months	-	-	-	1,234
Total trade receivables - subsidiary	-	-	-	1,234
Total trade receivables, net	989,472	1,154,609	827,461	1,065,601
<b><u>Other receivables</u></b>				
Other receivables	11,278	6,083	6,494	4,476
Advance payments	10,845	23,103	3,522	7,660
Other accrued income	360	390	356	387
Interest receivables - associate (Note 7)	11,534	1,124	11,534	1,124
Prepaid expenses	1,181	1,858	662	1,570
Total other receivables, net	35,198	32,558	22,568	15,217
Total trade and other receivables, net	1,024,670	1,187,167	850,029	1,080,818

## 9. Contract assets/Contract liabilities

## 9.1 Contract balances

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Contract assets</u>				
Accrued income for installation services	13,085	4,502	13,085	4,502
Unbilled receivables	159,885	428,376	91,842	343,070
Total contract assets	172,970	432,878	104,927	347,572
<u>Contract liabilities</u>				
Installation service revenue received in advance	55,565	65,087	47,640	48,557
Total contract liabilities	55,565	65,087	47,640	48,557

## 9.2 Revenue recognised in relation to contract balances

During the year 2019, the Group recognised contract liabilities of Baht 10 million as revenue (Separate financial statements: Baht 1 million).

## 9.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, the Group expected to recognize revenue totaling Baht 171 million in the future in respect of performance obligations under contracts with customers that are as yet unsatisfied or partially unsatisfied. The Group expects to satisfy these performance obligations within 2 years (Separate financial statements: Baht 129 million and 2 years).

## 10. Assets recognised in respect of costs to fulfil a contract with a customer

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Telecommunication projects	32,172	49,046	3,549	7,979
Other installation projects	110,638	102,230	76,421	74,131
	142,810	151,276	79,970	82,110

## 11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Reduce cost to net					
	Cost		realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	657,849	458,640	(28,456)	(27,551)	629,393	431,089

During the year 2019, the Group reduced cost of inventories by Baht 8 million (2018: Baht 5 million) to reflect net realisable value.

This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 7 million (2018: Baht 9 million) and reduced the amount of inventories recognised as expenses during the year.

(Unit: Thousand Baht)

	Separate financial statements					
	Reduce cost to net					
	Cost		realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	544,419	435,154	(17,642)	(16,674)	526,777	418,480

During the year 2019, the Company reduced cost of inventories by Baht 7 million (2018: Baht 4 million) to reflect net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 6 million (2018: Baht 8 million) and reduced the amount of inventories recognised as expenses during the year.

## 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	Paid-up capital		Shareholding percentage (percent)		Cost	
	2019	2018	2019	2018	2019	2018
C.S.S. Energy Company Limited	150,000	150,000	100	100	150,000	150,000
Neonwrox Communications (Thailand) Limited	10,000	10,000	70	70	344,859	344,859
Total					494,859	494,859

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 non-controlling interests		Accumulated balance of non-controlling interests		Profit (loss) allocated to non-controlling interests during the year	
	2019	2018	2019	2018	2019	2018
	(%)	(%)				
Neonwrox Communications (Thailand) Limited	30	30	65	62	5	(1)

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 of Neonwrox Communications (Thailand) Limited

(Unit: Million Baht)

	As at 31 December	
	2019	2018
Current assets	357	289
Non-current assets	51	51
Current liabilities	184	128
Non-current liabilities	196	138

## Summarised information about comprehensive income of Neonwrox Communications (Thailand) Limited

(Unit: Million Baht)

	For the year ended 31 December	
	2019	2018
Revenue	376	347
Profit	20	20
Other comprehensive income	(1)	-
Total comprehensive income	19	20

## Summarised information about cash flow of Neonwrox Communications (Thailand) Limited

(Unit: Million Baht)

	For the year ended 31 December	
	2019	2018
Cash flow used in operating activities	(37)	(14)
Cash flow used in investing activities	(4)	(3)
Cash flow from financing activities	45	16
Net increase (decrease) in cash and cash equivalents	4	(1)

## 13. Investment in associates

## 13.1 Details of associates:

Company's name	Nature of business	Country of incorporation	Shareholding percentage (percent)	
			2019	2018
Namsor Hydro Power Company Limited	Generating and sale of electricity from hydro power system	The Lao People's Democratic Republic	38	38
Phu Khanh Solar Power Joint Stock Company Limited	Generating and sale of electricity from solar power system	Socialist Republic of Vietnam	25	35
Total				

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Carrying amounts based on equity method		Carrying amount based on cost method	
	2019	2018	2019	2018
Namsor Hydro Power Company Limited	51,741	47,812	73,046	56,460
Phu Khanh Solar Power Joint Stock Company Limited	272,673	176,417	272,150	176,417
Less: Allowance for loss on impairment in value of investment in associate	-	-	(20,057)	-
Total	324,414	224,229	325,139	232,877

The Company evaluated an impairment on investment in Namsor Hydro Power by using the cash flow projections and recorded loss on impairment in value of investment in associate of Baht 20.1 million in 2019

## 13.1.1 Namsor Hydro Power Company Limited

On 18 February 2019, the Company made a payment to Namsor Hydro Power Company Limited totaling Baht 0.7 million for the share subscriptions.

In November 2019, Namsor Hydro Power Company Limited registered the increase in its share capital from LAK 36,000 million to LAK 48,272 million, by issuing 122,720 new ordinary shares with a par value of LAK 100,000 each.

The Board of Director's meeting of the Company resolved to purchase ordinary shares of Namsor Hydro Power Company Limited totaling 4,663 shares with a par value of LAK 100,000 each, to maintain its 38 percent shareholding. The Company made a payment totaling Baht 16.6 million for the share subscriptions.

## 13.1.2 Phu Khanh Solar Power Joint Stock Company Limited ("PKS")

In January 2019, PKS has called to paid up share capital of VND 137,806 million, from VND 362,194 million to its registered and paid up share capital totaling VND 500,000 million. PKS has issued 1,378,065 new ordinary shares with a par value of VND 100,000 each. Following the increase in share capital, the shareholding of the Company changed from 35% to 25% because the Company did not invest in the additional ordinary shares.

During the year 2019, the Company purchased the 705,000 newly issued ordinary shares of PKS at the value of VND 100,000 per share, or a total of VND 70,500 million (approximately Baht 95 million), to maintain its 25 percent shareholding. The Company already paid Baht 95.7 million for new ordinary share.

## 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 as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of profit (loss) from investments		Share of other comprehensive income	
	in associates		from investments in associates	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Namsor Hydro Power Company Limited	(8,938)	(6,115)	(3,720)	(637)
Phu Khanh Solar Power Joint Stock				
Company Limited	14,699	-	(14,176)	-
Total	5,761	(6,115)	(17,896)	(637)

Namsor Hydro Power Company Limited commenced the commercial electricity sales in January 2019 and Phu Khanh Solar Power Joint Stock Company Limited commenced the commercial electricity sales in June 2019.

During the years 2019 and 2018, no dividend received from associates

## 13.3 Summarised financial information about material associates

	Namsor Hydro Power Company Limited		Phu Khanh Solar Power Joint Stock Company Limited	
	(Unit: Million LAK)		(Unit: Million VND)	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Paid-up capital	48,272	36,000	782,000	362,194
Total assets	88,159	81,252	2,315,430	360,924
Total liabilities	53,042	51,746	1,490,819	556
Profit (loss) for the year	(6,540)	(4,779)	43,978	(771)

## Summarised information about financial position

	Namsor Hydro Power Company Limited		Phu Khanh Solar Power Joint Stock Company Limited	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current assets	17.0	0.5	270.5	418.2
Non-current assets	282.2	307.7	2,743.0	86.0
Current liabilities	(5.8)	(46.7)	(464.3)	(0.8)
Non-current liabilities	(174.2)	(149.6)	(1,476.0)	-
<b>Net assets</b>	<b>119.2</b>	<b>111.9</b>	<b>1,073.2</b>	<b>503.4</b>
<b>Shareholding percentage (%)</b>	<b>38</b>	<b>38</b>	<b>25</b>	<b>35</b>
<b>Share of net assets</b>	<b>45.3</b>	<b>42.5</b>	<b>268.3</b>	<b>173.7</b>
Goodwill	3.5	2.2	4.4	2.7
Concessionary right - hydro power plant	3.6	3.8	-	-
Deferred tax liabilities	(0.7)	(0.7)	-	-
<b>Carrying amounts of the associate based on equity method</b>	<b>51.7</b>	<b>47.8</b>	<b>272.7</b>	<b>176.4</b>

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements								
	Land	Building	Furniture and fixtures	Toolings and equipment	Office equipment	Motor vehicles	Installed equipment under contract	Assets under installation	Total
<b>Cost:</b>									
1 January 2018	171,123	224,999	16,514	14,980	49,275	76,531	34,107	-	587,529
Additions	-	-	1,269	198	2,592	8,921	-	385	13,365
Disposals and written off	-	-	(1,582)	(34)	(1,436)	(8,069)	-	-	(11,121)
Transfer in (transfer out)	-	-	-	575	(601)	26	-	-	-
31 December 2018	171,123	224,999	16,201	15,719	49,830	77,409	34,107	385	589,773
Additions	600	-	71	1,717	1,337	10,434	-	1,363	15,522
Disposals and written off	-	-	-	(816)	(1,787)	(8,109)	-	-	(10,712)
Transfer in (transfer out)	-	-	1,392	356	-	-	-	(1,748)	-
31 December 2019	171,723	224,999	17,664	16,976	49,380	79,734	34,107	-	594,583
<b>Accumulated depreciation:</b>									
1 January 2018	-	42,170	10,833	10,905	37,896	56,402	19,968	-	178,174
Depreciation for the year	-	11,040	1,914	2,345	6,043	11,138	3,333	-	35,813
Depreciation on disposals and written off	-	-	(1,393)	(28)	(1,414)	(8,067)	-	-	(10,902)
Depreciation for transferred assets	-	-	-	425	(449)	24	-	-	-
31 December 2018	-	53,210	11,354	13,647	42,076	59,497	23,301	-	203,085
Depreciation for the year	-	11,041	2,000	2,308	5,482	10,785	3,333	-	34,949
Depreciation on disposals and written off	-	-	-	(758)	(1,779)	(7,865)	-	-	(10,402)
31 December 2019	-	64,251	13,354	15,197	45,779	62,417	26,634	-	227,632
<b>Net book value:</b>									
31 December 2018	171,123	171,789	4,847	2,072	7,754	17,912	10,806	385	386,688
31 December 2019	171,723	160,748	4,310	1,779	3,601	17,317	7,473	-	366,951
<b>Depreciation for the year</b>									
2018 (Baht 4 million included in installation service costs, and the balance in selling and administrative expenses)									35,813
2019 (Baht 4 million included in installation service costs, and the balance in selling and administrative expenses)									34,949

## 14. Property, plant and equipment (continued)

(Unit: Thousand Baht)

	Separate financial statements								
	Land	Building	Furniture and fixtures	Toolings and equipment	Office equipment	Motor vehicles	Installed equipment under contract	Assets under installation	Total
<b>Cost</b>									
1 January 2018	161,600	188,430	6,601	13,236	40,779	58,893	34,107	-	503,646
Additions	-	-	1,264	163	2,460	8,921	-	385	13,193
Disposals and written off	-	-	(1,582)	(34)	(1,436)	(8,069)	-	-	(11,121)
Transfer in (transfer out)	-	-	-	575	(601)	26	-	-	-
31 December 2018	161,600	188,430	6,283	13,940	41,202	59,771	34,107	385	505,718
Additions	600	-	-	1,691	1,135	10,434	-	1,363	15,223
Disposals and written off	-	-	-	(816)	(1,787)	(7,609)	-	-	(10,212)
Transfer in (transfer out)	-	-	1,392	356	-	-	-	(1,748)	-
31 December 2019	162,200	188,430	7,675	15,171	40,550	62,596	34,107	-	510,729
<b>Accumulated depreciation:</b>									
1 January 2018	-	29,028	4,290	8,029	29,162	41,074	19,968	-	131,551
Depreciation for the year	-	9,513	1,029	1,942	5,414	8,923	3,333	-	30,154
Depreciation on disposals and written off	-	-	(1,393)	(28)	(1,414)	(8,067)	-	-	(10,902)
Depreciation for transferred assets	-	-	-	425	(449)	24	-	-	-
31 December 2018	-	38,541	3,926	10,368	32,713	41,954	23,301	-	150,803
Depreciation for the year	-	9,514	1,173	2,126	4,946	8,669	3,333	-	29,761
Depreciation on disposals and written off	-	-	-	(758)	(1,779)	(7,423)	-	-	(9,960)
31 December 2019	-	48,055	5,099	11,736	35,880	43,200	26,634	-	170,604
<b>Net book value:</b>									
31 December 2018	161,600	149,889	2,357	3,572	8,489	17,817	10,806	385	354,915
31 December 2019	162,200	140,375	2,576	3,435	4,670	19,396	7,473	□ -	340,125
<b>Depreciation for the year</b>									
2018 (Baht 4 million included in installation service costs, and the balance in selling and administrative expenses)									30,154
2019 (Baht 4 million included in installation service costs, and the balance in selling and administrative expenses)									29,761

As at 31 December 2019 and 2018, the Group has vehicles under finance lease agreements with net book values amounting to Baht 21 million and Baht 21 million, respectively (Separate financial statements: Baht 18 million and Baht 15 million, respectively).

As at 31 December 2019 and 2018, certain items of plant and equipment were fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 74 million and Baht 54 million, respectively (Separate financial statements: Baht 53 million and Baht 38 million, respectively).

As at 31 December 2019 and 2018, the Group has pledged its property, plant and equipment as collateral against credit facilities received from financial institutions amounting to approximately Baht 331 million and Baht 339 million, respectively (Separate financial statements: Baht 301 million and Baht 311 million, respectively).

#### 15. Goodwill

The Company included goodwill acquired through business combination to the cash generating units ("CGUs") (Neonworx Communications (Thailand) Limited) for annual impairment testing. The recoverable amount of the CGU has been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

The management calculated value in use by determining the revenue growth rate based on revenue projection of Neonworx Communications (Thailand) Limited which was made by referring to the currently available bidding projects to the government and private agencies, the ability to compete to receive the bidding and its expectations of market growth. The pre-tax discount rate used at 11.2% per annum reflect specific risks relating to the assets.

The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts does not exceed the long-term average growth rate for the industry in which the CGU operates.

Increase in the discount rate of 0.6% per annum would result in recoverable amounts that are equal to the carrying amounts.

The management believes that there is no impairment loss for goodwill.

#### 16. Short-term loans from financial institutions

Short-term loans from a financial institutions are secured by the mortgage of the Group's land and structures thereon.

#### 17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade payables - unrelated parties	988,200	1,020,097	879,878	962,116
Trade payables - subsidiaries (Note 7)	-	-	1,280	4,454
Accrued costs - unrelated parties	62,899	141,758	36,118	110,635
Accrued costs - subsidiary (Note 7)	-	-	5,429	77,980
Other payables - unrelated parties	10,636	12,668	10,036	11,974
Other payables - associate (Note 7)	-	699	-	699
Accrued expenses	55,302	66,697	50,186	59,854
Total trade and other payables	<u>1,117,037</u>	<u>1,241,919</u>	<u>982,927</u>	<u>1,227,712</u>

## 18. Long-term loans

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	<u>2019</u>	<u>2018</u>
Long-term loans	16,540	44,740
Less: Current portion	(14,520)	(28,200)
Long-term loans, net of current portion	<u>2,020</u>	<u>16,540</u>

On 11 July 2018, the Company entered into long-term loan agreement amounting Baht 63 million with a commercial bank in Thailand to refinance the existing long-term loans. The rate of interest is referenced to THBFIX plus 2 percent per annum. The principal repayments and interest shall be made monthly in 38 installments. The loans are secured by mortgage of the Company's land and structures thereon.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

## 19. Liabilities under finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreements	19,066	21,085	14,046	14,243
Less: Deferred interest expenses	(2,100)	(2,064)	(1,749)	(1,446)
Total	<u>16,966</u>	<u>19,021</u>	<u>12,297</u>	<u>12,797</u>
Less: Portion due within one year	<u>(5,881)</u>	<u>(6,393)</u>	<u>(4,690)</u>	<u>(4,838)</u>
Liabilities under finance lease agreements - net of current portion	<u>11,085</u>	<u>12,628</u>	<u>7,607</u>	<u>7,959</u>

The Group has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 and 5 years.

As at 31 December 2019 and 2018, future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)					
	2019					
	Consolidated financial statements			Separate financial statements		
	Less than 1			Less than 1		
	<u>year</u>	<u>1 - 5 years</u>	<u>Total</u>	<u>year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum lease payments	6,706	12,360	19,066	5,327	8,719	14,046
Deferred interest expenses	(825)	(1,275)	(2,100)	(637)	(1,112)	(1,749)
Present value of future minimum lease payments	<u>5,881</u>	<u>11,085</u>	<u>16,966</u>	<u>4,690</u>	<u>7,607</u>	<u>12,297</u>

(Unit: Thousand Baht)

	2018					
	Consolidated financial statements			Separate financial statements		
	Less than 1			Less than 1		
	year	1 - 5 years	Total	year	1 - 5 years	Total
Future minimum lease payments	7,444	13,641	21,085	5,622	8,621	14,243
Deferred interest expenses	(1,051)	(1,013)	(2,064)	(784)	(662)	(1,446)
Present value of future minimum lease payments	<u>6,393</u>	<u>12,628</u>	<u>19,021</u>	<u>4,838</u>	<u>7,959</u>	<u>12,797</u>

20. **Provision for long-term employee benefits**

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

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Provision for long-term employee benefits at beginning of year</b>	43,768	40,264	38,644	35,829
Included in profit or loss:				
Current service cost	5,467	2,491	4,654	1,944
Interest cost	1,610	1,212	1,414	1,070
Past service costs	12,962	-	12,022	-
Recognition in other comprehensive income:				
Actuarial loss	3,939	-	2,835	-
Benefits paid during the year	(847)	(199)	(847)	(199)
<b>Provision for long-term employee benefits at end of year</b>	<u>66,899</u>	<u>43,768</u>	<u>58,722</u>	<u>38,644</u>

On 5 April 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group have additional long-term employee benefit liabilities of Baht 13 million (Separate financial statements: Baht 12 million). The Group had recorded the effect of such change by recognising past service costs as expenses in 2019.

The Group expects to pay Baht 7 million (2018: Baht 6 million) of post-employment benefits during the next year and Separate financial statements was Baht 4 million (2018: Baht 3 million).

As at 31 December 2019 and 2018, the weighted average durations of the liabilities for long-term employee benefit are 15 years and 16 years, respectively (Separate financial statements: 16 years and 16 years, respectively).

Significant actuarial assumptions are summarised below:

			(Unit: percent per annum)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	3.1	3.1, 3.2	3.1	3.1
Future salary increase rates	4.0 - 8.0	4.0 - 11.0	4.0 - 6.0	4.0 - 11.0
Staff turnover rates (depending on age)	0.0 - 25.0	0.0 - 20.0	0.0 - 20.0	0.0 - 16.0

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)			
	2019			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(6,230)	7,229	(5,431)	6,300
Salary increase rate	7,745	(6,778)	6,749	(5,908)

	(Unit: Thousand Baht)			
	2018			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(4,491)	5,261	(3,917)	4,658
Salary increase rate	6,622	(5,668)	5,866	(5,018)

## 21. Statutory reserve

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

## 22. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Salaries and wages and other employee benefits	246,203	263,818	202,197	215,792
Depreciation and amortisation expenses	35,215	59,694	29,935	30,373
Transportation expenses	13,255	17,824	13,255	17,823
Installation service expenses	316,351	475,584	273,065	407,610
Office service expenses	6,232	6,664	5,538	5,941
Commission expenses	15,551	24,926	14,458	23,848
Rental expenses from operating lease agreements	6,126	8,254	4,591	5,772
Reduction of cost of inventory to net realisable value (reversal)	906	(3,534)	969	(3,566)
Changes in finished goods and assets under installation	(190,826)	83,088	(107,227)	64,025
Purchase of finished goods	3,133,804	3,161,115	2,675,328	3,068,960

## 23. Income tax

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge	29,096	51,298	23,264	44,555
Adjustment in respect of income tax of previous year	1,654	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(6,067)	(7,530)	(8,149)	(1,963)
<b>Income tax expenses reported in profit or loss</b>	<b>24,683</b>	<b>43,768</b>	<b>15,115</b>	<b>42,592</b>

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:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Deferred tax on exchange differences from Actuarial losses	788	-	567	-

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Accounting profit before tax	110,186	213,020	49,886	213,844
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	22,037	42,604	9,977	42,769
Effects of:				
Non-deductible expenses	1,969	520	5,380	345
Additional expense deductions allowed	(285)	(579)	(242)	(522)
Adjustment in respect of income tax of previous year	433	-	-	-
Others	529	1,223	-	-
Total	2,646	1,164	5,138	(177)
Income tax expenses reported in the profit or loss	24,683	43,768	15,115	42,592

As at 31 December 2019 and 2018, the components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
<b>Deferred tax assets (liabilities)</b>				
Allowance for doubtful accounts	12,319	9,703	11,579	6,341
Allowance for diminution in value of inventories	5,691	5,510	3,529	3,335
Provision for long-term employee benefits	13,380	8,754	11,744	7,729
Liabilities under finance lease agreement	(987)	(360)	(1,264)	(533)
Revalue assets from acquisition of subsidiary	(820)	(879)	-	-
Deferred tax assets, net	29,583	22,728	25,588	16,872
Presented as follows:				
Deferred tax assets	30,403	23,607	25,588	16,872
Deferred tax liabilities	(820)	(879)	-	-

## 24. 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.

The following table sets forth the computation of basic earnings per share:

	For the year ended 31 December			
	Consolidated		Separate	
	2019	2018	2019	2018
Profit for the year (Thousand Baht)	79,649	170,338	34,771	171,252
Weighted average number of ordinary shares (Thousand shares)	1,175,739	1,175,739	1,175,739	1,175,739
Earnings per share (Baht/share)	0.07	0.14	0.03	0.15

## 25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as chief executive officer of the group.

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

- The distribution electrical equipment segment, which is a supplier of electronic cable and other equipment related to electrical system, and fire protection equipment.
- Installation service segment, which design and installation of telecommunications systems and fire protection systems.

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 on a basis consistent with that used to measure operating profit or loss 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 and profit information regarding the Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

(Unit: Thousand Baht)

	2019		Consolidated financial statement
	Distribution of electrical equipment	Installation services	
Revenue from external customers	3,086,238	705,529	3,791,767
Depreciation and amortisation	-	(4,174)	(4,174)
Reversal reduction of cost of inventory to net realisable value	(906)	-	(906)
Segment profit	314,135	199,574	513,709

(Unit: Thousand Baht)

	2018		Consolidated financial statement
	Distribution of electrical equipment	Installation services	
Revenue from external customers	3,212,143	1,317,984	4,530,127
Depreciation and amortisation	-	(4,458)	(4,458)
Reduction of cost of inventory to net realisable value	3,534	-	3,534
Segment profit	282,529	359,582	642,111

### Major customer

For the year ended 31 December 2019, the Group has revenue from one major customer in amount of Baht 132 million, arising from sales (2018: Baht 671 million, arising from revenue by installation of telecommunication).

## 26. Provident fund

The Group and employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group and employees contribute to the fund monthly at the rates of 3 percent to 5 percent of basic salary. The fund, which is managed by UOB Asset Management (Thai) Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 and 2018 amounting to approximately Baht 7.1 million and Baht 6.6 million, respectively (Separate financial statements: Baht 6.2 million and Baht 5.6 million, respectively) were recognised as expenses.

**27. Dividends**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 26 April 2018	118	0.10
Interim dividends for 2018	Board of Director's meeting on 9 August 2018	70	0.06
Total for the year 2018		188	0.16
Final dividends for 2018	Annual General Meeting of the shareholders on 26 April 2019	71	0.06
Interim dividends for 2019	Board of Director's meeting on 9 August 2019	23	0.02
Total for the year 2019		94	0.08

**28. Commitments and contingent liabilities****28.1 Operating lease commitments and services**

The Group has entered into several operating lease agreements relating to leases of assets and service contracts with individuals and companies. The terms of the agreements are generally between 1 to 5 years.

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

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	financial
	financial statements		statements	
	2019	2018	2019	2018
Payable:				
In up to 1 year	2	2	2	2
In over 1 and up to 5 years	2	1	2	1

**28.2 Guarantees**

The Group has outstanding bank guarantees issued by banks on behalf of the Group in the normal course of business. Details are as follows:

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Guarantee payments due to creditors	218	218	218	218
Guarantee contractual performance	101	94	81	75
Guarantee of construction contracts, bidding and debt repayment	52	44	52	39
Guarantee for sales of goods	4	15	4	15

**29. Financial instruments****29.1 Financial risk management**

The financial instruments of the Group, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations" are as follows:

Cash and cash equivalents, trade and other receivables, deposits at bank with restrictions, short-term loan, trade and other payables, liabilities under finance lease agreements and long-term loans.

The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables. The Group manages and prevent the risk by adopting appropriate credit control and protection policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to their cash at banks, short-term loan, liabilities under finance lease agreements and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The interest rate risk is expected to be low.

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: Thousand Baht)

	2019					
	Consolidated financial statements					
	Fixed interest rates					
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (percent per annum)
<b>Financial assets</b>						
Cash and cash equivalents	268	-	332,103	-	332,371	0.10 - 0.85
Trade and other receivables	-	-	-	1,024,670	1,024,670	-
Restricted bank deposits	131,462	-	-	-	131,462	0.55 - 1.50
<b>Financial liabilities</b>						
Short-term loan from financial institutions	694,500	-	-	-	694,500	1.64 - 2.90
Trade and other payables	-	-	-	1,117,037	1,117,037	-
Liabilities under finance lease agreements	5,881	11,085	-	-	16,966	2.36 - 10.64
Long-term loans	-	-	16,540	-	16,540	THBFIX plus 2%

(Unit: Thousand Baht)

	2018					
	Consolidated financial statements					
	Fixed interest rates					
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (percent per annum)
<b>Financial assets</b>						
Cash and cash equivalents	5,598	-	200,693	-	206,291	0.10 - 0.85
Trade and other receivables	-	-	-	1,187,167	1,187,167	-
Restricted bank deposits	143,102	-	-	-	143,102	0.55 - 1.50
<b>Financial liabilities</b>						

(Unit: Thousand Baht)

2018						
Consolidated financial statements						
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (percent per annum)	
Within 1 year	1 - 5 years					
Short-term loan from financial institutions	296,700	-	-	296,700	1.64 - 2.90	
Trade and other payables	-	-	1,241,919	1,241,919	-	
Liabilities under finance lease agreements	6,393	12,628	-	19,021	2.36 - 10.64	
Long-term loans	-	-	44,740	44,740	THBFIX plus 2%.	

(Unit: Thousand Baht)

	2019					
	Separate financial statements					
	Fixed interest rates					
	Within	1 - 5	Floating	Non-interest		Effective
	1 year	years	interest rate	bearing	Total	interest rate
						(percent per annum)
Financial assets						
Cash and cash equivalents	268	-	137,126	-	137,394	0.10 - 0.85
Trade and other receivables	-	-	-	850,029	850,029	-
Restricted bank deposits	117,422	-	-	-	117,422	0.55 - 1.50
Financial liabilities						
Short-term loan from						
financial institutions	596,000	-	-	-	596,000	1.64 - 1.95
Trade and other payables	-	-	-	982,927	982,927	-
Liabilities under finance lease						
agreements	4,690	7,607	-	-	12,297	2.36 - 10.64
Long-term loans	-	-	16,540	-	16,540	THBFIX plus 2%.

(Unit: Thousand Baht)

	2018					
	Separate financial statements					
	Fixed interest rates					
	Within	1 - 5	Floating	Non-interest		Effective
	1 year	years	interest rate	bearing	Total	interest rate
						(percent per annum)
Financial assets						
Cash and cash equivalents	4,766	-	53,645	-	58,411	0.10 - 0.85
Trade and other receivables	-	-	-	1,080,818	1,080,818	-
Restricted bank deposits	132,422	-	-	-	132,422	0.55 - 1.50

(Unit: Thousand Baht)

	2018					
	Separate financial statements					
	Fixed interest rates					
	Within	1 - 5	Floating	Non-interest		Effective
	1 year	years	interest rate	bearing	Total	interest rate
						(percent per annum)
Financial liabilities						
Short-term loan from						
financial institutions	244,500	-	-	-	244,500	1.64 - 1.95
Trade and other payables	-	-	-	1,227,712	1,227,712	-
Liabilities under finance lease						
agreements	4,838	7,959	-	-	12,797	2.36 - 10.64
Long-term loans	-	-	44,740	-	44,740	THBFIX plus 2%.

**29.2 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 values are not expected to be materially different from the amounts presented in the statement of financial position.

**30. Capital management**

The primary objective of the Group's capital is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 1.21:1 (2018: 1.03:1) and the Company's was 1.09:1 (2018: 0.99:1).

**31. Event after the reporting period**

On 28 February 2020, a meeting of the Company's Board of Directors passed a resolution to propose that the Annual General Meetings of the Shareholders adopt a resolution to pay a dividend of Baht 0.01 per share, or a total of Baht 11.8 million, to the shareholders in respect of the 2019 operating results.

**32. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2020.

# CSS Group



[www.cssthai.com](http://www.cssthai.com)

Communication & System Solution PLC.

329 Moo.3 Banmai, Pakkred, Nonthaburi 11120

Tel.(+66)2-018-1111 Fax.(+66)2-018-1142