



AJA

ANNUAL REPORT | 2019



Vision and Mission

Vision

“AJA will be a Holding Company who distributes the new business investment and build up only the sustainable growth business.”

Mission

“AJA will be a Holding Company who has the best technology in Southeast Asia with the intention to build up the high technology and good service branding.”

Financial Highlights

Unit : Million Baht

	2017	2018	2019
Statement of Financial Position			
Total assets	1,460.23	1,192.01	1,114.36
Total liabilities	201.32	99.71	265.07
Total equity	1,258.91	1,092.30	849.29
Statement of Comprehensive Income			
Revenues from sales and service	662.14	556.24	392.53
Cost of sales and services	637.96	411.06	328.30
Profit before finance costs and income tax expense	(326.64)	(126.49)	(340.19)
Net profit (loss)	(409.77)	(186.91)	(370.24)
Financial Ratios			
Net profit margin (%)	(60.05)	(30.17)	(52.56)
Return on equity (%)	(28.97)	(16.68)	(23.01)
Return on assets (%)	(18.33)	(14.09)	0.38
Debt to equity ratio (time)	0.16	0.09	0.31
Net profit per share (Baht)	(0.072)	(0.043)	(0.087)

Investors can find out more information from 56-1 form which is published in www.set.or.th or www.ajthai.com



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AJ Advance Technology Public Co., Ltd.



2	Messages from the Chairman and Chairman of Executive Committee
3	Audit Committee Report
6	The Board of Directors
12	Major Events and Developments
13	Nature of Business
26	Risk Factors
29	General Information and Other Information
31	Shareholding Structure
31	Dividend Policy
32	Management Structure
43	Corporate Governance
53	Corporate Social Responsibility
56	Internal Control
58	Related Transactions
60	Financial Position and Performance
70	Management Discussion and Analysis
85	Independent Auditor Report and Financial Statements



Message from the Chairman and Chairman of Executive Committee

During the fiscal year 2019, businesses around the world suffered the impact of the trade war between the United States and China, along with the outbreak of coronavirus, which has brought the staggering economy to a halt well as changed our day-to-day lives as people are advised to stay indoor to reduce virus transmissions. This has tremendously affected businesses in every sector. Nonetheless, the Company is confident that it can overcome such crisis by upholding its vision, “AJA will be a Holding Company who distributes the new business investment and build up only the sustainable growth business”. In this regard, the Company has formulated strategies to handle the adverse situations and enable it to grow sustainably.

In respect of the operating results in 2019, the Company generated THB 392.53 million in revenues from sales and services, which was a reduction of THB 163.71 million or 29.43% from the preceding year. This has contributed to the decline of THB 183.34 million or 98.09% in net profit. The worsened operating performance was due to adverse economic factors coupled with a change in consumer behaviors, where people increasingly make purchases of goods and services through online channels. The Board of Directors and the executives are aware of such trends and have jointly explored strategies that would alleviate the issues the short and long term to positively transform the Company’s financial performance in accordance to its goals.

The Company’s investments that are in their early stages include: (1) logistics business under “Best Express” trademark, which is in line with the rapid growth of e-commerce businesses in Thailand and its region; (2) electronic kiosks business (telephone top-up, electronic transfer, and payment services), which aligns with the government’s push for “Thailand 4.0” era; (3) electric motorcycles business under “AJ EV Bike” trademark, conceived in response to the development of the eco-friendly trend, where consumers wish to contribute in protecting the environment; (4) dermatology clinic under “AJ Beauty” trademark. The Company is confident that these businesses have a sustainable growth potential and will help reduce the risk of over-reliance on the electrical appliances business as well as turn the financial performance around.

On behalf of the Board of Directors and Executive Committee, we would like to express our gratitude towards every stakeholder from the Executive Committee and every employee, who has not only brought knowledge and skills to drive the Company, but also provided both physical and mental dedications to push the organization towards its goals, and to customers, shareholders, business partners, government and private agencies for the continued trust and support for AJ Advance Technology Public Company Limited. The Board of Directors and Executive Committee would like to take this opportunity to pledge our commitment to perform our duties to the best of our abilities with transparency for the maximum benefits and sustainable growth of the organization.



M.R. Chirakom Kitiyakara
Chairman of the Board of Directors



Mr. Apisit Taisedtawatkul
Chief Executive Officer

Audit Committee Report

To Shareholders

AJ Advance Technology Public Company Limited

The Audit Committee of AJ Advance Technology Public Co., Ltd. consists of 3 Independent Directors who are qualified and experienced in corporate and financial management. The Audit Committee is appointed by the Board of Directors, with LT. Gen. Pajongjed Meepin as the Chairman of the Audit Committee, to review financial reports, internal audit, audit by certified auditors as well as ensure that the Company complies with the duties prescribed by the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

The current Audit Committee consists of:

- | | | |
|----|---------------------------|--|
| 1. | LT. Gen. Pajongjed Meepin | Chairman of the Audit Committee / Independent Director |
| 2. | Dr. Phuvit Panyasit | Audit Committee / Independent Director |
| 3. | Prof. Dr. Thapana Boonlar | Audit Committee / Independent Director |

The Audit Committee had performed duties as assigned by the Board of Directors and as stated in the Audit Committee Charter with compliance to the regulations of the Stock Exchange of Thailand as well as to ensure that the Executive Committee and the management have managed the business according to the Company's policies in a correct and complete manner with adequate standard by emphasizing suitable and effective internal control and risk management, accurate accounting system and financial reporting, as well as strict compliance with the laws, rules and regulations related to the Company's operation based on the principles of good governance.

In the year 2019, the Audit Committee held a total of 8 meetings. Some were with the presence of internal auditors and some with external auditors in order to acknowledge, discuss, resolve, and exchange ideas on various matters. The following summarizes such matters:

1. Review of financial statements

The Audit Committee reviewed the annual and quarterly consolidated financial statements of the Company and its subsidiaries that have been audited by the external auditors for the year 2018, before proposing to the Board of Directors for approval. This was completed by considering significant issues and providing advice and useful comments to ensure that the process of financial reporting, information disclosure of notes to the financial statements, significant predictions, and other special transactions are correct, complete, timely, and in compliance with relevant laws, notices, rules and regulations of the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), and the accounting standards. The Audit Committee was of the opinion that the financial statements were essentially correct according to the accounting standards.

2. Review of related transactions, connected transactions or transactions with potential conflicts of interest

The Audit Committee reviewed the Company's and its subsidiary companies' connected transactions, transactions with potential conflicts of interest as well as the disclosure of related transactions in order to ensure strict compliance with the rules and regulations of the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), and the accounting standards by focusing on the transparency, appropriateness, and the interests of stakeholders. The Audit Committee opined that the connected transactions which occurred or has occurred during the year 2019 were in the ordinary and usual course of business, and were beneficial to the Company, including complete and sufficient information disclosure.

3. Review of internal control and risk management

The Audit Committee reviewed the adequacy of the internal control system and risk management of the Company through planning, annual inspection, conducting audits, reporting and monitoring of results to ensure that the Company conformed with the advice of the Audit Committee to improve the efficiency and effectiveness. Moreover, the Company has hired an internal auditor to audit the Company's fundamental operating systems, in addition to the internal auditor's plan, to limit the risk should there be any deficiencies, as well as to evaluate the internal control system according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) guideline. The Audit Committee concluded that the Company has adequate internal control and risk management system as no weaknesses or deficiencies were found in the fundamental internal control systems.

4. Review of good corporate governance

The Audit Committee reviewed the Company's policies and operations to ensure compliance with the Securities and Exchange Act and other laws related to business operation and governance. The Audit Committee emphasizes the conformity with business ethics by taking into account social and environmental responsibility as well as anti-corruption policies of executives and employees.

5. Charter and self-assessment of the Audit Committee

The Audit Committee reviewed the Charter of the Audit Committee and assessed the performance of both self and the committee on an annual basis according to the best practices of the Stock Exchange of Thailand (SET). The assessment results can be concluded that the Audit Committee has performed its duties with responsibility, prudence and independence in accordance with good practices and the Charter of the Audit Committee. Moreover, the Audit Committee reports its performance to the Board of Directors on a quarterly basis to be used as a guideline for further operational development.

6. Consideration of auditors and remuneration determination for the year 2020

The Audit Committee considered the selection and remuneration of external auditors and gave an opinion to the Board of Directors to be proposed to the General Meeting of Shareholders. The selection was completed on the basis of experience, reliability, quality of work, availability of resources, independence and auditor certification status, and has been approved by the Securities and Exchange Commission (SEC). The Audit Committee considered and elected to replace the previous auditor, KPMG Phoomchai Audit Co., Ltd. with Karin Audit Co., Ltd. to be the auditor for the Company and its subsidiaries for the fiscal year 2020, as well as determined the auditor's remuneration to be THB 2,000,000, which will be proposed to the General Meeting of Shareholders. The list of auditors is as follows:

- | | | |
|----|----------------------------|-----------------------------------|
| 1. | Mr. Jadesada Hungsapruet | Certified Auditor No. 3759 and/or |
| 2. | Mr. Kannika Wipanurat | Certified Auditor No. 7305 and/or |
| 3. | Mr. Jirote Sirirorote | Certified Auditor No. 5113 and/or |
| 4. | Ms. Nonglak Pattanabundith | Certified Auditor No. 4713 and/or |
| 5. | Ms. Sumana Senivongse | Certified Auditor No. 5897 |

In summary, the Audit Committee had performed its duties as assigned and opined that the Company possessed adequate risk management, corporate governance policies, and internal control and corporate governance systems. Moreover, the Audit Committee concluded that the Company's financial statements for the year ended 31 December 2019 were substantially correct in accordance with the generally accepted accounting standards, and the Company's information disclosures were adequate, complete, and reliable.

On behalf of the Audit Committee



(LT. Gen. Pajongjed Meepin)
Chairman of the Audit Committee

The Board of Directors



M.R. Chirakom Kitiyakara

Position : Chairman of the Board of Directors
Education : Master of Political Science, Utah State University
 Bachelor of Law, Thammasat University

Working Experience

2004 - 2007 Minister (Commercial) Tokyo, Ministry of Commerce
 Trade Officer 9, Department of Export Promotion,
 2000 - 2004 Minister Counsellor (Commercial) Manila,
 Department of Export Promotion, Ministry of Commerce
 1999 - 2000 Minister Counsellor (Commercial) Tehran,
 Department of Export Promotion, Ministry of Commerce
 1993 - 1999 Minister Counsellor (Commercial), Office of the Permanent
 Secretary Ministry of Commerce at Nakhon Sawan
 Trade Officer 9, Office of the Permanent Secretary
 1992 - 1993 Service and Public Relations Division, Ministry of Commerce
 Acting Director, Department of Intellectual Property
 Commercial Registration Division 7, Ministry of Commerce
 Analyst, Department of Intellectual Property



LT. Gen. Pajongjed Meepin

Position : Chairman of Audit Committee / Independent Director / Director
Education : Master of Political Science, Thammasat University
 Bachelor of Science, Chulachomklao Royal Military Academy
 Army Staff School, Royal Thai Army College
 Secondary level, Military School

Training : Director Accreditation Program (DAP) 159/2019

Working Experience

2015 - 2016 Deputy Chief of Communications
 2013 - 2014 Chief of the Department of Military Communications
 1999 - 2014 Technical Department, Royal Thai Army Radio and Television
 (Channel 5)
 2012 - 2013 Deputy Commissioner of the Military Communication School
 2009 - 2012 Division Director Department of Military Communications
 1999 - 2009 Head of Communications Division, Department of Military
 Communications and Saving Cooperative Committee
 Department of Military Communications
 1997 - 1999 Chief of Staff, Department of Military Communications 1
 1992 - 1996 Communications Battalion Commander 9, 9th Infantry Brigade



Dr. Phuvit Panyasit

- Position** : Independent Director / Director / Audit Committee
- Education** : Is studying the Doctor of Philosophy Program in Development Management
Suan Sunandha Rajabhat University (Ph.D.29)
Doctor of Philosophy, Sherwood University of USA (Business Management)
Master of Business Administration (Management), E-Sarn University
Bachelor of Business Administration (Management), College of Asian Scholars
Secondary College of Technology, Rajadamnern Commercial College
- Training** : Director Accreditation Program (DAP) 148/2018
Director Certification Program (DCP) 262/2018
- Working Experience**
- Present** : Advisor, The Police Audit and Monitoring Board, Bangkok Yai Police Station
Executive Editor / Owner of Police News newspaper
Chairman of the Board, Samui Hotel Resort and Spa Co., Ltd.
1st Lieutenant Governor, Alumni Association of Panitchayakan Rajdamnern Technological College
1st Lieutenant Governor, The Public Taxi Driver Association - Suvarnabhumi
Advisory Board, President of Thai Territorial Preservation Reserve Association
Director of Welfare and Revenue Department, Radio and Television Association of Thailand
Advisory President, Media and Public Relations, Government Audit Authority (Universal)
- Experience** : Krung Thai Bank Public Company Limited for 19 years
Sales & Marketing Manager, Somkiat Power Light Co., Ltd.
Assistant Managing Director, Chart Sintu Recruitment Co., Ltd.
Vice Chairman, Grand Pioneer Co., Ltd.



Mr. Anake Pattanaslid

Position : Director
Education : Bachelor of Business Administration, Huachiew University
Training : Director Accreditation Program

Working Experience

Present : Director, Losanne Khao Yai Co., Ltd.
 Director, AJ E-Commerce Co., Ltd.
 Director, Happy Vision Co., Ltd.
 Director, Maxon Herb Marketing (Thailand) Co., Ltd.
 Director, B.V.S. Trading Co., Ltd.
 Director, Flying Fish Service (Thailand) Co., Ltd.
 Director, Super Ten Co., Ltd.

Experience :
 2005 - 2017 Director, Siam Advance Electronic Co., Ltd.



Mr. Apisit Taisedtawatkul

Position : Director / Chief Executive Officer / Chairman of the Executive Committee
Education : Bachelor of Business Administration (Marketing), Assumption University
Training : Director Accreditation Program

Working Experience

Present : Director, Siam Advance Electronic Co., Ltd.
 Director, AJ E-Commerce Co., Ltd.
 Director, Happy Vision Co., Ltd.
 Director, Bangkok Pay Co., Ltd.
 Director, AJ Beauty Group Co., Ltd.
 Director, Yutai Group Co., Ltd.
 Managing Director, Exim Global (Thailand) Co., Ltd.

Experience :
 2017 - 2018 General Manager - Sales & Marketing at Daimler Commercial Vehicles (Thailand) Co., Ltd.
 2011 - 2017 Senior Commercial Manager - SEA & Philippines at Volvo Group (Thailand) Co., Ltd.



Mr. Boonyasit Saengpongphithaya

Position	:	Director
Education	:	Master of Political Science, Ramkhamhaeng University Bachelor of Business Administration (Marketing), Assumption University Secondary level (Common line - Math), Bowon Niwet School
Training	:	Director Accreditation Program 159/2019
Working Experience		
Present	:	Managing Director, Sam Property Development Co., Ltd. Director, AJ Beauty Group Co., Ltd. Director, Youtai Group Co., Ltd. Director, Siam Advance Electronic Co., Ltd. Director, Bangkok Pay Co., Ltd.
Experience	:	
2012 - 2016		Managing Director, Wichet Nakornauyponr Tha Sai Enterprise Co., Ltd.
2007 - 2012		Consultant Real estate sales, Winner Estate Co., Ltd.,
2000 - 2006		Advisor CEO, Permsin Steel Works Plc.
1996 - 1999		Managing Director, Esso Boonyasit Service Co., Ltd.
1987 - 1995		Unit Manager, American International Assurance Plc.





Prof. Dr. Thapana Boonlar

- Position** : Independent Director / Director / Audit Committee
- Education** : Professor of Logistic Management, Intercultural Open University, Netherlands
 Ph.D. in Leadership Management, Pacific Western University, U.S.A.
 Ph.D. in Social Science, Magadh University, India
 Master of Public Administration, National Institute of Development Administration
 Bachelor of Business Administration (Accounting), Kirk University

Working Experience

- Present** : Chairman of Advisory Board, NARET GROUP Co., Ltd.
 Chief Executive Officer and Financial Advisor, Asec Frontier (Thailand) Co., Ltd.
 Chairman, Asian Institute of Logistics Foundation
 Executive Committee, Traders City Holding Co., Ltd.
 Chairman of Advisory Board, Thai Community Enterprise Development Co., Ltd.
 Chairman of Advisory Board, Business Events Service (Thailand) Co., Ltd.
 Chairman of Advisory Board, Asia Green Innovation Co., Ltd.
 Chairman of Advisory Board, OTOP Intertrader (Thailand) Co., Ltd.
 Advisor, LEO Global Logistics Public Company Limited
 Chancellor of Asia Pacific Region, Open System Leadership University, U.S.A. (Under UN)
 Senior Member of Council Committee, Rajabhat University, Nakhon Si Thammarat
 Advisor, Thailand's National Strategy and Reform Sub-Committee
 Board of Committee for the Development of Agriculture Logistics Systems, Ministry of Agriculture and Cooperatives
 Minister Advisor Group, Ministry of Agriculture and Cooperatives
- Experience** : Chairman of Advisory Board, D.K. PRINTING Co., Ltd.
 Chairman of Advisory Board, 1 Road Co., Ltd.
- 2005 - 2006 : Product Distribution System Advisor, Government Pharmaceutical Organization
- 1995 - 1996 : Assistant Vice Chairman, Thai Summit Autoparts Industry Co., Ltd.
- 1993 - 1995 : Executive Manager, Mahajak Autoparts Co., Ltd.



Mrs. Prangthip Chanvisitsak

- Position** : Director / Executive Committee / Chief Finance Officer / Company Secretary
- Education** : Master of Accounting, Ramkhamhaeng University
Bachelor of Accounting, Siam University
- Training** : ACPG - Anti Corruption: The practical Guide
DAP - Director Accreditation Program
BRP - Board Reporting Program
EMT - Effective Minute Taking
CSP - Company Secretary Program
CFO Current Issues

Working Experience

- Present** : Director, Siam Advance Electronic Co., Ltd.
Director, AJ E-Commerce Co., Ltd.
Director, Happy Visions Co., Ltd.
Director, Bangkok Pay Co., Ltd.
Director, AJ Beauty Group Co., Ltd.
Director, Youtai Group Co., Ltd.
- Experience** :
- 2011 - 2012 Deputy Managing Director, Lucky Star International (Thailand) Co., Ltd.
- 2008 - 2011 Assistant Director of Accounting and Finance, Bangpakok Hospital Group Co., Ltd.
- 2007 - 2008 Accounting and Finance Manager, Chartered Printing Co., Ltd.
- 1993 - 2007 Accounting Expert, Jong Stit Co., Ltd.



Major Events and Developments

2017

The Company changed its registered name from Crown Tech Advance Public Company Limited to AJ Advance Technology Public Company Limited in order to be in line with its well-known trademark “AJ”. Moreover, the Company incorporated 2 subsidiaries – AJ Vending Co., Ltd., a provider of automatic water dispensers and water vending machines, and Rizen Energy Co., Ltd., an importer and retailer of electric vehicles, charging stations as well as operator of a manufacturing plant under the brand “BYD” from China. Furthermore, the Company made an investment, via a purchase of additional shares, in Happy Visions Co., Ltd., a producer of television programs and various entertainment media. In the same year, the Company sold investments in Siam Advance Electronic Co., Ltd., totaling 24,000 shares or 48% of registered and paid-up capital (the Company previously held 99%). The sale of such investments was a part of the subsidiary’s restructuring plans to shift from a trader of home electrical appliances to a retailer of mobile phones and related accessories through the company’s various existing distribution channels. The aforementioned investment was sold to a strategic investor, who is experienced in the field of mobile phones retailing, which would help strengthen the subsidiary’s operation as well as the Group.

2018

With regard to the Company’s business operations, the Company incorporated 2 subsidiaries – BLTC Incorporation (Thailand) Co., Ltd., a logistics business operator, and Yutai Group Co., Ltd., an exporter of products to China. With these investments, the Board of Directors realized the opportunities to strengthen the Group’s operations as well as to reduce the risk of over-reliance on the Company’s main business. On the other hand, the Company sold its entire investment in Vending Corporation Co., Ltd. on the rationale that the proceeds could be used to fund the Company’s working capital and further investments in sustainable business expansions.

2019

In July, the Company’s management resumed the operation and transformed the business of Happy Visions Co., Ltd. from a producer of entertainment media to a seller of sports sneakers in response to the health-conscious trend that many Thais are adopting. The trend boosted the popularity of physical activities.

In August, the Company made an investment in Bangkok Pay Co., Ltd., a company engaging in the sale of electronic transfers and top-up kiosks and is the agent of authorized service providers of electronic transfers and payments. The management foresaw the growth opportunity which could strengthen the Group’s operations as well as reduce the risk of over-reliance on the Company’s main business.

In October, the Company approved the sale of its entire investment in AJ Vending Co., Ltd., totaling 3,850,000 shares or 55% of all voting shares, to Snack To Go (Thailand) Co., Ltd., ceasing the company of its subsidiary status.

Nature of Business

Main Business of the Company

1. Electrical Appliances Business

The Company engages in the sourcing and distributing of electronic appliances, under “AJ” brand, consisting of over 248 high-tech and high-quality products which can be categorized into 3 groups: Audio & Visual Products, Home Appliances, and AJ EV Bike.

1.1 Audio and Visual Products (AV)

Audio and visual products have been a major group of products of the Company for many years with their contribution percentages ranging between 29% to 73% of sales revenue (before deducting the discount and allowance of product returns) over the past 3 years. This product group can be further classified into the following sub-groups:

- **DVD Players, DVD Blu-ray Players, and Portable DVD Players**

DVD players, Blu-ray players, and portable DVD players are one of the main product sub-groups of the Company. At present, the Company distributes DVD players, desktop Blu-ray players, and portable DVD players which support various types of media formats including DVD, DVD-R, VCD, CD, CD-R, SVCD and MP3. Moreover, they can connect to USB port and SD card as well as HDMI up to 1080p resolution and 5.1 surround sound audio system for some models.

Examples of DVD Players



With regard to the Company’s portable DVD players, the products contain various specifications including LCD/LED screens, built-in audio jack, real-time anti-vibration system, and rotatable screens. Moreover, they support DVD, MPEG4, VCD, MPEG-1, MPEG-2, MP3, CD-AUDIO, WMA, and Picture CD (JPEG).

Example of Portable DVD Players



- **Audio, Speakers, and Home Theatre**

Products in this sub-group consist of a diverse set of items; for example, home theatre sets, micro-components, speakers, portable radios, and audio amplifiers.

Example of Audio Products

Home Theatre Sets



Micro-components



Speakers



Portable Speakers



Portable Radios



Audio Amplifiers



Bluetooth Speakers



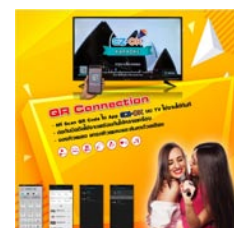
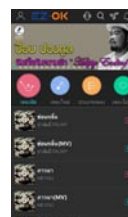
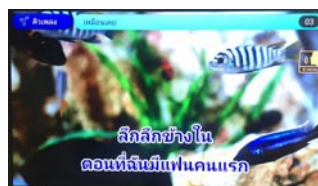
Music Boxes



- Karaoke Audio Sets and Players**

Karaoke audio sets and players were introduced by the Company in 2010, and have received satisfactory feedbacks from customers over the years.

Example of Karaoke Players, Online Software Application, and Microphones



- **Other Audio and Visual Products**

In addition to the above appliances, the Company also distributes other audio and visual products including smart TVs, LED televisions which support HDMI, DVD-TV (built-in DVD players), and microphones.

Example of Other Audio and Visual Products



LED TV



SMART TV



DIGITAL TV

- **Mobile Phones and Accessories**

In 2018, the Company introduced mobile phones and accessories to its product portfolio, and have since received positive feedbacks from customers.

Example of Mobile Phones and Accessories



1.2 Home Appliances (AP)

The Company has been marketing home electrical appliances since the year 2009, and have constantly received satisfied responses from customers. This product category has seen increasing contributions to the Company's revenues, averaging between 15% to 22% of sales revenue (before deducting the discount and allowance of product returns) over the past 3 years.

Home appliances can be classified into 2 sub-groups as follows:

1. Large Home Appliances e.g. portable air conditioners, refrigerators and washing machines
2. Small Home Appliances e.g. thermos bottles, rice cookers, electric pots, irons, blenders, induction cookers, and microwave ovens

Example of Large Home Appliances



Example of Small Home Appliances



Target Customers and Distribution Channels

The group of Company distributes its electrical appliances through modern trade channels and other distributors, which are then sold to end users who are in the low to mid-level consumer groups - the Company's main target of the Group. Population in such groups are large in number and possess moderate purchasing power such as the university students and young employees. The majority of individuals in these group live alone or as a small family with frequent relocations; therefore, they are sensitive to prices – focusing on good quality products at low prices.

In addition to the main customers, the Company also seeks opportunities to expand its customer base by widening the target groups. As an example of such effort, the Company segments some products for mid to high-level customer groups such as karaoke players and Blu-ray players for example.

Due to the fact that the Company's products are electrical audio & visual products and home appliances, it is necessary to select distribution channels with high coverage and efficiency in terms of reaching target customers. Examples of such channels include:

- Modern Trade
- Dealers and sub-stores
- Direct sale e.g. trade shows at various locations
- Other channels e.g. website and Facebook

1.3 AJ EV Bike

In the first quarter of the year 2019, the Company introduced AJ EV Bike, an imported electrical bike under the brand "Yadea". At present, the Company has launched 4 models, which are Z3, C-LIKE, C-LION, and Q5. The unique selling point of these motorbikes is their full electric specification (100% clean energy). The top model is able to travel over 120 km per single charge, which is sufficient for day-to-day usage.

Example of AJ EV Bikes



Z3

C-LIKE

C-LION

Q5

Target Customers and Distribution Channels

With regard to the operation of AJ EV Bike, the Company targets a wide scope of customers such as government agencies, private sectors, logistic service providers, various projects, and all groups of individuals regardless of income level. This is feasible as the prices are designated in such a way that is affordable for all people, coupled with the fact that the eco-friendly trend is being developed globally – as AJ EV Bikes utilizes 100% clean energy, they can help reduce greenhouse gases and air pollutions compared to using normal oil-consuming vehicles.

In terms of distribution channels, the Company mainly distributes AJ EV Bikes through dealers and is currently accepting applications and granting rights to establish trade and service dealerships in multiple provinces in Thailand such as Ubon Ratchathani, Rayong and Nakhon Ratchasima. In addition, customers can make purchases via the Company's website.

2. Smartphones, Tablets, and Accessories

Smartphones, tablets, and related accessories are sold under the brands “AJ” and “HOTWAV” in a business-to-business operation where the Company sells the products to small retailers who will then distribute to consumers.

Example of Smartphones



AJ



HOTWAV

Target Customers and Distribution Channels

The business in this category focuses on distributing to small mobile phone retailers or dealers such as shops in department stores. As of now, the distribution channel is under restructuring, where AJ smartphones will be sold through dealers whilst HOTWAV smartphones through sales teams. Furthermore, in the year 2020, the Company plans to add online channels in order to boost demand from easy-to-access information source and higher level of product awareness which will ultimately result in an increased sales revenue.

3. Electronic Kiosks

Operated by Bangkok Pay Co., Ltd. “BPAY”, a direct subsidiary, the Company sells and services electronic kiosks, which contain multiple functions such as mobile phone top-up, electronic transfers, and bill payments. In terms of income generation, in addition to the initial sale of the kiosks, the Company, as well as the product investors, will receive a fee for every transaction processed through the kiosks.



Station EV

Payment Machine (POS)

In order to support AJ EV Bike business, BPAY plans to develop EV charging stations for the electric bikes, making the usage more convenient.

Target Customers and Distribution Channels

Since the aforementioned kiosks can be used by consumers of all gender and age groups, the Company aims to distribute its products via small stores, entrepreneurs, or those interested in the investment, who have access to regular stream of customers in order to increase the utilization rate of each kiosk. To facilitate the country-wide distribution process, the Company seeks entrepreneurs who wish to open “AJ Express Shop”, a dealer that resells the kiosks to customers in its area.

Other Businesses

In the year 2019, the Company has invested in the following businesses through subsidiaries, associates, and joint ventures:

- 1) E-commerce business by being a subscription agent and service providers (e.g. providing product display platforms to boost sales) for Alibaba members in Thailand.
- 2) Logistics services under “Best Express” trademark in Thailand, which is an affiliate of “Best Group”, a global logistic business operator that expands through franchising. This creates an opportunity for new investors to invest in a high-returns parcel delivery business.

- 3) Sales of sport shoes, through booth rentals in well-known department stores (e.g. Seacon Square), in response to a change in consumer behavior, where physical activities become more popular as major groups of people develop the health-conscious trend.
- 4) Sales of ready-made meals and beverages through automatic vending machines, providing 24 hours of service which is convenient and fast, suitable for the needs of modern society. Nevertheless, the business operation was discontinued on October 31st, 2019 as the Board of Directors approved the sale of all investment in AJ Vending Co., Ltd., ceasing it of a subsidiary status.
- 5) Sales of electric vehicle business under the brand “BYD” which covers private vehicles, public vehicles, and large buses as a response to the market’s demand for an electric vehicle that operates on pure energy and is environmentally friendly. At present, the business has ceased operation and the Company is in the process of negotiation with the joint venture partner of Rizen Energy Co., Ltd. regarding the termination of business due to product issues and uncompetitive prices.

In the beginning of the year 2020 are as follow:

- 1) AJ Charge Point, a portable battery rental service offered by the Company’s subsidiary, BPAY. In addition to the battery being resilient and support a wide variety of devices (e.g. USB Type C and Micro USB), the unique selling point of this service lies in the fact that users can borrow and return such battery in different locations and at any time.



AJ Charge Point

- 2) Sales of payment machines (POS) by BPAY. The product provides management tools for small shops as well as supports payments from various payment service providers such as PromptPay, LINE Pay, and Alipay.
- 3) Dermatology clinics under the trademark “AJ Beauty” which will be located in Bangkok as well as other provinces. The business will be operated via renting and purchasing of assets from existing clinics, which will be selected with a specific guideline as an assurance of quality. Such guideline includes, reviewing the existing medical center’s standard of operation and location. Initially, the Company planned to commence operation in the 2nd quarter of 2020; however, it may have to be postponed due to the impact of COVID-19.

Business Strategies of the Group of Companies

The Group establishes its market position by targeting low to mid-level customer groups through the offering of high-quality electrical appliances at reasonable prices. The Group formulated the following product and marketing strategies in order to be consistent with the selected target customer groups:

1. Brand Equity and Brand Awareness

In addition to the price and quality factors of the products, the Group recognizes that brand is an important factor in marketing success. Customers' familiarity of and trust towards the brand are an important factor in the process of making a purchase decision. The Group, therefore, places an emphasis on creating value and brand awareness of "AJ". As the first phase of marketing, the Group has focused on creating a brand image that "AJ is a Thai brand that provides high-quality and durable products", consumers' confidence in the brand. In an attempt of such strategy, the Group has appointed a senior actor, Mr. Sombat Metanee, who has been signed in the Guinness Book as an actor who has made the highest number of performances, as a main character, in entertainment media, to be a presenter for products of the Group with the slogan "AJ The Real Hero" to reinforce the image of durability and long service life, comparable to that of Mr. Sombat Metanee's, who has been the beloved hero of Thai people for years.

The Group has continuously attempted to create awareness amongst consumers through various channels whether it is in the media, television and radio, billboards, publication, movies or football team sponsor together with interviews on product feedback with celebrities in various fields to create confidence in product quality and make the Group's brand be recognizable amongst consumers in general. Brand awareness and trust in the Company are considered as one of the most important factors in making a purchase decision at the point of purchase of the consumers.

In 2012, AJ received an award of "Trusted Brand" in the DVD player category based on consumer surveys in 8 countries organized by Reader's Digest magazine about brands that consumers trust in quality, value, understanding of consumer needs, social responsibility, and innovative through constant introduction of new products to the market. From the survey results, the management is confident that the brand, AJ, will be one of the first Thai brands that most consumers speak of.

2. Product Selection, After-sales Services, and Quality Assurance

The Group understands that brand awareness can influence a consumer's decision to purchase. However, such decision also depends on whether the product quality and features meet the needs of consumers; therefore, the Company's Sale and Marketing Department has been assigned to constantly survey the market and consumer needs as well as compare product characteristics of the Group's with other operators' in order to develop and improve the Group's products to match consumers' demand and compete with other operators. In this regard, the Group provides 1-year product warranty with over 80 nationwide after-sales service centers to facilitate continuous usage of the Group's products over the product life cycles.

3. Reasonable Pricing

As the target customers of the Company are mostly are low to mid-level consumers, pricing is an important strategy because, in terms of consumer spending, customers in these target groups consider the product's value, price and quality rather before durability. Therefore, the price of a product is one of the most important factors in making a purchase decision. The quality of the Company's products is comparable to that of foreign brands' while the price is close to domestic brands. Accordingly, the Group believes that the appropriate quality and pricing are one of the most important factors that has enabled AJ brand to be accepted by consumers.

4. Sales Channel Management and Sales Staff

At present, consumer behaviors, especially those of the target customers', favor the purchase of electrical appliances through modern trade retail stores. Therefore, the Group places an emphasis on the management of distribution channels in a manner consistent with the target customers by primarily focusing on distribution channels in modern trade. With the nature of modern trade business, vendors must form a contract with the modern trade by establishing various trade terms and conditions such as the sales target, trade discounts, expense support for various activities, expenses for product distribution, sales staff at point of sale, and so on. This is considered a barrier of entry for new entrepreneurs. Each of the existing companies must closely follow their sales amounts in every branch in order to make timely adjustments to the promotion plan for each product and to compete with competitors as well as reach the initially agreed sales target with the modern trade.

Sales staff (PC) management is considered as one of the important mechanisms used to manage distribution channels which contributes to the Group reaching its sales target as agreed with the modern trade as well as to the collection of consumption information at the point of sale which will be transformed into new marketing plans in a quick and appropriate manner. Currently, the Group has reduced sales staff to approximately 100 persons in accordance with lower sales revenue.

At present, the Group has implemented various forms of sales management such as:

- Sales staff training prior to performing duties in order to understand the Group's products and to able to present and recommend the right product to customers as appropriate which will affect customers' purchase decision at the point of sale.
- Close supervision of sales staff to motivate and solve problems at the point of sale. Organizing sales meetings on monthly basis in order to exchange operation information as well as build a good relationship amongst sales staff and create a feeling of being a part of the organization.
- Determining appropriate sales targets and compensation for sales staff in order to increase motivation for work.
- Daily data delivery system for product sales and inventory stock of each model in order to increase efficiency in inventory management and marketing planning of the Group.

An efficient and effective sales channels and sales staff management will result in the Group's ability to maintain its competitiveness and continuous growth in line with the current situations and economic conditions.

Market Situations and Competition

Overall Economy

With reference to the Office of the National Economic and Social Development Council (NESDC), in 2019, Thailand's Gross Domestic Product (GDP) saw a decline from 4.10% year-over-year (YoY) to 2.40% YoY, the lowest in 5 years. One of the factors of the fall is the effect of high volatility in the world economy and finance from major events such as the trade war between the United States and China. Another factor that has contributed to the current adverse market conditions is the outbreak of a new strain of coronavirus (COVID-19), which created an impact on a global scale, particularly to the tourism sector as the world population is advised against or temporarily restricted from traveling outside their own countries.

In respect of 2019 economic statistics, private consumption grew 4.5% YoY, due to a decline in interest rates coupled with consumption-related government measures, which is considered adequate despite the figure dropping from 2018's 4.6% YoY. However, the country's total investment growth rate stood at 2.2% YoY, decreased from the previous year's 3.8% YoY from the delay in the nation's budget approval process and the delay in the global economic recovery. In terms of exports, the figure declined 3.2% YoY mainly because of the Baht appreciation during the year.

The Thai economy in 2020 is expected to grow by 1.5% to 2.5% from positive factors such as improved trade war situation between the United States and China as well as the recovery of production and export sectors in multiple regions. Nonetheless, the economy will still be facing a major downward pressure from COVID-19 outbreak. NESDC has anticipated that the outbreak situation will return to normal within quarter 3 of 2020.

Electrical Appliances Sector

With reference to "2020 - 2022 Thailand Industry Outlook" by Krungsri Research, the production of electrical appliances in the first half of 2019 grew 2.1% YoY with an increase of 1.7% YoY in domestic sales, led by air conditioners, refrigerators, and electric fans due to the year's extended and intense summer. With respect to other electrical appliances such as rice cookers and washing machines, sales dipped due to the weak housing market. Nevertheless, the Company's product portfolio consists of various electrical appliances, reducing the demand volatility risk of each type of product. For the year 2019, Krungsri Research expected a growth rate of -0.5% - 1.5% for domestic electrical appliances sales.

Regarding the competitive landscape, production of audio & visual products has been declining from an influx of comparable Chinese imports, causing major manufacturers such as Samsung and Toshiba to relocate their production plants to other ASEAN countries. Due to the fact that electrical appliances are of numerous types and brands, the degree of competition in this sector is intense. Businesses in the market must meticulously select products and formulate appropriate marketing plans in order to meet target customers' demand.

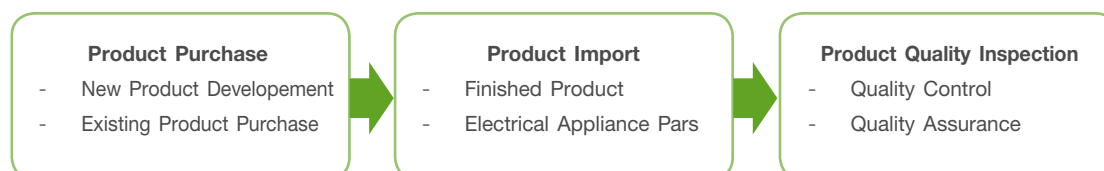
In the next 3 years, the demand for electrical appliances is anticipated to grow by 1% to 2% on average from the follow supporting factors:

1. A large number of existing electrical appliances was purchased during the 2011 flood crisis and those appliances will soon reach their average useful lives. Therefore, replacement purchases can be expected to materialize shortly, especially air conditioners, refrigerators, and washing machines.
2. The recovery of the housing market within 1 to 2 years from investments of private sector and the expected increase in public infrastructure spending.
3. The rising of average temperatures, boosting the demand for air conditioners.
4. IoT-based (Internet of Things) electrical appliances, which will allow users to operate electrical appliances through an online system, as well as promotional campaigns can increase demand and ultimately, sales revenue.
5. The growth of online distribution channels, which increases the convenience of making a purchase decision and going through with the purchase.

The Company is aware of the current economic slowdown and the ongoing outbreak of COVID-19 that the world is facing, and does not remain inactive in such situation. The Company constantly formulates and reviews its operating plans in order to be consistent with the economic conditions, technology, and target consumers' behaviors, which are expected to increase the Group's overall performance.

Product Sourcing

The procurement process of the Group can be outlined as follows:



The Group imports all electrical appliances from overseas with China contributing over 90% of total imports. The Company has established a vendor list which focuses on each manufacturer's reliability in terms of product quality, expertise, and ability to produce and deliver ordered products on time together with historical operation records. In this regard, the Company has adopted the 6R system which are:

- | | | |
|----------------|---|--|
| Right Quality | - | Purchase of products that meet the needs of the market |
| Right Quantity | - | Consideration of purchasing quantity that is consistent with sales volume |
| Right Time | - | Determination of suitable purchase and delivery periods to prevent supply shortages |
| Right Price | - | Determination of prices that corresponds to the product quality and competitive landscape |
| Right Source | - | Selection of a reliable manufacturer that produces products with quality in accordance with the Ministry of Industry |
| Right Place | - | Confirmation of correct delivery destinations |

In selecting a manufacturer for a newly developed product, the Group has a policy to consider the expertise of each manufacturer as well as consider the existing vendors in the vendor list before seeking external parties.

Risk Factors

Risk factors and impacts associated with the Company can be categorized into 2 groups: 1) parent company business and 2) subsidiary company business which are as follows:

1. Parent Company Business Risks

- 1.1 Risks from Economic Slowdown: The economic slowdown in the previous 3-6 years has lowered consumers' purchasing power. Since the Company's main products are audio & visual products and home appliances with target groups covering consumers in all segments from low to high income, a reduction in purchasing power will have an adverse direct impact to the Company's sales. However, the Company has made an effort to stimulate sales by creating various promotional campaigns which partly help to boost up revenue.
- 1.2 Risks from Changes in Technology: Electrical appliances, such as DVD players, are subject to a rapid change in technology, potentially leading to product obsolescence. Therefore, the Company has to continuously seek innovations as well as observe changes in consumer behaviors. In this regard, the Company discovered that customers in urban and rural areas have different needs and behaviors, which has prompted the Company to adjust its strategy accordingly.
- 1.3 Risks from Exchange Rates: Similar to other importers in Thailand, fluctuations in exchange rates are one of the potential risks of the Company's operation. With regard to the Company's electronic appliance business, US Dollar is the main currency for purchasing inventory.

2. Subsidiary Company Business Risks

Investment in subsidiaries is governed by the Company's joint venture policy in that the Company must be a major shareholder with significant shareholding in order to reduce the lack of business expertise risk, while at the same time, able to influence the operational direction of the business. However, this creates a potential risk of conflicts between existing and new corporate cultures at the introduction of the new majority shareholder. Nonetheless, since the Company is a registered company in the Stock Exchange of Thailand, subsidiaries have to strictly adhere to the operational, governance, and disclosure rules which may be an issue in the beginning, affecting the teamwork of the organizations. The risks of subsidiaries, associates, and joint ventures of the Company can be concluded as follows:

2.1 Siam Advance Electronic Co., Ltd.

- 2.1.1 Risks from Changes in Technology: Nowadays, smart phones, tablets, and related accessories are subject to rapid progression of technology as well as consumer behaviors. To mitigate this risk, the Company constantly seeks new innovations in order to meet the ever-growing consumers' needs.

2.1.2 Risks of Inventory Losses: Since the company has 50 sales persons divided into 5 regions, which are North, Northeast, West, East and South, each of which is subject to the risks of inventory losses. As a countermeasure, at the end of every month, the company will assign accounting teams to perform an inventory check without prior notice (spot check). The accounting department will count the physical inventory in each retail area and compare it with the balance in the computer system.

2.2 AJ E-Commerce Co., Ltd., Rizen Energy Co., Ltd. and Yutai Group Co., Ltd.

2.2.1 Risks from Non-Renewal of Dealer's Contracts

- Dealer Contracts are one of the most important elements for businesses that require the approval of brand suppliers or owners. The nature of the contracts in this field consists of auto-renew, and limited time where both parties have to consider the renewal of contract at the end of each term. For those contracts with scheduled renewal period, the Company has a potential risk of agreement cancellation which may result in a loss of revenue for that product line. However, having been a long-standing business partner with strict adherence to the conditions set forth in each of the contracts, the Company believes it will be trusted as a business partner going forward.
- In the contract renewal process, the other party may request to adjust the conditions in the agreement to increase the compensations in accordance to normal business. Nonetheless, from having been in cooperation for a considerable amount of time, if required, the Company will negotiate with the other party to reach an agreement that is a mutual benefit and acceptable for both parties.

2.2.2 Risks from Overseas Suppliers Doing Business in Thailand : The Company's subsidiaries, associated companies, and joint ventures are resellers that also recruit new members and distributors. Typically, each dealer is responsible for their own marketing of the products. In the event that the brand owners wish to directly market their own products in Thailand, the Company believes it is possible albeit with difficulty as the vehicles market in Thailand is small and Thai vehicle consumers have unique behaviors which requires a substantial understanding and expertise in order to successfully operate. Thus, the cooperation with local entrepreneurs is believed to be the best option.

2.2.3 Risks from Economic Slowdown : Since economic slowdowns bring about higher unemployment rates and lower average income per capita, sales figures may drop from reductions in consumer spending. Therefore, risks from economic slowdown have a direct adverse impact on customer's decision to become a member of Alibaba.

2.2.4 Risks from Exchange Rates : As the business involves transactions with Alibaba, which is located overseas, fluctuations in the exchange rates may increase expenses (Baht depreciation) or reduce revenues (Baht appreciation) which could decrease the subsidiary's profit.

2.3 BLTC Incorporation Co., Ltd.

2.3.1 Risks from Competition in the Logistics Service Industry : As of now, there are multiple similar service providers in Thailand. Therefore, the subsidiary's performance may be adversely affected if the competition intensifies further or if a new operator enters the market. Severe competitions may cause a decline in the number of customers or necessitate a reduction in prices for services, which will result in lower overall profits. Nevertheless, the company focuses on good service, fast delivery, undamaged products and also on improving services to better meet the needs of customers in the 4.0 era as much as possible.

2.4 Happy Visions Co., Ltd.

2.4.1 Risks from Adverse Economic Conditions : As a consequence of the recent global trade wars, the slowdown in Thailand's private consumption and high household debt level have reduced the spending power of customers in low to medium income segments. This is a potential risk as the Company may have to adjust the pricing of the products according to the economic situation. On the other hand, for customers in the high-income segment, the subsidiary must source high-technology and high-quality products in order to maintain sales figures. In this regard, the Company has alleviated this risk by providing products at reasonable prices for each customer segment which have yielded satisfactory results.

2.4.2 Risks from Fashion Trends : Because sneakers' popularity depends on the ever-changing fashion trend, management must continuously monitor global fashion trends in order to source the right products for target customers. In doing so, the subsidiary must sell all products before they become obsolete; therefore, it is important to place an emphasis on the ordering process as well as increase the frequency of orders which will help manage the level of inventory when changes in fashion trends occur.

2.4.3 Risks from Changes in Technology : Technological improvements in the material used for sneakers production have an impact on the demand of the products. For example, memory foam's increasing popularity for its comfortable feel has a major impact on products that utilize this material.

2.4.4 Risks from Exchange Rates : Since every product is sourced from outside of Thailand, fluctuations in the exchange rates will affect the cost of imports.

2.5 Bangkok Pay Co., Ltd.

2.5.1 Risks from Changes in Consumer Behaviors : Mobile phone top-up kiosks are one of the first top-up channels that have been developed in Thailand for consumers with low income due to their wide coverage of kiosk locations. However, since the mobile phone top-up market is large and mobile service operators seek to offer new ways for consumers to top-up, the demand for the kiosks may be affected. Thus, the company has a policy to closely monitor consumer behaviors in order to develop strategies to maintain the popularity and growth of the top-up kiosks.

2.5.2 Risks from Changes in Technology : Even though the electronic top-up kiosks provide multiple transactional services, technological advancements that allow top-up alternatives may reduce the kiosks' demand and render the products obsolete. Therefore, the company must constantly adapt in accordance with the current technology and seek new innovative products for customers.

General Information and Other Information

1. General Information

AJ Advance Technology Public Company Limited engages in the retailing and wholesaling of electrical appliances, mobile phones and related accessories under the brand “AJ”. The Company has registered as public company in the Stock Exchange of Thailand since 27 February 2014, under the symbol “AJA”.

The Company's head office is located at

427/2 Rama 2 Rd., Samaedum, Bangkhuntien, Bangkok 10150

Telephone : 0-2451-6888 Fax : 0-2451-5490

Website : <http://www.ajthai.com>

2. Registrar

Thailand Securities Depository Co., Ltd.

93 Rachadapisek Road, Dindaeng, Bangkok 10400

Telephone : 0-2009-9000 Fax : 0-2009-9991

SET Contact Center : 0-2009-9999

3. Auditor

Karin Audit Co., Ltd.

72 Cat Telecom Tower, Floor 24th, Charoen Krung Road,

Bangrak, Bangkok 10500

Telephone : 0-2105-4661 Fax : 0-2026-3760

4. Information of Subsidiary, Associated, and Joint Venture Companies

Company Name	Business Description	Capital (THB Million)	Shareholding (%)	No. of Shares Held	Remark
Siam Advance Electronic Co., Ltd.	Sells smart phones, tablets and related accessories	50 Par : THB 100	51	255,000	
AJ E-commerce Co., Ltd. (Previously T&C Advance Electronic Co., Ltd.)	Engages in e-commerce business by being a subscription agent and service provider for Alibaba members in Thailand	5 Par : THB 100	99	49,500	
Happy Visions Co., Ltd.	Sells sports sneakers	20 Par : THB 10	99	1,980,000	Operation commenced on 1/7/2019
Yutai Group Co., Ltd.	Exports products and provides trading services for members via website	50 Par : THB 100 (Paid-up 25%)	51	254,999	Ceased operation
Bangkok Pay Co., Ltd.	Sells and provides services related to mobile top-up kiosks for authorized service providers of electronic transfers and payments as well as payment machines (POS) and portable charger rental services.	100 Par : THB 10 (Paid-up 69%)	60	4,140,000	Operation commenced on 1/8/2019
Rizen Energy Co., Ltd.	Imports and sells electric vehicles under the brand "BYD"	50 Par : THB 100	45	225,000	Ceased operation (Joint Venture)
BLTC Incorporation (Thailand) Co., Ltd.	Engages in logistics business	65.71 Par : THB 100	60	369,047	(Associated company)
Muangthai Digital Co., Ltd.	Imports, retails, wholesales of electrical appliances	3 Par : THB 100	30	9,000	Ceased operation (Associated company)
AJ Beauty Group Co., Ltd.	Engages in dermatology and beauty clinics in Bangkok and other provinces	20 Par : THB 100 (Paid-up 69%)	100	1,999,998	Incorporated 24/2/2020 (Operation not yet commenced)
Unionthai Platform Co., Ltd.	Provides investment platform and online management services for small and medium-sized businesses in Thailand	1 Par : THB 10	51	51,000	Company not yet incorporated

Shareholding Structure

As of January 29th, 2020, the top ten major shareholders were summarized as follows:

No.	Name	No. of shares (shares)	(%)
1.	Mr. Amorn Meemano	495,975,881	11.70
2.	Miss Jintana Meemano	321,159,115	7.57
3.	Miss Nattawan Uttamaprakrom	209,976,400	4.95
4.	Mr. Kittiwat Aoumaree	209,506,700	4.94
5.	Mrs. Nasikar Meemanonuns	206,420,372	4.87
6.	Mr. Pipat Patiwetphinyo	198,116,413	4.67
7.	Miss Wanida Wasiphanphong	175,342,215	4.14
8.	Miss Chinda Meemano	105,869,570	2.50
9.	Mr. Chot-anant Saengpongpitaya	102,706,422	2.42
10.	Mr. Nawat Itsaragrisil	95,926,100	2.26
Top 10 shareholders		2,120,999,188	50.02
Other Shareholders		2,119,295,556	49.98
Total		4,240,294,744	100.00

Remark

- Mr. Amorn Meemano family group consists of shareholders and shareholding ratio as follows:
 - Mrs. Nasikar Meemanonuns, 4.87%
- Mr. Pipat Patiwetphinyo family group consists of shareholders and shareholding ratio as follows:
 - Ms. Wanida Wasiphanphong, 4.14%

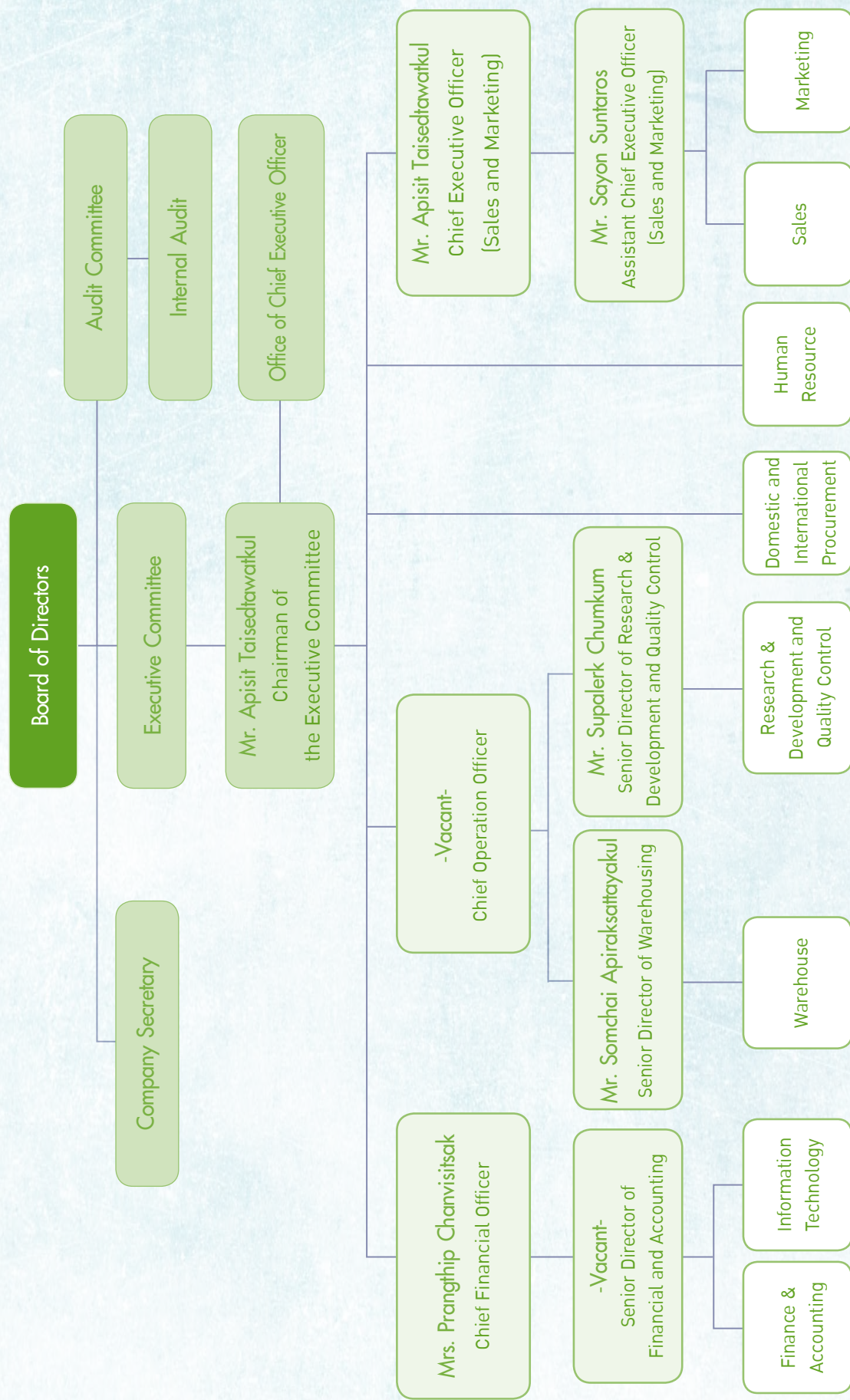
Dividend Payment Policy

The Company has a policy to pay dividend at the minimum of 40% of net profit after corporate income taxes and all statutory reserves. However, the Company may pay dividend less than the amount specified above or may not pay dividend, if the Company requires capital for business expansion.

In addition, the Board of Directors' resolution on approval of the dividend payment is required to be proposed to the shareholders' meeting for approval, except in the case of interim dividends, where the Board of Directors has the authority to approve and then report to the shareholders' meeting for acknowledgement in the next meeting in 2020.

Management Structure

Organizational Structure of the Company as of March 1st, 2020



Management Structure

The Company's management structure consists of 3 committees: The Board of Directors, the Audit Committee and the Executive Committee. The Company's management according to the organization chart is as follows:

The Board of Directors

The Board of Directors as of March 16th, 2020 consisted of:

Name			Position
1.	M.R. Chirakom	Kitiyakara	Chairman of the Board of Directors
2.	Mr. Anake	Pattanaslid	Director
3.	PL. Gen Pajongjed	Meepin	Director and Independent Director
4.	Prof. Dr. Thapana	Boonlar	Director and Independent Director
5.	Dr. Phuvit	Panyasit	Director and Independent Director
6.	Mr. Boonyasit	Saengpongphithaya	Director
7.	Mr. Apisit	Taisedtawatkul	Director
8.	Mrs. Prangthip	Chanvisitsak	Director

Mrs. Prangthip Chanvisitsak is the Company Secretary.

The Authorized Directors

To certify documents on behalf of the Company, 2 signatures of authorized directors (Mr. Boonyasit Saengpongphithaya, Mr. Apisit Taisedtawatkul and Mrs. Prangthip Chanvisitsak) are required together with an affixture of the Company's seal.

Scope of Duties and Responsibilities of the Board of Directors

1. To perform duties pursuant to laws, objectives and articles of association of the Company as well as resolutions of shareholders' meetings with honesty, integrity and to preserve the best interest of the Company.
2. To specify vision, policy and operating direction of the Company and to supervise performance of the management to ensure compliance with the specified policies and work plans effectively and efficiently in order to maximize the economic value of the business and the benefits of the shareholders.
3. To monitor operating results to ensure that they are in accordance with the Company's policies and objectives. Clear indicators must be established to be used as operation guidelines by taking into consideration the possibility and reasonableness. In addition, policies and policy compliance must be reviewed constantly.
4. To attentively consider conflicts of interest and transactions that might have conflicts of interest by specifying clear guidelines for the overall benefits of the Company and the shareholders. A stakeholder in the transaction shall not be involved in the decision-making process. To supervise and to ensure compliance with standard regulations concerning operating procedures and disclosure of information of transactions with potential conflicts of interest correctly, completely and transparently.
5. To specify the authority of approval for undertaking any transactions and operations concerning the Company's business to a group of persons or a person as appropriate and in accordance with relevant laws. This is to be completed in the form of authority manual which must be reviewed at least once a year

6. To establish a reliable accounting system, processing system, financial reporting and auditing as well as to oversee the assessment process on appropriateness of internal control system by assigning an independent person or function to take responsibility for inspection of such systems and those systems must be constantly reviewed.
7. To specify comprehensive risks management policy throughout the organization where the management shall comply with the policies and report to the Board of Directors on continuous basis. To regularly review or assess the efficiency of risk management and every instance of a change in the risk level as well as place an importance on early warning signs and any abnormal transactions.
8. To appoint the sub-committee or any person to oversee, monitor and control operations of the Company in material matters under supervision of the Board of Directors. To assess performance and fix remuneration of such sub-committee or person or assign authority to such sub-committee or person to be within the period of time as the Board of Directors deemed appropriate. The Board of Directors may cancel, revoke, change or revise such authority.

The following operational powers shall be exercised only after an approval is obtained from the shareholders' meeting with the provision that any directors or persons with potential conflicts, interests or conflict of interest regarding any transactions with the Company or its subsidiaries shall not be entitled to vote:

- Any activities requiring an approval from the shareholders' meeting according to the relevant regulations.
- Any transactions that any director may have some interests and in scope that the laws or regulations of the Stock Exchange of Thailand prescribed that it is required to have an approval from the shareholders' meeting first.
- In addition, for the following cases, the resolution is required to be passed by the majority vote of not less than three-fourths of total votes of director members presenting at the meeting of the Board of Directors and of the shareholders presenting at the meeting and having the voting right:
 - Sell or transfer in whole or in substantial parts of the business of the Company to another person.
 - Purchase or accept the transfer of business of other public company or private company.
 - Execute, amend or terminate the agreement relating to lease out in whole or in substantial parts of business of the Company, assign the other person to manage the business of the Company or merge business of the Company with business of the other person, which objective is for profit sharing.
 - Issue new shares to pay to the Company's creditor pursuant to debt to equity conversion project.
 - Decrease the Company's registered capital by decreasing number of shares or decreasing share values.
 - Increase, decrease the capital, issue the debenture, amalgamate or dissolve the Company.
 - Any other issues as per specified by the laws.

The Audit Committee

As of March 16th, 2020, the Audit Committee comprised of:

Name			Position
1.	PL. Gen Pajongjed	Meepin	Chairman of the Audit Committee
2.	Dr. Phuvit	Panyasit	Audit Committee
3.	Prof. Dr. Thapana	Boonlar	Audit Committee

Ms. Arporn Chum-in is a secretary of the Audit Committee.

Scope of Duties and Responsibilities of the Audit Committee

- To audit to ensure that the Company has sufficient, accurate and transparent financial reports by coordinating with the external auditors and the Company's executives who are responsible for preparing quarterly and yearly financial reports.
- To review the Company's internal control and internal audit systems to ensure that they are suitable and effective jointly with the external auditors and internal auditors (if any) and to determine the independence of the internal audit function or any other functions in charge of internal auditing.
- To review operations of the Company to ensure compliance with the laws on securities and exchange, regulations of the Stock Exchange of Thailand and any laws related to the Company's businesses.
- To select and propose the Company's auditor and to fix his or her remuneration by taking into consideration reliability, adequacy of resource, amount of auditing activities and experiences of such auditor as well as to attend the meeting with the auditor without any participation of the executives at least once a year.
- To consider the connected transactions or transactions which may have conflicts of interest to ensure that they are reasonable, in compliance with the laws and regulations of the Stock Exchange of Thailand and are for the maximum benefits of the Company.
- To review and ensure that the Company has appropriate and efficient risk management system.
- To prepare a report on the Audit Committee's activities and disclose it in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee and included at least the following recommendations:
 - Recommendation on accuracy, completeness and creditability of the preparation process and information disclosure in the Company's financial report,
 - Recommendation on adequacy of the Company's internal control system,
 - Recommendation on compliance with laws on securities and exchange, the stock exchange's regulations, or other laws related to the Company's business,
 - Recommendation on suitability of the auditor,
 - Recommendation on transactions that may cause conflicts of interests,

- Number of the Audit Committee's meetings and attendance of such meetings by each committee member,
 - Overall recommendations or observations that have arisen while the Audit Committee performed its duties in accordance with the Charter, and
 - Other reports which should be made available to the shareholders and general investors within scope of duty and responsibility assigned by the Company's Board of Directors
8. To perform any other tasks as assigned by the Board of Directors according to the opinions of the Audit Committee, for instance, review of financial management policy & risk management, review compliance with business ethics of the management, review material reports jointly with the Company's management which must be presented to the general public as per specified by the law, i.e. executive report and analysis and etc.

In order to make the Audit Committee perform the work efficiently, the Audit Committee may seek independent opinions from consultants of various professions, if it deems necessary, at the Company's expense.

Qualifications of the Audit Committee and Independent Director

- a. Holding shares not exceeding 1.0 percent of the total number of voting shares of the Company, its parent company, its subsidiary, its associate or a juristic person who might have conflict of interest, provided that, the shares held by the related person of such Independent Director shall also be counted for this purpose.
- b. Not being or having been a director involved in the management, an employee, an officer, a consultant with a monthly wage or a controlling person of the Company, its parent company, its subsidiary, its associate or a subsidiary with the same level or a juristic person who might have conflict of interest, except he/she has resigned from such position at least 2 years prior to the date permit submission to the office.
- c. Not being related by blood or legal registration as a father, mother, spouse, sibling and child, including as a spouse of the child of an executive officer, a major shareholder, a controlling person or a person who will be nominated to become an executive officer or a controlling person of the Company or its subsidiaries.
- d. Not having or had a business relationship with the Company, its parent company, its subsidiary, its associate or a juristic person who might have conflict of interest in the manner which may interfere with the exercise of independent judgment, including not being or having been a major shareholder, a director who is not an independent director or an executive officer of a person having a business relationship with the Company, its parent company, its subsidiary, its associate or a juristic person who might have a conflict of interest, except where such restriction had passed for not less than 2 years prior to the date of permit submission to the office.

The term "business relationship" under the first paragraph shall include any normal business transactions, rentals or leases of immovable property, transactions relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or its counterpart being

subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the Company or 20 million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Board of Directors of the Stock Exchange of Thailand governing disclosure of information and practices of the listed company on connected transactions, mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the same person commences.

- e. Not being or having been an auditor of the Company, its parent company, its subsidiary, its associate, or a juristic person who might have a conflict of interest and not being a major shareholder, a controlling person, a director who is not an independent director, an executive officer or a partner of an audit office for which the auditor of the Company, its parent company, its subsidiary, its associate, or a juristic person who might have a conflict of interest work, except where such restriction had passed for not less than 2 years prior to the date of permit submission to the office.
- f. Receives service fees exceeding 2 million Baht from the Company, its parent company, its subsidiary, its associate, or a juristic person who might have a conflict of interest. In addition, in case the professional service provide is a juristic person, it shall include a major shareholder, a director who is not an independent director, an executive officer or managing partner of such professional service provider, except where such restriction had passed for not less than 2 years prior to the date of permit submission to the office.
- g. Not being a director appointed to represent the Company's Board of Directors, a major shareholder or a shareholder who is related to the Company's major shareholder.
- h. Not being a significant partner of a partnership or not being a director who is involved with management tasks, a staff member, an employee, a consultant with a monthly wage or holds shares more than 1.0 percent of total shares with voting rights of another company which is engaged in a business of the same nature as and of significant competition to that of the Company or its subsidiary.
- i. Not having any other characteristics which prevent the expression of an independent opinion on the operations of the Company.
- j. Not being a director appointed by the Company's Board of Directors to make decision for business operations of the Company, its parent company, its associate, a subsidiary of the same level or a juristic person who might have a conflict of interest and must not being a director of the listed company which is a parent company, a subsidiary, an associate, a subsidiary in the same level.

After being appointed to be the Independent Director with qualifications pursuant to Item a. to j. above, the Independent Director may be empowered by the Board of Directors to make decisions for business operation of the Company, its parent company, its subsidiary, its associate, a subsidiary in the same level or a juristic person who might have a conflict of interest in the form of collective decision.

Executive Committee

As of March 16th, 2020, the Executive Committee consists of:

Name			Position
1.	Mr. Apisit	Taisedtawatkul	Chairman of the Executive Committee
2.	Mrs. Prangthip	Chanvisitsak	Executive Committee
3.	Mr. Sayon	Suntaros	Executive Committee

Scope of Duties and Responsibilities of the Executive Committee

1. To control management of the Company to ensure that it is in accordance with the policies specified by the Board of Directors and then report operating results to the Board of Directors.
2. To specify strategies and business plans, budget including management structure so that it can achieve policies and objectives of the Board of Directors, then propose to the Board of Directors for considerations.
3. To specify the authority of approval of each person as appropriate, by segregating duties which may promote corruption, and propose to the Board of Directors or the sub-committee assigned by the Board of Directors for approval. To control and ensure adherence to the approved principles and regulations.
4. To consider organizational structure and manage salary structure, define scope and duty of work, assignment, appointment; transfer, cut or reduce salary; remove; dismiss or impose disciplinary penalty; give reward and consider praiseworthy of the employee.
5. To consider and approve financial transactions with banks or financial institutions to support normal business operations, such as opening or closing of accounts; taking on a loan; granting a loan, providing credit amount, pledge, mortgage, guarantee and other activities including purchase, sell and register of title deed ownership of land for normal business operations in accordance to the authority approved by the Company's Board of Directors.
6. To consider and approve investment and specify investment budget as per specified in the delegation of authority manual.
7. To consider about fund raising to propose to the Company's Board of Directors.
8. To approve appointment of consultants in various fields necessary for business operations.
9. To approve the operating plan of each department of the Company including to approve a request from various departments which beyond power of such department.

However, for authorization of such duty and responsibility of the Executive Committee, the authorized person shall not be empowered to approve any transactions that such person or a person who might have a conflict of interest (meaning of "person who might have a conflict of interest" is as per defined by the notification of the Securities and Exchange Commission), or may have conflicts in any other manners against the benefits of the Company or its subsidiaries. The approval of such foregoing transactions are required to be submitted to the Board of Directors' meeting and/or the shareholders' meeting for considerations and approval pursuant to the Company's articles of association or as per required by relevant laws, except where it is an approval of a normal business transaction of the Company according to the policy and criteria approved by the Board of Directors.

The Management

As of March 16th, 2020, the Company's management consisted of:

Name			Position
1.	Mr. Apisit	Taisedtawatkul	Chief Executive Officer
2.	Mrs. Prangthip	Chanvisitsak	Chief Financial Officer
3.	Mr. Sayon	Suntaros	Assistance of Chief Operating Office (Sales and Marketing)
4.	Mr. Somchai	Apiraksattayakul	Senior Director of Warehousing
5.	Mr. Supalerk	Chumkum	Senior Director of Research and Development and Quality Control

Scope of Duties and Responsibilities of the Managing Director

1. To supervise the general operations and/or management of the Company.
2. To operate or undertake the work pursuant to the policy, work plan and budget approved by the Company's Board of Directors and/or the Executive Committee.
3. Is authorized to approve and delegate authority to approve the disbursement for procurement of assets and service for the Company's benefit, provided that such approval authority must be an approval of normal trading transaction with amount of money not exceeding the amount specified by the Board of Directors.
4. Is authorized to issue orders, rules, announcements, and memorandum in order to make operations conform to the policy and for benefits of the Company including to preserve working discipline within the organization.
5. Is authorized to act on and represent as the Company's representative to the third party in the relevant business and for benefits of the Company.
6. To approve the appointment of consultants in various fields necessary for business operation of the Company.
7. To be the authorized person of the Company to manage the Company's businesses to make them achieve the objectives, regulations, policies, rules, regulations, orders, resolutions of the shareholders' meeting and/or resolutions of the Board of Directors and the Executive Committee.

However, the delegation of authority to the Chief Executive Officer as well as delegation of authority to other persons that the Chief Executive Officer deems appropriate shall not include the authority and/or delegation of authority to approve any transaction that he/she or a person who might have conflict of interest, interests or may have conflict in other manner (pursuant to Company's articles of association or as per specified by the Office of the Securities and Exchange Commission) has with the Company or its subsidiaries. The approval of such foregoing transactions are required to be submitted to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval according to the Company's articles of association or as per required by relevant laws, except where it is an approval of normal business transaction of the Company pursuant to the policy and criteria approved by the Board of Directors.

Determination of Credit Approval Authority

1. The Executive Committee is authorized to approve the purchase and sales of products, raw materials, services and contract execution which can create commercial obligations and financial obligations not exceeding 100.00 million Baht, to approve the contract execution which can have financial obligation not exceeding 50.00 million Baht and to approve the purchase, sale and transfer of assets not exceeding 50.00 million Baht.
2. The Chief Executive Officer is authorized to approve the purchase and sales of products, raw materials, services and contract execution which can create commercial obligation not exceeding 40.00 million Baht, to approve the contract execution which can have financial obligation not exceeding 20.00 million Baht and to approve the purchase, sale and transfer of assets not exceeding 20.00 million Baht.

However, the credit approval authority as mentioned above shall not be in violation with the laws on securities and stock exchange and the related regulations, notifications, orders or requirements including the compliance on regulations concerning connected transactions and acquisition or disposal of material assets of the Company or subsidiaries.

The Company Secretary and the person assigned to take direct responsibility for supervising accounting

Name		Position
1.	Mrs. Prangthip Chanvisitsak	Company Secretary and Chief Financial Officer

Directors' and Executives' Remuneration

Monetary Remuneration

Directors' Remuneration

The 2019 Annual General Meeting of Shareholders which was held on April 26th, 2019 has approved the following remunerations:

Position	Monthly package*	Meeting allowance (Baht/Meeting)
Chairman of the Board	40,000	15,000
Director (Executive)	-	10,000
Director (Non-Executive)	25,000	10,000

Position	Monthly package*	Meeting allowance (Baht/Meeting)
Chairman of the Audit Committee	35,000	15,000
Audit Committee	25,000	10,000

Remark : *In the case of assuming multiple positions, the highest remuneration shall be paid.

The executive directors shall not receive a monthly remuneration for being a director. Monetary allowances of the Board of Directors and the Audit Committee as of December 31st, 2019 amounted to 3,790,833.33 Baht, of which 1,770,000 Baht was the remuneration of the Audit Committee as per the following detail

Name		Position	Year 2019 as at December 31 st , 2019				
			Remuneration		Number of Meeting Attendance		
			Remuneration (Baht)	Meeting Allowance (Baht)	The Board of Directors	The Audit Committee	The Executive Committee
1. Mr. Vacharin	Duangdara	Chairman of the Executive Committee / Director ^{1/6}	240,000	180,000	12/12	-	8/8
2. M.R. Chirakom	Kitiyakara	Chairman of the Executive Committee / Director ^{2/6}	160,000	90,000	6/6	-	-
3. Mrs. Chanatip	Weerasubpong	Chairman of the Audit Committee / Independent Director ^{3/6}	70,000	95,000	5/5	3/3	-
4. Dr. Phuwit	Panyasit	Independent Director / Audit Committee	300,000	280,000	20/20	8/8	-
5. PL. Gen Pajongjed	Meepin	Chairman of the Audit Committee / Independent Director / Director ^{4/6}	350,000	260,000	17/17	7/7	-
6. Mr. Apisit	Taisedtawatkul	Chairman of the Executive Committee / Director	-	140,000	14/14	-	8/8
7. Mr. Anake	Pattanaslid	Director	300,000	200,000	20/20	-	-
8. Mr. Nutthawut	Pongsatirat	Independent Director Audit Committee / Director ^{6/6}	225,000	190,000	14/15	5/5	-
9. Mr. Sirichai	Tainuthai	Director ^{5/6}	50,000	40,000	4/4	-	-
10. Mr. Boonyasit	Saengpongphithaya	Director	250,000	170,000	17/17	-	-
11. Mrs. Prangthip	Chanvisitsak	Director / Executive Committee / Chief Financial Officer / Company Secretary	-	140,000	14/14	-	8/8
Total			1,945,000	1,785,000			

Remarks :

- ¹ Mr. Vacharin Duangdara has resigned from Director and Chairman of the Executive Committee on August 20th, 2019
- ² M.R. Chirakom Kitiyakara has been appointed to be Director and Chairman of the Executive Committee on August 27th, 2019
- ³ Mrs. Chanatip Weerasubpong has resigned from Chairman of the Audit Committee, Independent Director and Director on March 1st, 2019
- ⁴ PL. Gen Pajongjed Meepin has been appointed to be Chairman of the Audit Committee on March 13th, 2019
- ⁵ Mr. Nutthawut Pongsatirat has resigned from Independent Director, Director and Audit Committee on November 30th, 2019
- ⁶ Mr. Sirichai Tainuthai has resigned from Director on February 26th, 2019

Executives' Remuneration

As at December 31st, 2019, the Company has 3 executives. The remunerations paid to the Company's executives as salary, bonus, provident fund and other fringe benefits were as follows:

The Executives' Remuneration	2018		2019	
	Number (Person)	Amount (Million Baht)	Number (Person)	Amount (Million Baht)
Salary, commission and bonus	5	13.89	6	10.75
Other remunerations, i.e. provident fund, social security and overtime pay	5	0.18	6	0.18
Total	5	14.07	6	10.93

Remark : In 2019, a total of 3 executives resigned.

Non-monetary Remuneration

- None -

Meeting of the Board of Directors

The Board of Directors has established that meetings be arranged throughout the year and every quarter. Special meetings will be arranged as necessary. Meeting agenda must be clearly prepared and a meeting invitation as well as meeting agenda and supporting document shall be sent to the directors at least 7 days in advance, so that the directors have adequate time to study before attending the meeting. During the year of 2019, the Board of Directors has arranged 20 meetings. The Chairman has a duty to allocate adequate time for the management to propose document and information to discuss important issues. In addition, the Group also arranges monthly meetings for the Executive Committee and quarterly for the Audit Committee. Most of the directors attended the meeting unless they are engaged in emergencies or important engagements.

Personnel

As at December 31st, 2019, the Company has a total of 219 employees with salary, bonus, provident fund and other fringe benefits paid as follows:

The Employees' Remuneration	2018		2019	
	Number (Person)	Amount (Million Baht)	Number (Person)	Amount (Million Baht)
Salary, commission and bonus	514	103.17	219	71.29
Other remunerations, i.e. provident fund, social security and overtime pay	514	5.77	219	4.69
Total	514	108.94	219	75.98

The Company has training and development courses in place for personnel in the organization to increase knowledge, understanding and ability. The Company believes that the employees will develop a positive mindset towards the organization, increase productivity and create confidence in the organization as it is operated by personnel with knowledge and skills that are consistent with its vision and goals.

Corporate Governance

The Company has a policy to adopt the Code of Best Practices as its operating guidelines which has been approved by the Board of Directors. This policy is implemented for the benefits and transparency of business operations as well as for the efficiency of the management, which will strengthen the confidence of the shareholders, investors and all relevant parties as a consequence. The corporate governance covers 5 sections as follows:

1) The Rights of Shareholders

The Company recognizes and emphasizes the importance of the fundamental rights of shareholders, and it shall not perform any act which violates or deprives their rights. In addition, it shall encourage the shareholders to exercise their fundamental rights, i.e. right to buy, sell, transfer shares in their possession, right to share in profits of the Company, right to have adequate access to the Company's information, right to vote for election or removal of the directors and appointment of an auditor, right to attend and vote in the shareholders' meeting on significant matter which will have an impact on the Company, such as allocation of dividends, determination and amendment of the Company's affidavit, articles of associations, capital increase or decrease and approval of special transactions.

In addition to the abovementioned fundamental rights, the Company has a policy to undertake the following measures to support and facilitate the right exercising of the shareholders:

- To arrange the Annual General Meeting of Shareholders every year, by arranging within 4 months after the ending date of the accounting period in each year. The Company shall send each shareholder an invitation letter to the meeting together with supporting information at least 7 days in advance of the meeting date. Notice of the meeting invitation shall be advertised in the newspaper at least 3 days prior to the meeting date for 3 consecutive days. Comments of the Board of Directors shall be included in each agenda.
- To disseminate any documents supporting the meeting agenda of the shareholders' meeting in advance in the Company's website as well as provide clarifications regarding rights of the shareholders on participation in the meeting and voting for resolution.
- In the case where shareholders are unable to attend the meeting by themselves, they are authorized to give a proxy to recipient in order to participate and vote in the meeting by using a proxy form which will be attached to the meeting invitation letter.
- The shareholders can submit their opinions, recommendations or inquiries in advance of the meeting date via email address of the Company's Investor Relations or email address of the Company Secretary.

- On the meeting date, the Company shall provide appropriate time and opportunity for the shareholders to express their views, recommendations and ask questions concerning the agenda openly before any resolutions shall be made. In the case where shareholders have any enquiries for any agenda, the Company shall provide personnel who is knowledgeable and expert in the field to answer any questions under the responsibility of the Board of Directors.
- All directors shall attend the meeting to reply to any relevant inquiries which may be asked by the shareholders during the meeting.

2) The Equitable Treatment of Shareholders

The Company has an equitable treatment policy for all shareholders, all groups, including executive shareholders, non-executive shareholders, foreign shareholders and minority shareholders as follows:

- To equally treat and facilitate all shareholders and it shall not perform any act which violates or lessens their rights.
- To specify that voting rights in the meeting shall be in accordance with the number of shares held by the shareholders: one share is eligible for one vote.
- To specify that the Independent Director shall oversee the minority shareholders. The minority shareholders can express their opinions, comments or complaints to the Independent Director and such matter shall be properly taken care of. For instance, if it is a complaint, the Independent Director shall investigate for facts and find the proper remedy method. If it is a recommendation which the Independent Director deems important and will directly impact stakeholders as a whole or the operating performance of the Company, then the Independent Director shall present such matter to the Board of Directors' meeting to consider and set as a meeting agenda for the shareholders' meeting.
- The Company's Board of Directors has prescribed measures to prevent abusive insider trading of relevant persons, which included directors, executives, officers, and employees of the Group who have access to such information (including spouses and children under legal age of those persons). The Board also imposed penalty clause on disclosure of the Company's information or exploit the Company's information for personal gain pursuant to the policy on prevention of usage of inside information for personal gain. Furthermore, the Board of Directors has provided information to the directors and the executives on their obligations to report their securities holding of the Company to the Office of the Stock and Exchange Commission (SEC) and pursuant to Section 59 of the Securities and Exchange Act B.E. 2535. The Board shall regularly inform any information and regulations of the SEC and the Stock Exchange of Thailand to the Board of Directors and the executives upon the notifications from such agency.

3) The Roles of Stakeholders

The Company recognizes the rights of all stakeholders, including the internal stakeholders (i.e. shareholders, employees, executives of the Company) and the external stakeholders (i.e. competitors, business partners, customers and etc. The Company realizes that supports and opinions from as well as enhancement of relationship with all stakeholders are beneficial to the business operations and for business expansion of the Company in the future. The Company shall ensure that all groups have been equally and fairly treated and it shall comply with the laws and the related regulations as follows:

- | | | |
|-------------------|---|---|
| Shareholders | : | The Company shall be a good representative of the shareholder in operating the business by taking into considerations the long-term growth of the Company's value as well as implementing the control and internal audit system. |
| Employees | : | The Company realizes that employees are one of the important resources required for the growth of the organization. Hence, it supports potential development of the human resources for maximum benefits of the Company, as well as teamwork collaboration for work agility. It also provides safe working environment to the employees. It also treats all employees equally and fairly as well as provides them the proper fringe benefits. |
| Business Partners | : | The Company shall treat its business partners according to honest trading framework by strictly adhering to trading terms and commitment agreed upon. |
| Competitors | : | The Company shall ethically treat its competitors based on prudent rules on competition by avoiding performing any dishonest competition. |
| Customers | : | The Company is determined to manufacture good products and render good services for the customers and shall faithfully and fairly deal business with them. |
| Society | : | The Company shall place an emphasis on the preservation of environmental conditions of the communities surrounding the Company's location. |

In addition, the Company has specified clearly prudent operating practices to respond to the needs of each group of stakeholders in "Business Ethics", and it also disseminated and made a campaign to encourage the Board of Directors, the management as well as operating level employees to abide by work practice and the responsibility of every person.

4) Disclosure and Transparency

The Company realizes the importance of disclosing accurate, timely and transparent information of the financial report and general information pursuant to the criteria on disclosure of information and information technology of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as other material information which shall impact the prices of the Company's securities, decision-making procedures of the investors and the stakeholders of the Company.

The Company shall disclose its information to the shareholders, the investors and the public through the channels and public media of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand including on the Company's website: <http://www.ajthai.com/>.

With regard to Investor Relations, the Company has not yet established the Investor Relations Unit. However, as an initial stage, the Company Secretary has been assigned to contact and communicate with the investors, the shareholders, as well as the analysts and the other related governmental authorities. The contact person is Mrs. Prangthip Chanvisitsak, the Company Secretary at telephone no. 0-2451-6888 Ext. 300 or at email address: prangthip.c@ajthai.com.

5) Responsibilities of the Board of Directors

Board of Directors Structure

The Board of Directors consists of the knowledgeable and experienced members in diverse fields useful for Company's business. The Board has important roles in setting up policies and business plans as well as monitoring operating results on a quarterly basis. It also focuses on internal control system and internal auditing for overall benefits of the Company and its shareholders

As of March 16th, 2020 the Board of Directors consists of 8 members, where 6 of them are non-executive directors and not less than one-third of total number of directors are qualified to be Independent Directors to balance power on voting as well as to review performance of the management for the best interest of the Company.

In addition, the Company has a policy that the Chairman of the Board and the Chief Executive Officer must not be the same person to prevent from exercising unlimited power. The Board of Directors shall specify power and duties as well as select persons to hold such positions.

The Company also appointed the Company Secretary who has duties to provide advice on laws and regulations that the Board of Directors must be well aware of and comply, to supervise the Board's activities as well as to coordinate on compliance with the Board's resolutions.

Directors and Executives' Remuneration

The Company has clearly reported the director's and executive's remuneration pursuant to the announcement of the Office of Securities and Exchange Commission (SEC). The abovementioned remunerations must be approved by the Annual General Meeting of Shareholders (AGM) every year. In the case where any director is assigned additional duties and responsibilities, for instance, he/she is also assigned to perform duties as the Audit Committee, then such director shall have additional remuneration which are suitable with the additional assignment but the performance of the Company must also be jointly considered.

Policy on Corporate Governance

The Company realizes the importance of corporate governance policy because it shall be beneficial to the Company's business operation and it can also enhance its stability and growth on sustainable basis and in the long run. For such operating guidelines, the Company places an emphasis on internal control and internal audit. The Board of Directors shall jointly assess the adequacy of internal control every year from 2013 onwards to ensure that the Company has complied with the good corporate governance principles pursuant to the guidelines specified by the Stock Exchange of Thailand.

The Board of Directors shall review the policy and its compliance regularly. In addition, after the Company's ordinary shares are listed in the Stock Exchange of Thailand, the Company shall comply with the rules and regulations specified by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Business Ethics (Code of Conduct)

The Company has prescribed the ethical practices of the directors, the executives and the employees, so that the relevant parties can adhere as guidelines for performing the Company's mission with integrity, honesty and impartially. Such practices also include treatment to all groups of stakeholders. The Company has communicated such practices to all employees and executives in the organization and specified that they must strictly comply with such guidelines.

Conflict of Interests

The Company's policy concerning conflict of interest was specified based on principles that any decision making on business operations shall be in the best interest of the Company only and shall avoid any acts which can cause conflict of interest. The party who are related to or connected to the transaction to be considered must notify the Company about its relationship and connection with such transaction. During any consideration, person who is related to or connected with such transaction shall not participate in the consideration process and shall not have power to authorize such transaction.

The Audit Committee shall propose connected transactions and transactions with potential conflict of interest to the Board of Directors and they shall be carefully considered to ensure strict compliance with the criteria of the Stock Exchange of Thailand, where price fixing and conditions they have with the person who may have conflict of interest must be similar to those made or agreed with the third party and they must be disclosed in the annual report (Form 56-2) and annual information disclosure form (Form 56-1).

Report of the Board of Directors

The Board of Directors is responsible for the financial statement of the Company and its subsidiaries including information as presented in the annual report, information disclosure form and the financial statement. The Audit Committee is assigned to audit the quality of financial statement, internal control system and adequate disclosure in the notes to financial statements by presenting to the Board of Directors every quarter. The preparation of such financial statements must be audited by the certified public accountant authorized by the Office of the Securities and Exchange Commission and pursuant to the generally accepted accounting standards in Thailand. Disclosure of important information system including the financial and non-financial information shall be based on complete, correct, reasonable and reliable facts and the suitable accounting policy.

The Meeting of the Board of Directors

The Company has arranged for the meeting of the Board of Directors regularly or at least every quarter and an extraordinary meeting may be arranged in case of necessity. For each meeting, a clear agenda must be clearly specified in advance and it must always have agenda on following up of operating operations. The Secretary of the Board of Directors shall prepare the meeting agenda and submit to each director 7 days in advance of the meeting so that the directors have adequate time to study the information before attending the meeting. Minutes of meeting which have been approved from the Board of Directors' meeting shall be sent to each director as appropriate and shall be systematically kept and made available for inspection by the Board of Directors or any relevant person at any time.

The Chairman shall lead the meeting and all other directors are encouraged to express their views independently. Resolution of the Board of Directors' meeting shall be made by a majority of votes where each director shall have one vote. A director with a potential conflict of interest shall not attend the meeting and/or shall not cast a vote. In the event of a tie, the chairman of the meeting shall have an additional casting vote.

Internal Control System and Internal Auditing System

The Company places importance on internal control systems, both at management and operation level. For efficiency on operations, the Company has defined a clearly written duties and operational powers of the operating person and the supervising and assessing person. The Company also designated a responsible person to audit internal control system and internal auditing to ensure appropriateness and efficiency. Financial and operation controls have been efficiently performed pursuant to the guidelines. Compliance with laws and regulations related to the Company has also been inspected and the inspection results shall be directly reported to the Audit Committee and high-level executives.

Subcommittees

The Board of Directors has appointed 2 sub-committees, the Audit Committee and the Executive Committee, to help oversee the Company's business. Roles and responsibilities of the Board of Directors, the Audit Committee and the Executive Committee are clearly defined and segregated so they can make decision and present vision independently as per mentioned in details in topic "Management Structure".

- **The Audit Committee**

The Audit Committee consists of 3 members to perform specific matters and propose such matters to the Board of Directors for consideration or for acknowledgement pursuant to scope of duties specified.

- **The Executive Committee**

The Executive Committee consists of 3 members for flexibility on operations pursuant to the scope of duties assigned by the Board of Directors.

Nomination and Appointment of Directors and Senior Management

The Board of Directors

As the Company does not have a Nomination Committee, the selection and appointment of the Board of Directors shall be made by committees and consideration shall be based on knowledge, capability, experience, vision and credibility. In addition, such candidate must be a qualified person and must not possess prohibited characteristics specified by the laws. The appointment is required to have an approval from the shareholders' meeting. Criteria and method can be summarized as follows:

1. The Company's Board of Directors shall consist of at least 5 directors, who possess qualification pursuant to the laws and not less than one-half of total directors must reside in the kingdom.
2. The selection of the director by the shareholders' meeting shall elect the directors shall be based on majority votes pursuant to the following criteria and methods:
 - 2.1 A shareholder shall have a number of votes which is equivalent to the number of shares held by him/her.
 - 2.2 The shareholder shall vote for election of a director individually.
 - 2.3 The persons receiving the highest number of votes in the respective order of the votes shall be elected as directors up to the total number of directors required or to be elected at such time. In the event that a number of persons receive an equal number of votes for the last directorship exceed the number of directors the Company required or to be elected at such time, the chairman of the meeting shall have a casting vote.
3. During every annual general meeting, at least one-third of directors shall retire. If the number of directors is not a multiple of three, then the number of directors closest to one-third shall retire. The directors who shall retire in the first and the second year after the registration of the Company shall be selected by drawing lot, and for subsequently years, the longest serving directors shall be retired. A retired director may be reappointed.
4. The directors shall be entitled to receive remunerations from the Company as gratuity, meeting allowance, pension, bonus or any benefits pursuant to the regulations or as per approved by the shareholders' meeting. Such remunerations may be as per an exact amount or as per defined criteria and shall be specified occasionally or it shall be in effect until further change. Moreover, they shall also receive allowances and fringe benefits pursuant to the Company's regulations without having any impact to the rights of the officers and employees, who have been elected as the committee, with regard to remuneration as part of the committee and benefits as the Company's officer or employee.

5. Any director who will resign from directorship position shall submit a resignation letter to the Company and such resignation shall be effective from the date such letter arrives at the Company. The resigned director may inform his or her resignation to the registrar.
6. In case of vacancy of director's position due to reasons other than by retirement in due course, the Board of Directors may appoint a person who is qualified and does not possess any prohibited qualifications specified in the Public Limited Act and laws on securities and exchange to be the director in the next Board of Directors' meeting. Except in the case where the remaining term of a director is less than 2 months, then the term of the newly appointed director shall expire at the same time as the director he/she substitutes. The resolution of the Board of Directors under paragraph one shall consist of votes not less than three-fourths of the remaining directors.
7. The shareholders' meeting may have a resolution to remove a director prior to the expiration of his or her term with the votes not less than three-fourths of the total votes of shareholders present at the meeting and have the voting right which must have accumulated shares not less than one half of total shares of the shareholders present at the meeting and have the voting right.
8. The committee members shall appoint one of them as the Chairman. In case they deem reasonable, one or more than one member shall be selected as the Vice Chairman/Chairmen

The Audit Committee/Independent Director

The Board of Directors or the Annual General Meeting of Shareholders is authorized to appoint at least 3 directors to be the Company's Audit Committee by selecting from the members of the Board of Directors. In addition, at least 1 member of the Audit Committee shall have adequate knowledge, understandings and experiences on accounting or finance. Upon the number of the Audit Committee is less than 3, the Board of the Directors or the shareholders' meeting shall appoint other director to replace such vacant position within 3 months from the date the number of Audit Committee is less than 3.

Executive Committee

The Company's Board of Directors is authorized to appoint the Executive Committee which shall not be less than 2 persons, by selecting from the committee members or the employees who possess skill and capability. However, such person must not be the Audit Committee to perform and supervise operations of the Company as per assigned by the Board of Directors on its behalf. The Executive Committee shall directly report to the Board of Directors.

Supervision of operations of subsidiary company

The subsidiary company manages and operates under the policy framework and management model in the same style as the company with the operation process and decision power as well as approving various matters in accordance with the scope of authority, duties and responsibilities according to the authority manual of the company. Moreover, some directors of company have also acted as directors of subsidiary companies as well, so that make the management process within the scope of company which include the information of company's financial status that shows the information of subsidiary company's financial status.

Use of Inside Information

The Supervision on the Use of Inside Information

The Company has established a policy and method on supervision of the directors and the executives on the use of inside information which has not been disclosed to the public for personal gain as well as purchase and sales of securities as follows:

- The Company has provided information to the directors and the executives on their obligations to report their holding including the holding of their spouses and children under legal age of the Company's securities to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand including and penalty clauses pursuant to the Securities and Exchange Act B.E. 2535.
- The Company has notified its directors about their obligations to report about a change of their securities holding to the Office of the Securities and Exchange Commission under Clause 59 of the Securities and Exchange Act B.E. 2535 and also notified that they must submit this report to the Company on the same date they submitted to the Office of the Securities and Exchange Commission.
- The Company prescribed that the directors, the executives, the employees who can access inside information are prohibited to disclose such information to any third parties or non-related persons. In addition, they shall not purchase or sell the Company's securities within the period of 30 days prior to the disclosure of financial statement or Company's position and they should wait for at least 24 hours after disclosure of such information before purchasing or selling the Company's securities.

The Company establishes the disciplinary penalty against people who exploit usage of or disclose inside information which, if released prematurely, would cause damage to the Company. Various penalties have been imposed, such as verbal warning, written warning, probation and termination of employment, by firing or discharging, as the case may be.

Auditor's Remunerations

The shareholders of the Company, at the 2019 Annual General Meeting of shareholders, which was held on April 26th, 2019, approved the remuneration of the auditors for 2019 in the amount not exceeding THB 2,940,000. The remuneration consists of the fees for the audit of the annual financial statements and the review of the quarterly financial statements. The approved remuneration amount increased by 2.80 percent from that of 2018. In 2019, the Company's total non-audit fee, which was not related to the auditing services and booked as the Company's expenses, was THB 77,000.

Compliance with Other Good Corporate Governance Practices

1. The Company has set out relevant policy and procedure for selection of knowledgeable and competent person to serve as the Company's directors. Shareholders have the right to propose candidates for directorship at the Annual General Meeting of Shareholders in accordance with the relevant rules and regulations of the Company. The candidates for Chairmanship and directorship shall possess necessary knowledge and experience in company business or related businesses which are beneficial to the Company's business. The Company also has a procedure for selection of the independent directors

which ensures that the independent directors would function to the best interest of the Company and shareholders.

To this end, given the lengthy historical backgrounds of the Company's business sector, there is a need for directors to have good understandings including commercial aspects (e.g. business transactions).

Thus, the number of years of employment is a key factor for a director to have in-depth knowledge and to provide valuable recommendations and directions to the Company. The Company's board of directors has functioned well in this respect.

The Company has planned ahead at least 5 Board of Directors' meetings in a year in order to consider regular agenda items. If there is any other important matter, the Chairman of the Board is empowered to call meetings to consider such matter by giving advance notice to all directors as required by the relevant laws. For the fiscal year 2019, there were a total of 20 Board of Directors' meetings.

2. The Company has set out a remuneration policy for both executives and employees based on knowledge, duty and responsibility. The Company also has the procedure for performance assessment in accordance with the widely accepted standard. The remuneration policy of the Management has been disclosed. Moreover, the Company has urged all executives and employees to adhere to relevant widely accepted principle, for example, employee shall not disclose his/her remuneration to other persons. Also, the Company would keep confidential the employees' remuneration and would respect the employees' right to privacy.
3. The Company has set out new Governing Principles to improve and strengthen Company's governance. For example, the introduction of 'Yearly Meeting Plan' for the Board of Directors, having a meeting (at least once a year) between the Board of Directors and the Company's external auditor without the presence of management. Also, the Board's duty is to review several reports such as Risk Management, Supply Chain Sustainability (at least twice a year) including reviewing internal audit report at all Board of Directors Meeting.

Corporate Social Responsibility

Apart from supplying quality products at the affordable prices, AJ Advance Technology Public Company Limited, as a part of the Thai society, has a strong determination to continuously develop and further transform the Thai society into a community where each member supports one another. Hence, the Company has undertaken many social projects to help the society both internally and externally as follows:

1. Monthly Food Offering to Monk Project - The Company has been arranging food offerings to monks as well as organizing “listen to dharma” activities on a monthly basis since the end of 2012. This project was created with the objectives to sustain and nurture Buddhism in Thailand and to persuade the Company’s personnel be closer to the religion. Monks from a temple located close to the Company shall be invited to receive food offerings and to give blessings to the employees in the morning. The Company believes that if the employees’ spirit and mind have been disciplined and cultivated towards good morality, their lives and well-being will improve. Moreover, the Company takes such opportunity to access employees at all levels by arranging informal meetings to communicate the Company’s policies as well as listen to employees’ opinions.
2. Lunch for All Employees – In order to assist the employees on fundamental livelihood, particularly the lower level ones, the Company will arrange lunch project, under the concept of “Same Pot of Rice and Curry for All AJ Employees”. The Company shall provide rice and two kinds of food as lunch for all employees. The core ideology behind this project is that everyone from the janitors to the highest executives can eat the same food. This project does not only provide low-income employees with hygienic food, cooked by the Company’s maids, it also strengthens the unity in the organization as it reinforces the concept of family, where everyone in the organization feels at home and takes care of each other.
3. AEC’s Neighboring Employees: As the Company’s warehouse is located in Samut Sakhon province, where a lot of the Myanmar employees reside and the number of Thai employees is low, the Company has a campaign to hire Myanmar employees into its workforce. To support this project, the Company has imposed the following policies and regulations regarding the employment of foreign employees:
 - 3.1 Only legal labors shall be employed. Presently, all foreign labors employed by the Company must have a passport.
 - 3.2 Monthly wages and fringe benefits (labor wages, lunch, accommodation, bonus, social security and other benefits) shall be provided equal to those provided to Thai employees.

The Company strictly operate its businesses under the legal framework and regulations specified by relevant government agencies as the Company aims to be a role model for other private companies on the aspect of proper employment of foreign labors. The Company believes that by doing the right thing and respecting fundamental human rights of all employees without any discrimination on race and language, it shall make everybody, regardless of race and language, Thai or foreigner, treasure the Company and become an important force that drives the Company’s growth.

4. **Nationwide Expansion of AJ Service Centers:** Since the Company's products are home electrical appliances that consumers use in their daily lives, product issues may arise after a period of usage and may render the product unusable. In order to solve such problems, the Company has appointed repair and maintenance service centers for AJ products in almost every province to provide support to AJ's customers in all areas. In addition, such after-sales services are rendered for both products under guarantee period and after warranty period. The service centers shall repair products under warranty period without charging service fees as they can reimburse spare parts and labor costs from the Company. However, for the repairs of products after the warranty period, the service centers will charge for the costs of spare parts and service fees from the customers. The Company shall sell spare parts to service centers at reasonable prices but the service centers must have a pricing standard for spare parts and labor costs, so that customers will not be overcharged. This project can boost the customers' confidence in AJ's products as well as support small, local technicians to have professions so they can have sufficient income and can conduct business in their locality.

Apart from the major projects, the Company has provided continuous support to local community and encouraged employees to perform good deeds to help others in order to develop the community and society.

Corporate Social Responsibility in 2019



To Be Number 1 - Idols 9



Co-hosted the royal kathin ceremony
for the year 2019 at Wat Matchantikaram



Internal Control

The Board of Directors has assessed the Company's adequacy of the internal control system according to the Assessment Form of Internal Control of SEC, by conducting interviews with the management covering the following 5 components:

- 1) Control Environment
- 2) Risk Assessment
- 3) Control Activities
- 4) Information & Communication
- 5) Monitoring Activities

The Board of Directors concluded that the Company's internal control system was sufficient and appropriate as well as in compliance with the acceptable accounting standard, SEC and SET rules and regulations regarding the reporting of quarterly and yearly financial statements. In addition, the Company has a control in place to ensure the process of generating and reporting the financial statements were accurate, sufficient and timely. The Company also has continuously and efficiently adjusted its internal control system according to the current conditions in order to achieve the Company's goal while being in compliance with relevant rules and regulations. Currently, there are no significant issues which may cause damage to the Company's operation. The internal control concerning related transactions with major shareholders, directors and their related parties is considered sufficient to protect the Company's assets from unauthorized and improper use. In this regard, independent directors' and audit committee's opinions are the same as the directors' opinions.

The Company has a policy to hire a third-party expert for the internal control system review. In 2019, the Company appointed BK IA & IC Co., Ltd. ("Internal Controller") as internal controller to review and assess the existing internal control of the Company and provide suggestions regarding the appropriate internal control system as recommended by the COSO (The Committee of Sponsoring Organizations of the Tread way Commission) consisting of 1) Control Environment 2) Risk Assessment 3) Control Activity 4) Information and Communication 5) Monitoring and Evaluation. The Audit Committee approved the result of the internal audit No. 1-4/2019 of AJ Advance Technology Public Co., Ltd. according to its audit plan. The considered and approved issues consisted of the following: 1) Sales and related expenses accounting control 2) Human resources and remuneration control 3) Information system, petty cash, and cash advance controls 4) Inventories and costs controls.

In this regard, KPMG Phoomchai Audit Co., Ltd, the Company's external auditor for the operating year 2019, has reviewed and assessed the accounting control of the Company and its subsidiaries, and concluded that there were no significant weaknesses that may have a material effect on the audit opinion of the financial statements of the Company and its subsidiaries as of 31 December 2019. The Audit Committee accorded with

the opinion of the auditor that the Company's internal control system was sufficient and suitable for the Company's business and was capable of safeguarding the Company's assets from unauthorized use by the Management. The Board of Directors' Meeting No. 6/2019, which was held on March 16th, 2019, acknowledged the opinion of the Audit Committee on the sufficiency of the Company's internal control system.

According to the approved annual internal audit plan, the Internal Audit Department will identify and review potential risks, review the adequacy and effectiveness of the internal control and report significant internal control weaknesses, non-compliance issues and recommendations for business improvements to the Management. An appropriate follow-up process is set up by the Internal Audit Department to ensure that the Management responds to and takes action on the recommendations of the Internal Audit Department and external auditors. The audit findings, progress on any corrective measures taken by the Management and the status of the Internal Audit Department's activities are directly reported to the Audit Committee on a quarterly basis.



Related Transactions

Any connected party transactions between the Company or its subsidiaries and persons who may have a conflict of interest must be in compliance with the relevant rules and regulations, and must be made on reasonable terms or under general commercial conditions or in line with the market price. In addition, the transactions shall be transacted on an arm's length basis and the connected party transactions shall be presented to the Audit Committee for review on a quarterly basis.

As shown in Clause 6 and 15 of the notes to the financial statements for the year ended 31 December 2019, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of businesses.

1. Transactions in the Ordinary and Usual Course of Business

The Company conducted transactions with parties related to the Group and the Company as shareholders or by common shareholders or directors as disclosed in notes to the financial statements no.6 and no.15.

The independent directors concluded that these related transactions are in the ordinary and usual course of business, and are beneficial to the Company with standard commercial terms.

2. Transactions Related to Assets or Services

The Company conducted transactions with parties related to the Group and the Company as shareholders or by common shareholders or directors as disclosed in the notes to the financial statements no.6 and no.15.

The independent directors concluded that these related transactions are in the ordinary and usual course of business, and are beneficial to the Company with standard commercial terms.

3. Financial Support Transactions

The Company conducted transactions with parties related to the Group and the Company as shareholders or by common shareholders or directors as disclosed in the note to financial statements no.6 and no.15.

The independent directors concluded that these related transactions are in the ordinary and usual course of business, and are beneficial to the Company with standard commercial terms.

Reasons for Conducting Related Party Transactions

Transactions with the subsidiaries were conducted for the Company's benefits, so that the company can successfully achieve its business plans and objectives. For the provision of loans between parent company and subsidiary, the interest rates were at agreed upon rates based on market rates at the time of transaction.

Transactions with other related parties were in the ordinary and usual course of business with standard commercial terms.

Future Policy on Related Party Transactions

For subsidiaries with at least 51% of the paid-up shares held by the Company, related transactions may be conducted in the future as part of normal business operations. They will strictly follow the security law and rules & regulations set forth by the Stock Exchange of Thailand, the Federation of Accounting Professions (“FAP”), and be in accordance with Thai Financial Reporting Standards (“TFRS”) as well as the Company’s consideration regarding their reasonableness.

If the Company conducts related transactions with any persons with a potential conflict of interest, the Company will consult with its Audit Committee who will review and comment on the necessity and suitability of the transaction. In the case that the transaction requires specific expertise to be able to understand, and the Audit Committee does not possess such expertise, the Company will assign an independent expert or the Company’s auditor to provide comments to support the Audit Committee or shareholders in the transaction approval process. The Company will disclose any related transactions in the notes to the financial statements as part of the audited financial statements.



Financial Position and Performance

Summary of Auditing Report

Audit Company : KPMG Phoomchai Audit Ltd.

Auditors : 1. Mr. Ekkasit Chuthamsatid, CPA License number 4195 and/or
2. Mr. Sakda Kaothanthong, CPA License number 4628 and/or
3. Mr. Thanit Osathalert, CPA License number 5515

The auditor has opined that the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, Financial as of 31 December 2019 and their financial performance and cash flows for the year ended in accordance with Thai Financial Reporting Standards.



(Unit : Thousand Baht)

Statement of Financial Position	Consolidated Financial Statements					
	31 December 2017		31 December 2018		31 December 2019	
Liabilities and Equity						
Current Liabilities						
Bank overdrafts and short-term loans from financial institutions	31,166	2.13%	-	-	-	-
Trade accounts payable	28,248	1.93%	25,982	2.18%	50,682	4.55%
Other payables	120,476	8.25%	53,612	4.50%	123,672	11.10%
Short-term loans from related parties	5,500	0.38%	-	-	-	-
Current portion of finance lease liabilities	1,833	0.13%	1,777	0.15%	244	0.02%
Income tax payable	63	0.00%	4,305	0.36%	62	0.01%
Other current liabilities	6,131	0.42%	6,626	0.56%	10,532	0.95%
Total current liabilities	193,417	13.25%	92,302	7.74%	185,192	16.63%
Non-Current liabilities						
Finance lease liabilities	3,123	0.21%	2,019	0.17%	-	-
Contract liabilities	-	-	-	-	37,044	3.32%
Non-current provisions for employee benefit	4,776	0.33%	5,387	0.45%	4,797	0.43%
Deferred tax liabilities	-	-	-	-	38,040	3.41%
Total non-current liabilities	7,899	0.54%	7,406	0.62%	79,881	7.16%
Total liabilities	201,316	13.79%	99,708	8.36%	265,073	23.79%

Remark : Consolidated financial statements of 2017 includes discontinued operations - AJ Vending Co., Ltd.



(Unit : Thousand Baht)

Statement of Financial Position	Consolidated Financial Statements					
	31 December 2017		31 December 2018		31 December 2019	
Equity						
Share capital						
Authorised share capital	526,925		526,925		526,925	
Issued and paid-up share capital	424,029	29.04%	424,029	35.57%	424,029	38.05%
Premium on ordinary shares	649,894	44.51%	649,894	54.52%	649,894	58.32%
Retained earnings						
Appropriated						
Legal reserve	20,900	1.43%	20,900	1.75%	20,900	1.88%
Unappropriated	90,335	6.19%	(93,787)	(7.87%)	(461,538)	(41.42%)
Other component of equity	27,321	1.87%	27,321	2.29%	182,862	16.41%
Equity attributable to owners of the parent	1,212,479	83.03%	1,028,357	86.27%	816,147	73.24%
Non-controlling interests	46,430	3.18%	63,943	5.36%	33,138	2.97%
Total equity	1,258,909	86.21%	1,092,300	91.64%	849,285	76.21%
Total liabilities and equity	1,460,225	100.00%	1,192,008	100.00%	1,114,358	100.00%
Book value per share (Baht)	0.297		0.258		0.200	
Issued and paid-up share capital	4,240,294,744		4,240,294,744		4,240,294,744	

Remark : Consolidated financial statements of 2017 includes discontinued operations - AJ Vending Co., Ltd.



(Unit : Thousand Baht)

Consolidated Financial Statements						
Statement of Comprehensive Income	For the year ended					
	31 December 2017		31 December 2018		31 December 2019	
Revenue from sales of goods and rendering of services						
Revenue from sales of goods	656,986	99.22%	541,361	97.32%	359,979	91.71%
Revenue from rendering of services	5,152	0.78%	14,881	2.68%	32,550	8.29%
Total revenue	662,138	100.00%	556,243	100.00%	392,529	100.00%
Cost of sales of goods	632,106	96.21%	397,920	73.50%	296,723	82.43%
Cost of rendering of services	5,856	113.66%	13,141	88.30%	31,578	97.01%
Total cost of sales	637,962	96.35%	411,060	73.90%	328,301	83.64%
Gross Profit	24,176	3.65%	145,182	26.10%	64,228	16.36%
Other income						
Net foreign exchange gains	12,741	1.92%	541	0.10%	422	0.11%
Investment income	685	0.10%	45,804	8.23%	3,541	0.90%
Other income	6,868	1.04%	14,494	2.61%	7,254	1.85%
Total Other income	20,294	3.06%	60,840	10.94%	11,217	2.86%
Expenses						
Distribution costs	204,678	30.91%	127,984	23.01%	103,771	26.44%
Administrative expenses	158,193	23.89%	113,390	20.39%	138,818	35.37%
Impairment Losses on investment	-	-	91,134	16.38%	171,824	43.77%
Loss from lost control	8,241	1.24%	-	-	-	-
Loss from disposal of subsidiary	-	-	-	-	1,219	0.31%
Total expenses	371,112	56.05%	332,508	59.78%	415,632	105.89%
Profit before finance costs and income tax expense	(326,642)	(49.33%)	(126,486)	(22.74%)	(340,187)	(86.67%)
Finance costs	14,945	2.26%	742	0.13%	630	0.16%
Share of loss of associates and joint venture	389	0.06%	7,309	1.31%	37,801	9.63%
Loss before income tax expense from continuing operations)	(341,976)	(51.65%)	(134,537)	(24.19%)	(378,618)	(96.46%)
Income tax expenses	29,998	4.53%	(42,661)	(7.67%)	(3,577)	(0.91%)
Loss for the year from continuing operation	(311,978)	(47.12%)	(177,198)	(31.86%)	(382,195)	(97.37%)

Remark : Consolidated financial statements of 2017 includes discontinued operations - AJ Vending Co., Ltd.

(Unit : Thousand Baht)

Statement of Comprehensive Income	Consolidated Financial Statements					
	For the year ended					
	31 December 2017		31 December 2018		31 December 2019	
Discontinued operation						
Loss for the year from discontinued operation, net of tax	(181,444)	(27.40%)	(3,460)	(0.62%)	(3,071)	(0.78%)
Loss for the year	(493,422)	(74.52%)	(180,658)	(32.48%)	(385,267)	(98.15%)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Gain on revaluation of land	-	-	-	-	194,426	49.53%
Gains on remeasurements of defined benefit plans	-	-	904	0.16%	3,116	0.79%
Income tax relating to items that will not be reclassified	-	-	(181)	(0.03%)	(39,508)	(10.07%)
Other comprehensive income for the year, net of income tax	-	-	723	0.13%	158,034	40.26%
Total comprehensive income for the year	(493,422)	(74.52%)	(179,934)	(32.35%)	(227,233)	(57.89%)
Profit (loss) attributable to:						
Owners of parent	(409,773)	(61.89%)	(186,907)	(33.60%)	(370,244)	(94.32%)
Non-controlling interest	(83,649)	(12.63%)	6,249	1.12%	(15,023)	(3.83%)
Loss for the year	(493,422)	(74.52%)	(180,658)	(32.48%)	(385,267)	(98.15%)
Total comprehensive income attributable to:						
Owners of parent	(409,773)	(61.89%)	(186,184)	(33.47%)	(212,210)	(54.06%)
Non-controlling interest	(83,649)	(12.63%)	6,249	1.12%	(15,023)	(3.83%)
Total comprehensive income (expense) for the year	(493,422)	(74.52%)	(179,934)	(32.35%)	(227,233)	(57.89%)
Basic earnings (loss) per share						
Loss from continuing operations	(0.072)		(0.043)		(0.087)	
Loss from discontinued operation	(0.025)		(0.000)		(0.000)	
Issued and paid-up share capital (weighted average)	4,240,294,744		4,240,294,744		4,240,294,744	

Remark : Consolidated financial statements of 2017 includes discontinued operations - AJ Vending Co., Ltd.

(Unit : Thousand Baht)

Statement of Cash Flows	Consolidated Financial Statements		
	For the year ended		
	31 December 2017	31 December 2018	31 December 2019
<i>Cash flows from operating activities</i>			
Profit (loss) for the year	(493,422)	(180,658)	(385,267)
Adjustments for			
Tax expense (income)	(42,330)	42,661	3,577
Finance costs	27,092	1,156	728
Depreciation	33,822	20,678	21,680
Amortisation of intangible assets	2,113	999	6,954
Amortisation of contract cost assets	-	-	1,154
Deferred income	-	-	1,328
Loss from write-off on assets	-	6	677
Bad and doubtful debt expense (reversal of)	70,764	(13,638)	(4,477)
Loss from repossession	402,902	-	-
Loss from loss of control	8,241	-	-
Loss on decline in value of inventories	133,065	(45,171)	(26,763)
Provision for sales return (reversal of)	(1,830)	1,809	(13,090)
Reversal of provision for warranties (reversal of)	221	(26)	(66)
Employee benefits obligations	2,320	1,516	2,678
Gain on disposals of equipment	(936)	(674)	(2,165)
Unrealised loss on exchange rate	(1,778)	218	98
Share of loss of associates and joint venture	389	7,309	37,801
Unrealised profit on downstream sales to joint venture	-	62	-
Impairment losses on intangible assets	-	-	15,559
Impairment losses on current investment	-	91,134	171,824
Loss on sale of current investment	-	-	51
Gain on sale of other long-term investment	-	(43,017)	-
Loss on sale of investment in subsidiary	-	-	1,219
Interest income	(3,260)	(2,787)	(3,541)
	137,373	(118,424)	(170,041)
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable	162,077	254,673	26,093
Installment receivables	(354,007)	-	-
Contract cost assets	-	-	(23,162)

(Unit : Thousand Baht)

Statement of Cash Flows	Consolidated Financial Statements		
	For the year ended		
	31 December 2017	31 December 2018	31 December 2019
Other receivables	198,916	11,413	5,439
Inventories	209,901	132,761	2,496
Other current assets	71,983	1,209	(9,175)
Other non-current assets	(2,369)	(888)	867
Trade accounts payable	11,260	(2,485)	27,268
Contract liabilities	-	-	24,715
Other payables	432,070	(67,502)	14,273
Cash paid for warranty	(4,354)	(143)	(59)
Other current liabilities	5,220	(1,144)	922
Employee benefit obligations paid	(93)	-	(85)
Cash generated from (used in) operating activities	867,977	209,470	(100,449)
Income tax paid	(116,786)	(1,601)	(6,249)
Net cash from (used in) operating activities	751,191	207,869	(106,698)
Cash flows from investing activities			
Cash received from short term loans	374,919	125,045	-
Increase in other long-term investments	(237)	30,200	24,600
Proceeds from sale of other long-term investment	-	180,240	-
Proceeds from disposal of discontinued operation, net of cash - dispose of business segment	-	-	17,006
Acquisition of business combination	-	-	(41,367)
Acquisition of investment in associates	-	(9,837)	(29,768)
Acquisition of investment in joint venture	(5,625)	(10,125)	-
Acquisition of current investment	-	(296,842)	-
Purchases of property, plant and equipment	(59,382)	(6,817)	(7,657)
Proceeds from disposals of equipment	3,866	1,374	3,090
Proceeds from disposals of other intangible assets	-	1,383	-
Purchases of other intangible assets	(4,282)	(342)	(12,321)
Proceeds from sale of current investment	-	-	31
Interest received	3,260	1,666	3,420
Net cash from (used in) investing activities	312,519	15,946	(42,966)

(Unit : Thousand Baht)

Statement of Cash Flows	Consolidated Financial Statements		
	For the year ended		
	31 December 2017	31 December 2018	31 December 2019
<i>Cash flows from financing activities</i>			
Finance costs paid	(42,171)	(1,208)	(728)
Decrease in bank overdrafts and short-term loans from financial - institutions	(500,735)	(31,166)	-
Proceeds from short-term loans from related parties	186,700	-	-
Repayment of short-term loans from related parties	(273,360)	(5,500)	-
Repayment of long-term loans from financial institutions	(52,068)	-	-
Finance lease payments	(5,919)	(2,069)	(1,905)
Proceeds from issue of ordinary shares	5,645	-	-
Paid of change in ownership interest in subsidiary without a - change in control	-	(1,800)	-
Acquisition of non-controlling interests without a change in control	2,760	-	-
Dividends paid to non-controlling interests	(238)	-	-
Proceeds from issue of ordinary shares of subsidiaries to non-controlling interests	54,350	15,125	23,600
Net cash from (used in) financing activities	(625,036)	(26,618)	20,967
Net increase (decrease) in cash and cash equivalents	438,674	197,197	(128,697)
Cash and cash equivalents, beginning of period	121,788	82,706	279,902
Cash and cash equivalents from loss of control in subsidiary	(477,756)	-	-
Cash and cash equivalents at ending of period	82,706	279,903	151,205

Remark : Consolidated financial statements of 2017 includes discontinued operations - AJ Vending Co., Ltd.

Consolidated Financial Statements				
Financial Ratios		For the year ended		
		31 December 2017	31 December 2018	31 December 2019
LIQUIDITY RATIO				
Current ratio	(Time)	4.74	9.27	3.09
Quick ratio	(Time)	2.59	4.84	1.57
Cash flow current ratio	(Time)	1.16	1.46	(0.77)
Receivable turnover ratio	(Time)	3.21	1.96	2.72
Average debt collection period	(Day)	112.29	183.70	132.49
Inventory turnover ratio	(Time)	1.04	1.10	1.05
Days of inventory on hand	(Day)	346.82	328.51	341.48
Payable turnover	(Time)	12.45	15.16	8.56
Days payable outstanding	(Day)	28.92	23.75	42.03
Cash cycle	(Day)	430.19	488.47	431.94
PROFITABILITY RATIO				
Gross profit margin	(%)	3.65	26.10	16.36
Operating profit margin	(%)	(49.33)	(22.74)	(86.67)
Other profit margin	(%)	2.97	9.86	2.78
Cash to profit margin	(%)	(229.97)	(164.34)	31.36
Net profit margin	(%)	(60.05)	(30.17)	(52.56)
Return on equity	(%)	(28.97)	(16.68)	(23.01)
EFFICIENCY RATIO				
Return on assets	(%)	(18.33)	(14.09)	0.38
Return on fixed assets	(%)	(124.97)	(58.65)	(54.81)
Assets turnover	(Time)	0.31	0.47	0.35
FINANCIAL POLICY RATIO				
Debt to equity ratio	(Time)	0.16	0.09	0.31
Commitment coverage ratio (cash basis)	(Time)	1.90	14.11	(4.88)
Dividend payout ratio	(%)	-	-	-

Remark : Consolidated financial statements of 2017 includes discontinued operations - AJ Vending Co., Ltd.

Management Discussion and Analysis

Financial Position and Operating Results Analysis

Operating Results

Revenues from Sales and Services :

In 2019, the Group's sales revenue was THB 359.98 million, reduced by THB 181.38 million or 33.50% compared to the year 2018 at THB 541.36 million. The Group's revenue structure can be categorized as follows:

(Unit : Thousand Baht)

Sales and Service Revenues Breakdown						
by Product	2017		2018		2019	
1. Sales revenue - AV	570,141	72.87%	322,954	53.82%	105,253	29.25%
2. Sales revenue - AP	173,535	22.18%	89,097	14.85%	71,943	19.99%
3. Sales revenue - TV Series’ Copyrights	15,519	1.98%	-	-	-	-
4. Sales revenue - Food & Beverage from Vending Machines	23,168	2.96%	-	-	-	-
5. Sales revenue - Mobile Phones & Accessories	-	-	169,642	28.27%	168,036	46.70%
6. Sales revenue - BYD Electric Vehicles	-	-	18,065	3.01%	-	-
7. Sales revenue - Other	-	-	351	0.06%	14,590	4.05%
Sales revenue before deducting trade discount and return allowance	782,363	100.00%	600,109	100.00%	359,822	100.00%
Deduct : trade discount	(127,808)	(16.34%)	(48,569)	(8.09%)	(12,933)	(3.59%)
Return allowance (increase) / reversal	2,431	0.31%	(10,179)	(1.70%)	13,090	3.64%
Sales revenue - net	656,986	99.19%	541,361	97.32%	359,979	91.71%
Revenue from rendering of services	5,152	0.75%	14,881	2.68%	32,550	8.29%
Total revenue from sales and services	662,138	100.00%	556,242	100.00%	392,529	100.00%

Revenues from Sales

- In 2019, revenues from the sales of Audio and Visual products (AV) dropped significantly compared to previous operating years. Between the period of 2017 - 2019, revenues of the AV group were THB 570.14 million, THB 322.95 million, and THB 105.25 million respectively, which were 72.87%, 53.82%, and 29.25% of sales revenue before deducting trade discount and return allowance, respectively. AV's revenue in 2019 declined 67.41% from the previous year due to the fact that, at present, audio and visual products such as DVD and Blu-ray players have various substitute products from rapid advancements in technology, coupled with the change in consumer behaviors - watching movies and TV programs via steaming services and smart TVs have becoming increasingly popular amongst the global population. Moreover, the Company experienced downward pressure from economic slowdown and price wars in this industry, causing a reduction in AV sales revenue.

- Home Appliances (AP) is a group of products which the Company distributes in order to meet consumer needs in the Thai market. AP's revenues from 2017 - 2019 were THB 173.54 million, THB 89.10 million, and THB 71.94 million, respectively, which were 22.18%, 14.85%, and 19.99% of sales revenue before deducting trade discount and return allowance. The revenue figure in 2019 declined by 19.25% compared to the previous year due to intense competition in the electrical home appliance sector. Online shopping has become popular amongst Thai consumers, which prompted the Company to focus on sales via online channels as well as selecting products that meet the target group's demand.
- In 2016, Happy Visions Co., Ltd., the Company's subsidiary, ceased its operation of selling TV drama copyrights. In 2017, the Company sold its remaining inventory at the amount of THB 15.52 million which was 1.98% of sales revenue before deducting trade discount and return allowance. Therefore, in the year 2018 and 2019, no revenues were generated from this group of products. However, Happy Visions Co., Ltd., recommenced its operation by transforming it to a sports shoes trading business.
- The mobile phones and accessories business was introduced in 2018 by Siam Advance Electronic Co., Ltd., the Company's subsidiary. In 2019, sales revenue from this group was THB 168.04 million which was 46.70% of sales revenue before deducting trade discount and return allowance. The figure fell 0.95% compared to the year 2018, which is considered relatively stable, especially in the face of the current economic downturn.
- The sale of electric vehicles under BYD brand was part of Rizen Energy Co., Ltd., a joint venture company, which commenced in late 2017. The revenue in 2018 was THB 18.07 million or 3.01% of sales revenue before deducting trade discount and return allowance for the year.
- Trade discount originated from the agreement between the Company and modern trade as well as dealers where the sales of products must be at a discounted rate, which is unique to every contract. The trade discounts between 2017 - 2019 amounted to THB 127.81 million, THB 48.57 million, and THB 12.93 million, respectively, which were 16.34%, 8.09%, and 3.59% of sales revenue before deducting trade discount and return allowance. In 2019, the figure declined by THB 35.64 million or 73.37% from the previous year due to the fact that discount terms alter with sales revenue. In this regard, the Company adjusted its co-promotion campaigns to include only products that contribute to the rise in sales.
- Allowance for goods returned was calculated from the prior statistics between the amount of product returns and sales which is adjusted on a quarterly basis. Between 2017 - 2019, the amounts of reversals were THB 2.43 million, (THB 10.18 million), and THB 13.09 million, respectively, or 0.31%, (1.70%), and 3.64% of sales revenue before deducting trade discount and return allowance, respectively. In the year 2019, total product returns were much lower than the previous year, partly because of the reduced sales volume, the strict return policy where customers need to do so via the dealers where the issue needs to be determined, and the high allowance estimation as the number of returns exceeded expectation in 2018, so the Company adjusted the 2019 amount accordingly.

Revenues from Services

A major portion of the Company's service revenue was derived from Alibaba's member recruitment services which commenced in 2016. From 2017 - 2019, services revenues were THB 5.15 million, THB 14.88 million, and THB 32.55 million, respectively, or 0.79%, 2.68%, and 8.29% of sales revenue before deducting trade discount and return allowance, respectively. For the year 2019, revenue from services was THB 32.55 million, which can be divided into 3 parts: 1) Agency for Alibaba: THB 12.12 million; 2) Other services: THB 2.85 million; 3) Electronic kiosks: THB 17.58 million by Bangkok Pay Co., Ltd., a subsidiary company commenced in August 2019.

Profit from Foreign Exchange

The Company had profits from foreign exchange in the years 2017 - 2019 of THB 12.74 million, THB 0.54 million, and THB 0.42 million, respectively. The figure in 2019 dropped by THB 0.12 million or 21.97% compared to the previous year as most of the transactions were made electronically; therefore, the difference in exchange rates decreased accordingly.

Revenues from Investment

Revenues from investment over the years 2017 - 2019 were THB 0.69 million, THB 45.80 million, and THB 3.54 million, respectively. For 2019, the aforementioned revenue was interest income generated from bank deposits from each of the Group's business.

Other Revenues

Other revenues are revenues aside from the main operations; for example, incomes from building rental, electricity and water bills, and delivery fees. From 2017 - 2019, the Company gained THB 6.87 million, THB 14.49 million, and THB 7.25 million in other revenues, respectively. The 2019 figure saw a drop of THB 7.24 million or 49.95% from the preceding year.

Cost of Sales

The Company's cost of sales can be broken down into the following components:

(Unit : Thousand Baht)

Cost of Sales	2017		2018		2019	
Net purchase	265,825	42.05%	341,341	85.78%	308,100	103.83%
Import and other expenses	6,779	1.07%	9,219	2.32%	10,063	3.39%
Allowance for product return	601	0.10%	(8,371)	(2.10%)	7,671	2.59%
Allowance for product obsolescence	133,065	21.05%	(45,171)	(11.35%)	(26,762)	(9.02%)
Total	406,270	64.27%	297,018	74.64%	299,072	100.79%
Changes in inventory	225,836	35.73%	100,901	25.36%	(2,349)	(0.79%)
Net cost of sales	632,106	100.00%	397,919	100.00%	296,723	100.00%
Percentage of sales revenue	96.21%		73.50%		82.43%	

Net costs of sales of the Company between 2017 - 2019 were THB 632.11 million, THB 397.92 million, and THB 296.72 million, or 93.21%, 73.50%, and 82.43% of sales revenue, respectively. In 2019, the ratio of cost of sales to sales revenue rose 8.93% in comparison to the previous year's mainly due to the Company's decision to clear old inventories via reducing the prices of electrical appliances and set top box with low turnover rates and sell them through various sales channels such as expo events.

Cost of Services

From 2017 - 2019, the Company has total costs of services amounting to THB 5.86 million, THB 13.14 million, and THB 31.58 million, or 113.79%, 88.31%, and 97.02% of revenues from services, respectively. Major costs in the rendering of services in the Alibaba agency business were costs related to employees' remunerations and expenditures as well as seminar expenses for members. As for the top-up kiosks business, major costs were commission fees and telephone fees.

Expenditure

(Unit : Thousand Baht)

Expenditure	2017		2018		2019	
Distribution costs	204,678	30.91%	127,984	23.01%	103,771	26.44%
Administrative expenses	158,193	23.89%	113,390	20.39%	138,818	35.37%
Impairment losses on current investment	-	-	91,134	16.38%	171,824	43.77%
Loss from lost control	8,241	1.24%	-	-	-	-
Loss from disposal of subsidiary	-	-	-	-	1,219	0.31%
Total	371,112	56.05%	332,508	59.78%	415,632	105.89%
Revenues from sales and services	662,138	100.00%	556,243	100.00%	392,529	100.00%

Distribution Costs

The Company incurred distribution costs during 2017 - 2019 at the amount THB 204.68 million, THB 127.98 million, and THB 103.77 million, or 30.91%, 23.01%, and 26.44% of revenues from sales and services, respectively. In the year 2019, the ratio between distribution costs to revenues from sales and services increased by 3.43% from the previous year's figure owing to the fact that such revenues declined while the number of employees and executives increased in accordance with the business expansion plan.

Administrative Expenses

In terms of administrative expenses, the Company had THB 158.19 million, THB 113.39 million, and THB 138.82 million between 2017 - 2019 or 23.89%, 20.39% and 35.37% of revenues from sales and services, respectively. The 2019 ratio of administrative expenses to revenues from sales and services rose by 14.98% compared to the prior year largely owing to the fact that the Company sold its investment in AJ Vending Co., Ltd. and recorded, as an expense, a loss on share sale of THB 11 million as well as a copyright impairment loss of THB 15.56 million.

Impairment Losses on Current Investment

The impairment losses on current investment were THB 91.13 million in 2018 and THB 171.82 million in 2019 or 16.38% and 43.77% of revenues from sales and services. Between the 2 years, the figure rose by THB 80.69 million or 88.54% due to the fact that the Company made an investment in a foreign fund in 2018 and the outstanding amount of the investment saw a significant decline in 2019; therefore, the Company recorded an impairment loss of such investment.

Loss from Lost Control

There were no losses from lost control in 2018 and 2019. However, in 2017, loss of lost control was incurred from losing control power in a subsidiary company (Vending Corporation Co., Ltd.). The amount of THB 8.24 million was calculated by deducting the book value of remaining equity interest, THB 145.46 million, from its fair value, THB 137.22 million.

Loss from Disposal of Subsidiary

In 2019, the Company sold its entire investment in AJ Vending Co., Ltd. and recorded a loss of THB 1.22 million.

Finance Costs

(Unit : Thousand Baht)

Finance Costs	2017		2018		2019	
Finance costs	14,945	2.25%	742	0.13%	630	0.16%
Revenues from sales and services	662,138	100.00%	556,243	100.00%	392,529	100.00%

Between 2017 - 2019, the Company had finance costs of THB 14.95 million, THB 0.74 million, and THB 0.63 million, or 2.25%, 0.13%, and 0.16% of total revenues, respectively. For the year 2019, the Company experienced a decrease in finance costs of THB 0.11 million or 15.09% compared to the previous year because the Company had an adequate level of cash and cash equivalents which reduced the need to raise debt capital from financial institutions and, thus, the amount of finance costs.

Share of Loss of Associates and Joint Venture

From 2017 - 2019, shares of loss of associates and joint venture were THB 0.39 million, THB 7.31 million, and THB 37.80 million, respectively. There was an increase of THB 30.49 million in 2019 from the previous year due to accumulated net operating losses from investments in associate companies, net operating losses in joint ventures, and closures of operations.

Income Tax Expense

The Company had corporate income tax revenues and (expenses) of THB 30.00 million, (THB 42.66 million) and (THB 3.58 million) from 2017 - 2019. In 2019, such expense was reduced by a significant amount of THB 39.08 million compared to the prior year mainly due to the reversal of deferred income tax relating to the allowance for devaluation of inventories in 2018, which is uncertain whether it can be utilized.

Profit (Loss) for the Year from Discontinued Operations - Net of Tax

In the final quarter of 2019, the Company sold its investment in AJ Vending Co., Ltd., a subsidiary, causing a loss from discontinued operations of THB 3.07 million or 0.78% of revenues from sales and services. Similarly, in the year 2018, financial statements had to be adjusted for loss from discontinued operations totaling THB 3.46 million or 0.62% of revenues from sales and services for that year.

Profitability

(Unit : Thousand Baht)

Profitability	2017		2018		2019	
Gross profit	24,176	3.65%	145,182	26.10%	64,228	16.36%
Operating profits before finance costs and income taxes	(326,642)	(49.33%)	(126,486)	(22.74%)	(340,188)	(86.67%)
Profit (loss) for the year						
Profit (loss) for the year from continuing operations	(311,978)	(47.12%)	(177,198)	(31.86%)	(382,195)	(97.37%)
Profit (loss) for the year from discontinued operations - net of tax	(181,444)	(27.40%)	(3,460)	(0.62%)	(3,071)	(0.78%)
Profit (loss) for the year	(493,422)	(74.52%)	(180,658)	(32.48%)	(385,267)	(98.15%)
Profit (loss) attributable to:						
Owners of parent	(409,773)	(61.89%)	(186,907)	(33.60%)	(370,244)	(94.32%)
Non-controlling interest	(83,649)	(12.63%)	6,249	1.12%	(15,023)	(3.83%)
Profit (Loss) for the year	(493,422)	(74.52%)	(180,658)	(32.48%)	(385,267)	(98.15%)
Revenues from sales and services	662,138	100.00%	556,243	100.00%	392,529	100.00%

The profits (losses) attributable to the Company's shareholders in 2017 - 2019 were (THB 409.77 million), (THB 186.91 million), and (THB 370.24 million) or (61.89%), (33.60%) and (94.32%) of revenues from sales and services, respectively. In 2019, the Company's loss worsened by THB 183.34 million or 113.26% from the previous year due to the following factors:

1. The Group's total revenue was THB 403.75 million in 2019, a drop of THB 213.34 million or 34.57% from the preceding year's THB 617.08 million. (Refer to "Revenues from Sales and Services" section above for more information).
2. The ratio of cost of sales to sales revenue rose by 8.93% compared to the previous year's 73.50% due to the Company's decision to clear old inventories via reducing the prices of electrical appliances and set top box with low turnover rates and sell them through various distribution channels such as expo events.
3. Distribution costs were THB 103.77 million or 26.44% of revenues from sales and services, declined from the previous year THB 24.21 million from the sales slump. With regard to the ratio of distribution costs to revenues, the figure increased 3.43% from the prior year as revenues dropped whilst the number of employees and executives grew in accordance with the Company's expansion plan.

4. The Company incurred administrative costs of THB 138.82 million or 35.37% of revenues from sales and services. The ratio increased by 14.98% from the previous year due to the fact that the Company sold its investment in AJ Vending Co., Ltd. and recorded a loss of THB 11 million as well as a loss of THB 15.56 million from copyright impairment.
5. Impairment loss on current investments was THB 171.82 million, up THB 80.69 million from 2018. The ratio of such expense to revenues from sales and services stood at 43.77%, increased by 27.39% from the prior year due to unanticipated market fluctuations which resulted in a value reduction of the Company's investment in a foreign fund.
6. Share of loss of associates and joint venture was THB 37.80 million or 9.36% of total revenues, an increase of THB 30.49 million (8.18%) compared to the preceding year where the loss was THB 7.31 million or 1.18% of total revenues. Such loss originated from net operating losses from associate and joint venture companies.
7. The Company incurred income taxes of THB 3.58 million or 0.91% of total revenues with the ratio of deferred income tax expense to total revenue decreased by 6.76% compared to the previous year's THB 42.66 million income tax expenses. The change was due to an increase in net losses for the year 2019.
8. Loss from discontinued operations - net of tax was THB 3.07 million or 0.78% of revenues from sales and services. The loss was derived from the sale of AJ Vending Co., Ltd., the Company's subsidiary, in the final quarter of 2019.



Analysis of Financial Position

Assets

(Unit : Thousand Baht)

Statement of Financial Position	Consolidated Financial Statements					
	31 December 2017		31 December 2018		31 December 2019	
Assets						
Current Assets						
Cash and cash equivalents	82,706	5.66%	279,903	23.48%	151,205	13.57%
Current investment	-	-	205,708	17.26%	33,803	3.03%
Trade accounts receivable	374,873	25.67%	131,575	11.04%	110,360	9.90%
Other receivables	43,479	2.98%	35,450	2.97%	28,487	2.56%
Short-term loans	125,045	8.56%	-	-	-	-
Inventories	281,093	19.25%	193,503	16.23%	220,654	19.80%
Right of return products	-	-	-	-	8,592	0.77%
Other current assets	9,665	0.66%	9,393	0.79%	18,781	1.69%
Total current assets	916,861	62.79%	855,532	71.77%	571,882	51.32%
Non-current assets						
Investments in associates	347	0.02%	8,614	0.72%	1,000	0.09%
Investments in joint venture	5,231	0.36%	9,555	0.80%	10,136	0.91%
Other long-term investments	195,665	13.40%	28,242	2.37%	2,842	0.26%
Property, plant and equipment	289,929	19.86%	276,932	23.23%	418,243	37.53%
Contract cost assets	-	-	-	-	33,009	2.95%
Goodwill	-	-	-	-	29,828	2.68%
Other intangible assets	3,943	0.27%	1,932	0.16%	41,204	3.70%
Deferred tax assets	44,367	3.04%	6,431	0.54%	1,743	0.16%
Other non-current assets	3,882	0.27%	4,771	0.40%	4,471	0.40%
Total non-current assets	543,364	37.21%	336,477	28.23%	542,476	48.68%
Total assets	1,460,225	100.00%	1,192,008	100.00%	1,114,358	100.00%

Remark : Consolidated financial statements of 2017 includes discontinued operations - AJ Vending Co., Ltd.

As at the ending date of 2017 - 2019 operating cycles, the Company had THB 1,460.23 million, THB 1,192.01 million, and THB 1,114.36 million in total assets, respectively. In 2019, the Company saw a reduction of THB 77.65 million or 6.51% in assets, compared to the preceding year which can be broken down into:

- A drop of THB 283.65 million or 33.15% in current assets to THB 571.88 million compared to the prior year.
- A rise of THB 206.00 million or 61.22% in non-current assets to THB 542.48 million compared to the previous year.

In 2019, major reductions of assets include:

- Trade accounts receivable decreased by THB 21.21 million from the constant monitoring of outstanding debtors as well as the fall in sales revenue.
- Cash and cash equivalents fell by THB 128.70 million from the net cash used in operating activities of THB 106.70 million as well as investing activities with a major cost being cash paid for investments in business combination and associate companies.
- Current investment dropped by THB 171.91 million or 83.57% from 2018 due to the decline in value of the investment fund overseas.

Major addition in assets include:

- Inventories rose by THB 27.15 million from increasing inventory levels in subsidiaries partly from business expansion. Nonetheless, the Company constantly tries to clear its stock and control the inventory level.
- Property, plant and equipment increased by THB 141.31 million or 51.03% compared to the previous year due to a change in accounting policy where the Company records land prices at their current fair values instead of book values in order to accurately reflect the accounting position. This resulted in a gain on land value of THB 194.43 million.
- Goodwill rose by THB 29.83 million from the purchase of shares in Bangkok Pay Co., Ltd. (BPAY) from Bangkok Business Online Co., Ltd. (BBO), a retailer engaging in the sale of electronic top-up kiosks. At present, the Company holds 60% of total shares in BPAY.
- Contract cost assets increased by THB 33.01 million from business combination with and further investments in BPAY, an electronic kiosk retailer.
- Other intangibles assets saw a rise of THB 39.27 from the business combination with BPAY as well as audio copyrights investment under the Company's software application, EZ-OK.

Liabilities

(Unit : Thousand Baht)

Statement of Financial Position	Consolidated Financial Statements					
	31 December 2017		31 December 2018		31 December 2019	
Liabilities and Equity						
Current Liabilities						
Bank overdrafts and short-term loans from financial institutions	31,166	2.13%	-	-	-	-
Trade accounts payable	28,248	1.93%	25,982	2.18%	50,682	4.55%
Other payables	120,476	8.25%	53,612	4.50%	123,672	11.10%
Short-term loans from related parties	5,500	0.38%	-	-	-	-
Current portion of finance lease liabilities	1,833	0.13%	1,777	0.15%	244	0.02%
Income tax payable	63	0.00%	4,305	0.36%	62	0.01%
Other current liabilities	6,131	0.42%	6,626	0.56%	10,532	0.95%
Total current liabilities	193,417	13.25%	92,302	7.74%	185,192	16.63%
Non-Current liabilities						
Finance lease liabilities	3,123	0.21%	2,019	0.17%	-	-
Contract liabilities	-	-	-	-	37,044	3.32%
Non-current provisions for employee benefit	4,776	0.33%	5,387	0.45%	4,797	0.43%
Deferred tax liabilities	-	-	-	-	38,040	3.41%
Total non-current liabilities	7,899	0.54%	7,406	0.62%	79,881	7.16%
Total liabilities	201,316	13.79%	99,708	8.36%	265,073	23.79%

Remark : Consolidated financial statements of 2017 includes discontinued operations - AJ Vending Co., Ltd.

As at the ending date of 2017 - 2019 operating cycles, the Company had liabilities totaling THB 201.32 million, THB 99.71 million, and THB 265.07 million, or 13.79%, 8.36%, and 23.79% of total liabilities and equity, respectively. In 2019, the Company saw an increase of THB 165.37 million or 165.85% in total liabilities, compared to the preceding year which can be broken down into:

- A rise of THB 92.89 million or 100.64% in current liabilities to THB 185.19 million compared to the prior year
- An increase of THB 72.48 million or 978.60% in non-current liabilities to THB 79.88 million from previous year.

In 2019 major increases in liabilities include:

- Other payables which increased by THB 70.06 million or 130.68% to THB 123.67 million attributable to 2 main items: 1) copyright payables of THB 31.07 million, and 2) business combination (BPAY) payables of THB 27.10 million as at 31 December 2019.
- Contract liabilities rose by THB 37.04 million from income received in advance from BPAY's electronic top-up and transfer kiosk business.

- Deferred tax liabilities of THB 38.04 million arose in relation to the change in accounting policy where the Company records land at its fair value rather than book value to accurately reflect its financial position, resulting in a gain from land revaluation.

Shareholding's Equity

(Unit : Thousand Baht)

Statement of Financial Position	Consolidated Financial Statements					
	31 December 2017		31 December 2018		31 December 2019	
Equity						
Share capital						
Authorised share capital	526,925		526,925		526,925	
Issued and paid-up share capital	424,029	29.04%	424,029	35.57%	424,029	38.05%
Premium on ordinary shares	649,894	44.51%	649,894	54.52%	649,894	58.32%
Retained earnings						
Appropriated						
Legal reserve	20,900	1.43%	20,900	1.75%	20,900	1.88%
Unappropriated	90,335	6.19%	(93,787)	(7.87%)	(461,538)	(41.42%)
Other component of equity	27,321	1.87%	27,321	2.29%	182,862	16.41%
Equity attributable to owners of the parent	1,212,479	83.03%	1,028,357	86.27%	816,147	73.24%
Non-controlling interests	46,430	3.18%	63,943	5.36%	33,138	2.97%
Total equity	1,258,909	86.21%	1,092,300	91.64%	849,285	76.21%
Total liabilities and equity	1,460,225	100.00%	1,192,008	100.00%	1,114,358	100.00%
Book value per share (Baht)	0.297		0.258		0.200	
Issued and paid-up share capital	4,240,294,744		4,240,294,744		4,240,294,744	

Remark : Consolidated financial statements of 2017 includes discontinued operations - AJ Vending Co., Ltd.

As at December 31st of the years 2017 - 2019, the Company had equity attributable to owners of parent totaling THB 1,212.48 million, THB 1,028.36 million, and THB 816.15 million, respectively.

In 2019, such equity declined by THB 212.21 million or 20.64% from the prior year as a result of worsened operating profits, causing unappropriated retained earnings to drop by THB 367.75 million or 392.11%. However, this was partially offset by a rise in other component of equity by THB 155.54 million due to land revaluation.

Liquidity

The Company's statement of cash flows for the year ended 2017 - 2019 can be summarized as follows:

(Unit : Thousand Baht)

Statement of Cash Flows Summary	2017	2018	2019
Cash flows from operating activities - before changes in operating assets and liabilities	137,373	(118,423)	(170,041)
Net cash flows from operating activities	751,191	207,869	(106,699)
Net cash flows from investing activities	312,519	15,946	(42,966)
Net cash flows from financing activities	(625,036)	(26,618)	20,967
Net increase (decrease) in cash and cash equivalents	438,674	197,197	(128,697)
Loss of control in subsidiary	(477,756)	-	-
Cash and cash equivalents at ending of period	82,706	279,903	151,205

Remark : Consolidated financial statements of 2017 includes discontinued operations - AJ Vending Co., Ltd.

Between the operating years 2017 - 2019, the Company received cash flows from operating activities (before changes in operating assets and liabilities totaling THB 137.37 million, (THB 118.42 million), and (THB 170.04 million), respectively.

For the year 2019, net cash used in operating activities was THB 106.70 million which, primarily, resulted from increases in the following components: 1) Net operating loss of THB 385.27 million; 2) Contract cost assets of THB 23.16 million; as well as reductions in: 1) Trade accounts payable of THB 27.27 million; 2) Trade accounts receivable of THB 26.09 million; and 3) contract liabilities of THB 24.72 million.

Capital Expenditures

For the operating period of 2017 - 2019, the Company had net cash inflows from investing activities of THB 312.52 million, THB 15.95 million, and (THB 42.97 million), respectively. The net outflow of THB 42.97 million in the latest operating year was from the following expenditures: 1) Acquisition of business combination of THB 41.37 million; 2) Acquisition of investment in associates of THB 29.77 million; and 3) Purchases of intangible assets (e.g. copyrights) of THB 12.32 million. On the other hand, the Company had cash inflows from a THB 24.6 million reduction in restricted deposits at financial institutions and a THB 17.01 million proceeds from disposal of discontinued operation - net of cash dispose of business segment.

Source of Funds

In 2017 - 2019, the Company had net cash flows from financing activities totaling (THB 625.04 million), (THB 26.62 million), and THB 20.97 million, respectively. The inflow of THB 20.97 million in 2019 was attributable to proceeds from issue of ordinary shares of subsidiaries to non-controlling interests totaling THB 23.6 million as well as finance lease payments of THB 0.73 million.

The Company's cash and cash equivalents at the end of 2019 was THB 151.21 million with major changes owing to cash paid for business combinations, investments in associate companies, and cash received from trade accounts receivable, as mentioned above.

Liquidity Ratios

Liquidity Ratios	2017	2018	2019
Current ratio (Time)	4.74	9.27	3.09
Quick ratio (Time)	2.59	4.84	1.57
Cash flow current ratio (Time)	1.16	1.46	(0.77)
Average debt collection period (Day)	112.29	183.70	132.49
Days of inventory on hand (Day)	346.82	328.51	341.48
Days payable outstanding (Day)	28.92	23.75	42.03
Cash Cycle (Day)	430.19	488.47	431.94

Remark : Consolidated financial statements of 2017 includes discontinued operations - AJ Vending Co., Ltd.

Between 2017 - 2019, the Company's current ratios ranged between 3.09 - 9.27 times. In 2019, the quick ratio was 1.57 times, a fall from the preceding year due to a decline in cash and cash equivalents, and increase in current liabilities. With regard to the Company's cash cycles, the number of days stretched between 430.19 - 448.41 days (Average debt collection period + Days of inventory on hand - Days payable outstanding) in the past 3 years. In 2019, the cash cycle was 431.94 days, which is considered high, due to significantly faster debt payments periods compared to revenue cash collections. At present, the Company is in the process of improving the quality of accounts receivable, accelerating inventory turnover rates through the use of events such as expo, and improving debt collection system, which started to bear fruit as the average debt collection period fell by 51.21 days compared to the previous year.

Auditor's Remunerations

In 2019, the Company and its subsidiaries paid remunerations totaling THB 4.27 million to the auditors, which can be broken down into the Company's annual financial statements audit fee of THB 2.58 million, the Company's quarterly audit fee of THB 0.36 million, and audit fees for subsidiary and joint venture companies of THB 1.33 million.

Factors and Influences with Potential Effects on Future Financial Position and Performance

The Company engages in additional business operations by investments via subsidiaries, associate companies, and joint ventures in order to strengthen and promote sustainable growth for the Group. To this end, the Company has formulated operating plans, strategies, and tactics that would allow it to reach its annual goals in order to prepare the Group for the following factors and influences which could have an effect on the future financial position and performance:

Main Factors/Influences

1. Consumer behaviors and popularity of product.
2. Product price levels, expenses, and distribution channels.
3. Fund raising preparations for business expansion including borrowings from financial institutions as well as other type of fund raisings by taking into consideration the business model and future obligations.

Operation Guidelines

1. The Company has adjusted its existing products to conform with the current consumer behaviors and trends; for example, people nowadays watch movies and tv programs through steaming services and smart TVs, prompting the Company to add smartphones and Bluetooth speakers in its product portfolio in order to replace AV products with declining demands such as DVD and Blu-ray players. In this regard, the Company has placed a system to control the procurement process and the level of inventories as well as an inventory management system that allows the Company's inventory to keep up with the rapidly changing product prices and trends.
2. The Company has a department responsible for sourcing and procuring products with suitable quality and prices to operate in this volatile market. Moreover, the Company controls its costs as appropriate in order to source high quality products at low costs as well as expands its distribution channels to conform with the consumer behaviors in Thailand 4.0 era.
3. In respect of investments in existing and new businesses, in addition to utilizing the Company's cash flows, the Company must loan from financial institutions or raise funds through other means when the investment is expected to grow and strengthen the Group.
4. The Company shall follow the rules and regulations for listed companies in the Stock Exchange of Thailand in a complete and transparent manner with the ability to track and verify according to the specified standards.



AJ Advance Technology Public Company Limited and its subsidiaries

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of AJ Advance Technology Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of AJ Advance Technology Public Company Limited and its subsidiaries (the “Group”), and of AJ Advance Technology Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

I draw attention to Note 2(d) which describes for the year ended 31 December 2019, the Group and the Company incurred a net loss in the consolidated and separate statements of comprehensive income of Baht 385.3 million and Baht 361.3 million, respectively. As at 31 December 2019, the Group and the Company incurred deficit of Baht 461.5 million and Baht 452.1 million, respectively, in the consolidated and separate statements. For the year ended 31 December 2019, moreover, the Group and the Company incurred net decrease of cash flows in consolidated and separate financial statements of cash flows in the amount Baht 128.7 million and Baht 111.1 million, respectively. However, the Group and the Company are in process of solving the financial position, financial performance and financial liquidity problems by implementing policies and procedures in an attempt to increased revenue, reduce cost and expenditures, together with the management of liquidity risk and other circumstances. These circumstances indicated the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, I have determined the matters described below to be the key audit matters to be communicated in my report.

Valuation of account receivables	
Refer to Note 4(d) and 9	
The key audit matter	How the matter was addressed in the audit
<p>The Group's trade account receivables are material to the financial statements which are stated at their invoice value less allowance for doubtful accounts. The Group has overdue account receivables from customers which give rise to uncertainty and judgment of valuation of account receivables due to the risk of default in payment</p> <p>The Group considers the allowance for doubtful accounts by the management estimates and judgment. Consequently, I consider this is an area of focus.</p>	<p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> - understanding the policies and procedures that the Group's management applied for setting up allowance for doubtful account; - testing calculations of the accounts receivable aging report by considering with the relevant documents on a sampling basis; - reading minutes of the Board of Directors' meeting and sending a letter to inquire the Company's lawyer regarding litigation with account receivables and testing the receipt of cash after the year end on a sampling basis; - evaluating the estimates by considering the historical receipts and bad debt write-off; - considering the adequacy of the group's disclosures in accordance with the related Thai Financial Reporting Standards.

Valuation of inventory	
Refer to Note 4(e) and 11	
The key audit matter	How the matter was addressed in the audit
<p>The Group's inventories are material to the financial statements which are measured at the lower of cost and net realizable value. There was a rapid and continuing change of technological and electrical appliances business accompanying with volatility from changing in consumer demand. Therefore, there is a risk that inventories may be presented at cost higher than net realizable value including the occurrence of the inventory obsolescence.</p> <p>The Group considers the allowance for decline in value and obsolescence by the management estimates and judgment. Consequently, I consider this is an area of focus.</p>	<p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> - understanding the policies and procedures that the Group's management applied for setting up allowance for decline in value of inventories; - testing the reasonableness of the allowance for obsolescence calculation methodology and assessing the reasonableness of the inventories aging report by testing items in the inventories aging report on a sample basis and considering on whether these items were classified in the appropriate aging bracket; - testing the net realisable value of inventories by investigating with the sales documents after the year end on a sampling basis and considering whether there were any sales at price lower than cost in order to assess the management's estimates and decision whether the allowance for decline in value of inventories was appropriate and adequate; - evaluating the adequacy of allowance for decline in value of inventories in order to assess the appropriateness of the assumptions used in the current year and assessing the reasonableness of assumptions made by management on the extent of long-outstanding inventories, selling at price lower than cost and future operating plan to consider the appropriateness of the allowance for decline in value of inventories; - considering the adequacy of the group's disclosures in accordance with the related Thai Financial Reporting Standards.

Valuation of current investment	
Refer to Note 4(f) and 8	
The key audit matter	How the matter was addressed in the audit
<p>The Group invested in a private foreign investment fund of Baht 296.8 million which a foreign asset management company is the fund manager and a foreign trustee is the custodian. The Net Asset Value (NAV) of the investment as the report from trustee had significantly declining and the investment conditions in domestic and overseas are fluctuate. Therefore, there's a risk that current investment may be presented at cost higher than net realizable value.</p> <p>As at 31 December 2019, the Group has the allowance for investment of Baht 263.0 million by recognised loss on impairment for the year 2019 amounting to Baht 171.8 million by the management estimates and judgement to provide the recoverable amount. Those are material impact to the financial statements. Consequently, I consider this is an area of focus.</p>	<p>My audit procedures were included, among others:</p> <ul style="list-style-type: none"> - inquiring management to gain understanding of the investment policy regarding the approval and investing, including the estimation of valuation of investment that the Group's management applied for setting up impairment for current investment account; - testing the documents that related to purchase and sale of current investments; - reading minutes of the Board of Directors' meeting that related to monitoring and evaluating effects from investments; - interviewing fund manager to gain understanding of the investment policy and investing including the estimation of valuation of the Group's investments; - evaluating the competence and independence of fund manager and trustee as well as inquiring the methodology used in measurement of NAV; - considering NAV from monthly report that the company obtained from trustee in subsequent period; - sending confirmation letter to trustee - considering the estimation of the net realisable value, which prepared and approved by management, with the relevant documents and recalculating for impairment of investment; - considering the adequacy of the group's disclosures in accordance with the related Thai Financial Reporting Standards.

Business acquisition and Impairment of goodwill	
Refer to Note 4(a),(k) 5 and 18	
The key audit matter	How the matter was addressed in the audit
<p>During 2019, the Company has entered into a sale and purchase share agreement of Bangkok Pay Co., Ltd. with Bangkok Business Online Co., Ltd. by acquiring 60% of ordinary shares in order to acquire business of retail top-up machine, top-up service for prepaid phone, service prepaid kiosk, e-money service and accept payment via electronic method. The Group has goodwill from the business acquisition in the amount of Baht 30 million.</p> <p>The management assessed recoverability of goodwill based on an estimate of the future cash flows.</p> <p>Due to the materiality of the transactions and the significant management judgment involved in determining fair value of the identification of all assets acquired and liabilities assumed including determining recoverability of goodwill, I considered that this matter is the key audit matter.</p>	<p>My audit procedures included, among others</p> <ul style="list-style-type: none"> - reading the business sale and purchase agreement to gain understanding of key terms and conditions and assessing whether such share purchasing was a business combination; - evaluating the appropriateness of the Group's assessment of the identification of all assets acquired and liabilities assumed; - evaluating the appropriateness of assumptions and valuation methodology used in assessing fair value of assets acquired and liabilities assumed; - evaluating the competence and independence of the Group's independent appraiser; - evaluating the appropriateness of financial variables used in determining discount rates, identifying intangible assets, valuation methodology and reasonableness of calculations related to identifying intangible assets in the draft of independent appraiser's report; - inquiring the management and considering relevant documents in order to gain understanding of the goodwill impairment consideration. - evaluating the key management's assumptions used in the projected cash flows by comparing with internally and externally derived sources; - testing calculation; - considering the adequacy of the group's disclosures in accordance with the related Thai Financial Reporting Standards.

Emphasis of Matter

I draw attention to

a) Note 3 describing the effect of the change in accounting policies of Land revaluation which are measured at revalued amount.

b) Note 5, the Group acquired business in operations of retail top-up machine, top-up service for prepaid phone, e - money service and accept payment via electronic method during the year ended 31 December 2019 in which fair value of identifiable net assets and the allocation of purchase price have been provisionally determined and are subject to potential amendment.

My opinion is not modified in respect of these matters.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Ekkasit Chuthamsatid)
Certified Public Accountant
Registration No. 4195

KPMG Phoomchai Audit Ltd.
Bangkok
6 March 2020

Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	7	151,205,494	279,902,870	57,188,697	168,313,600
Current investment	8	33,802,571	205,708,180	33,802,571	205,708,180
Trade accounts receivable	6, 9	110,360,003	131,574,663	127,174,613	115,975,632
Other receivables	6, 10	28,487,019	35,449,890	20,108,609	32,113,798
Inventories	11	220,654,216	193,502,642	151,386,992	163,707,029
Right of return products	3	8,591,968	-	8,591,937	-
Other current assets		18,780,539	9,393,385	6,946,692	1,199,673
Total current assets		571,881,810	855,531,630	405,200,111	687,017,912
<i>Non-current assets</i>					
Investments in associates	13	1,000,000	8,614,242	1,000,000	9,836,900
Investments in joint venture	13	10,136,141	9,554,608	9,251,197	15,750,000
Investments in subsidiaries	5, 12, 14	-	-	98,024,975	95,124,975
Other long-term investments	8	2,842,000	28,242,000	1,662,000	27,262,000
Property, plant and equipment	16	418,242,978	276,931,727	415,305,727	232,692,729
Contract cost assets	17	33,008,747	-	-	-
Goodwill	5, 18	29,827,800	-	-	-
Other intangible assets	5, 19	41,204,220	1,932,194	20,319,308	505,615
Deferred tax assets	31	1,743,253	6,431,359	-	6,144,576
Other non-current assets		4,470,739	4,770,520	614,345	4,072,088
Total non-current assets		542,475,878	336,476,650	546,177,552	391,388,883
Total assets		1,114,357,688	1,192,008,280	951,377,663	1,078,406,795

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

Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2019	2018	2019	2018
		(in Baht)			
<i>Current liabilities</i>					
Trade accounts payable		50,681,653	25,981,932	40,327,900	17,217,648
Other payables	6, 22	123,671,639	53,612,297	60,838,993	46,894,590
Current portion of finance lease liabilities		243,783	1,776,685	243,783	829,208
Income tax payable		62,424	4,305,364	-	-
Other current liabilities	3, 23	10,532,366	6,626,150	9,592,846	6,196,203
Total current liabilities		185,191,865	92,302,428	111,003,522	71,137,649
<i>Non-current liabilities</i>					
Finance lease liabilities		-	2,019,392	-	512,903
Contract liabilities	21	37,044,137	-	-	-
Non-current provisions for employee benefi	24	4,796,913	5,386,655	4,091,842	5,045,410
Deferred tax liabilities	31	38,040,074	-	38,040,074	-
Total non-current liabilities		79,881,124	7,406,047	42,131,916	5,558,313
Total liabilities		265,072,989	99,708,475	153,135,438	76,695,962

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

Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2019	2018	2019	2018
<i>(in Baht)</i>					
Equity					
Share capital	25				
Authorised share capital		<u>526,925,023</u>	<u>526,925,023</u>	<u>526,925,023</u>	<u>526,925,023</u>
Issued and paid-up share capital		<u>424,029,474</u>	<u>424,029,474</u>	<u>424,029,474</u>	<u>424,029,474</u>
Premium on ordinary shares	25	<u>649,893,744</u>	<u>649,893,744</u>	<u>649,893,744</u>	<u>649,893,744</u>
Retained earnings (deficit)					
Appropriated					
Legal reserve	26	<u>20,900,000</u>	<u>20,900,000</u>	<u>20,900,000</u>	<u>20,900,000</u>
Deficit		<u>(461,537,710)</u>	<u>(93,787,413)</u>	<u>(452,121,504)</u>	<u>(93,112,385)</u>
Other components of equity		<u>182,861,530</u>	<u>27,321,019</u>	<u>155,540,511</u>	<u>-</u>
Equity attributable to owners of the parent		<u>816,147,038</u>	<u>1,028,356,824</u>	<u>798,242,225</u>	<u>1,001,710,833</u>
Non-controlling interests	15	<u>33,137,661</u>	<u>63,942,981</u>	<u>-</u>	<u>-</u>
Total equity		<u>849,284,699</u>	<u>1,092,299,805</u>	<u>798,242,225</u>	<u>1,001,710,833</u>
Total liabilities and equity		<u>1,114,357,688</u>	<u>1,192,008,280</u>	<u>951,377,663</u>	<u>1,078,406,795</u>

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

Statement of comprehensive income

AJ Advance Technology Public Company Limited and its subsidiaries

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
	Note	2019	2018	2019	2018
<i>(in Baht)</i>					
Continuing operations					
Revenue					
Revenue from sales of goods		359,979,215	541,361,411	366,510,903	533,679,230
Revenue from rendering of services		32,549,944	14,881,201	2,298,493	-
Net foreign exchange gains		422,478	541,421	327,115	455,656
Investment income	6, 28	3,541,086	45,804,391	2,693,458	62,943,128
Other income		7,253,560	14,493,709	8,743,981	12,516,698
Total revenue		403,746,283	617,082,133	380,573,950	609,594,712
Expenses					
Cost of sales of goods	11	296,722,965	397,919,686	324,405,451	418,712,658
Cost of rendering of services		31,578,673	13,140,506	8,007,517	-
Distribution costs		103,771,945	127,984,191	67,171,492	121,480,919
Administrative expenses		138,818,061	113,390,335	108,334,922	105,263,962
Impairment losses on current investment	8	171,823,733	91,133,819	171,823,733	91,133,819
Impairment losses on investments in associates and joint venture	13	-	-	46,103,503	-
Loss from disposal of subsidiary	12	1,218,741	-	11,000,000	-
Finance costs	6	630,091	741,805	266,939	1,307,116
Total expenses		744,564,209	744,310,342	737,113,557	737,898,474
Share of loss of associates and joint venture	13	(37,800,721)	(7,308,696)	-	-
Loss before income tax expense		(378,618,647)	(134,536,905)	(356,539,607)	(128,303,762)
from continuing operations		(378,618,647)	(134,536,905)	(356,539,607)	(128,303,762)
Tax income (expense)	31	(3,576,694)	(42,660,969)	(4,733,520)	(37,940,806)
Loss for the year from continuing operations		(382,195,341)	(177,197,874)	(361,273,127)	(166,244,568)
Discontinued operation					
Loss for the year					
from discontinued operation, net of tax	12	(3,071,176)	(3,460,046)	-	-
Loss for the year		(385,266,517)	(180,657,920)	(361,273,127)	(166,244,568)

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

Statement of comprehensive income

AJ Advance Technology Public Company Limited and its subsidiaries

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
Items that will not be reclassified to profit or loss					
Gain on revaluation of land	3, 16	194,425,639	-	194,425,639	-
Gains on remeasurements of defined benefit plans	24	3,116,564	904,311	2,830,010	904,311
Income tax relating to items that will not be reclassified		(39,508,441)	(180,862)	(39,451,130)	(180,862)
Total items that will not be reclassified to profit or loss		158,033,762	723,449	157,804,519	723,449
Other comprehensive income (expense) for the year, net of tax					
		158,033,762	723,449	157,804,519	723,449
Total comprehensive income (expense) for the year		(227,232,755)	(179,934,471)	(203,468,608)	(165,521,119)
Profit (loss) attributable to:					
Owners of parent		(370,243,548)	(186,907,132)	(361,273,127)	(166,244,568)
Non-controlling interest	15	(15,022,969)	6,249,212	-	-
Loss for the year		(385,266,517)	(180,657,920)	(361,273,127)	(166,244,568)
Total comprehensive income (expense) attributable to:					
Owners of parent		(212,209,786)	(186,183,683)	(203,468,608)	(165,521,119)
Non-controlling interest	15	(15,022,969)	6,249,212	-	-
Total comprehensive income (expense) for the year		(227,232,755)	(179,934,471)	(203,468,608)	(165,521,119)
Loss per share					
Loss from continuing operations	32	(0.087)	(0.043)	(0.085)	(0.039)
Loss from discontinued operation	13	(0.000)	(0.000)	-	-

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

Statement of changes in equity

AJ Advance Technology Public Company Limited and its subsidiaries

	Consolidated financial statements							
	Note	Retained earnings (deficit)		Other component of equity		Equity attributable to owners of the parent	Non-controlling interests	Total equity
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated			
Year ended 31 December 2018								
Balance at 1 January 2018		424,029,474	649,893,744	20,900,000	90,334,696	27,321,019	1,212,478,933	1,258,909,351
<i>Changes in ownership interests in subsidiaries</i>								
Call-up additional of ordinary shares of subsidiary from non-controlling interests		-	-	-	-	-	-	15,125,025
Acquisition of non-controlling interests without a change in control	13	-	-	-	2,061,574	-	2,061,574	(3,861,674)
<i>Total changes in ownership interests in subsidiaries</i>		-	-	-	2,061,574	-	2,061,574	11,263,351
Total transaction with owners, recorded directly in equity		-	-	-	2,061,574	-	2,061,574	13,324,925
<i>Comprehensive income (expense) for the year</i>								
Profit (loss)		-	-	-	(186,907,132)	-	(186,907,132)	(180,657,920)
Other comprehensive income		-	-	-	723,449	-	723,449	723,449
Total comprehensive income (expense) for the year		-	-	-	(186,183,683)	-	(186,183,683)	(179,934,471)
Balance at 31 December 2018		424,029,474	649,893,744	20,900,000	(93,787,413)	27,321,019	1,028,356,824	1,092,299,805

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

Statement of changes in equity

AJ Advance Technology Public Company Limited and its subsidiaries

Consolidated financial statements											
		Retained earnings (deficit)				Other component of equity					
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Land revaluation surplus	Surplus from business combination under common control <i>(in Baht)</i>	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Year ended 31 December 2019											
Balance at 1 January 2019											
		424,029,474	649,893,744	20,900,000	(93,787,413)	-	27,321,019	27,321,019	1,028,356,824	63,942,981	1,092,299,805
Changes in ownership interests in subsidiaries											
Acquisition from business combination	5	-	-	-	-	-	-	-	-	(15,885,200)	(15,885,200)
Call-up additional of ordinary shares of subsidiary from non-controlling interests		-	-	-	-	-	-	-	-	23,600,000	23,600,000
Loss of non-controlling interests with change in control	12	-	-	-	-	-	-	-	-	(23,497,151)	(23,497,151)
Total changes in ownership interests in subsidiaries											
		-	-	-	-	-	-	-	-	(15,782,351)	(15,782,351)
Total transaction with owners, recorded directly in equity											
		-	-	-	-	-	-	-	-	(15,782,351)	(15,782,351)
Comprehensive income (expense) for the year											
Loss		-	-	-	(370,243,548)	-	-	-	(370,243,548)	(15,022,969)	(385,266,517)
Other comprehensive income		-	-	-	2,493,251	155,540,511	-	155,540,511	158,033,762	-	158,033,762
Total comprehensive income (expense) for the year											
		-	-	-	(367,750,297)	155,540,511	-	155,540,511	(212,209,786)	(15,022,969)	(227,232,755)
Balance at 31 December 2019											
		424,029,474	649,893,744	20,900,000	(461,537,710)	155,540,511	27,321,019	182,861,530	816,147,038	33,137,661	849,284,699

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

Statement of changes in equity

AJ Advance Technology Public Company Limited and its subsidiaries

	Separate financial statements				Total equity
	Issued and paid-up share capital	Share premium	Retained earnings (deficit)		
			Legal reserve (in Baht)	Unappropriated	
Year ended 31 December 2018					
Balance at 1 January 2018	424,029,474	649,893,744	20,900,000	72,408,734	1,167,231,952
Comprehensive income (expense) for the year					
Loss	-	-	-	(166,244,568)	(166,244,568)
Other comprehensive income	-	-	-	723,449	723,449
Total comprehensive income (expense) for the year	-	-	-	(165,521,119)	(165,521,119)
Balance at 31 December 2018	424,029,474	649,893,744	20,900,000	(93,112,385)	1,001,710,833

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

Statement of changes in equity

AJ Advance Technology Public Company Limited and its subsidiaries

	Separate financial statements					Total equity
	Issued and paid-up share capital	Share premium	Retained earnings (deficit)	Other component of equity	Land revaluation surplus	
			Legal reserve	Unappropriated		
				<i>(in Baht)</i>		
Year ended 31 December 2019						
Balance at 1 January 2019	424,029,474	649,893,744	20,900,000	(93,112,385)	-	1,001,710,833
Comprehensive income (expense) for the year						
Loss	-	-	-	(361,273,127)	-	(361,273,127)
Other comprehensive income	-	-	-	2,264,008	155,540,511	157,804,519
Total comprehensive income (expense) for the year	-	-	-	(359,009,119)	155,540,511	(203,468,608)
Balance at 31 December 2019	424,029,474	649,893,744	20,900,000	(452,121,504)	155,540,511	798,242,225

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

Statement of cash flows

AJ Advance Technology Public Company Limited and its subsidiaries

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
Cash flows from operating activities					
Loss for the year		(385,266,517)	(180,657,920)	(361,273,127)	(166,244,568)
Adjustments for					
Tax expense	31	3,576,694	42,660,969	4,733,520	37,940,806
Finance costs		727,511	1,155,622	266,939	1,307,116
Depreciation	16	21,679,944	20,677,996	14,047,555	15,166,208
Amortisation of intangible assets	19	6,953,578	998,674	5,761,832	822,667
Amortisation of contract cost assets	17	1,154,242	-	-	-
Deferred income	21	1,327,982	-	-	-
Loss from write-off on assets		677,380	6,086	280,480	6,086
Reversal of bad and doubtful debt expense	30	(4,476,638)	(13,637,704)	(714,629)	(13,637,704)
Reversal of loss on decline in value of inventories	11	(26,762,535)	(45,170,766)	(26,762,535)	(45,170,766)
Provision for sales return (reversal of)		(13,089,885)	1,808,758	(13,089,885)	1,808,758
Reversal of provision for warranties		(66,543)	(26,165)	(66,543)	(26,165)
Employee benefits obligations	24	2,677,969	1,515,567	1,961,642	1,174,322
Gain on disposals of equipment		(2,164,797)	(674,055)	(1,539,651)	(660,887)
Unrealised loss on exchange rate		98,030	218,381	98,030	218,381
Share of loss of associates and joint venture	13	37,800,721	7,308,696	-	-
Unrealised profit on downstream sales to joint venture	13	-	62,497	-	-
Impairment losses on intangible assets	19, 30	15,559,475	-	15,559,475	-
Impairment losses on current investment	8	171,823,733	91,133,819	171,823,733	91,133,819
Impairment losses on investment in associates	13	-	-	39,604,700	341,907
Impairment losses on investment in joint ventures	13	-	-	6,498,803	-
Loss on sale of current investment		51,251	-	51,251	-
Gain on sale of other long-term investment	28	-	(43,017,280)	-	(60,080,000)
Loss on sale of investment in subsidiary	12, 30	1,218,741	-	11,000,000	-
Interest income	28	(3,541,086)	(2,786,603)	(2,693,458)	(2,863,128)
		(170,040,750)	(118,423,428)	(134,451,868)	(138,763,148)
Changes in operating assets and liabilities					
Trade accounts receivable		26,092,854	254,673,280	(9,224,153)	269,070,264
Contract cost assets		(23,161,970)	-	-	-
Other receivables		5,439,084	11,412,985	13,438,447	11,805,796
Inventories		2,495,618	132,760,808	47,084,220	156,201,335
Other current assets		(9,175,398)	1,208,805	(5,448,119)	3,835,501
Other non-current assets		867,348	(888,245)	3,457,742	(291,812)
Trade accounts payable		27,267,824	(2,484,561)	23,012,222	(7,481,595)
Contract liabilities		24,715,135	-	-	-
Other payables		14,273,303	(67,501,799)	(15,977,980)	(66,656,999)
Cash paid for warranty		(58,682)	(143,270)	(58,682)	(143,270)
Other current liabilities		921,745	(1,144,349)	18,168	(1,495,396)
Employee benefit obligations paid	24	(85,200)	-	(85,200)	-
Cash generated from operating activities		(100,449,089)	209,470,226	(78,235,203)	226,080,676
Income tax paid		(6,249,411)	(1,601,423)	(298,899)	(166,829)
Net cash from (used in) operating activities		(106,698,500)	207,868,803	(78,534,102)	225,913,847

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

Statement of cash flows

AJ Advance Technology Public Company Limited and its subsidiaries

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2019	2018	2019	2018
	(in Baht)			
Cash flows from investing activities				
Cash received from short term loans	-	125,045,396	-	133,295,396
Decrease in restricted investments	24,600,000	30,200,000	25,600,000	31,000,000
Proceeds from sale of other long-term investment	-	180,240,000	-	180,240,000
Proceeds from disposal of subsidiary	12, 14	-	27,500,000	-
Proceeds from disposal of discontinued operation, net of cash dispose of business segment	12	17,005,901	-	-
Acquisition of investment in subsidiaries	14	-	(41,400,000)	(19,175,075)
Acquisition of business combination		(41,366,897)	-	-
Acquisition of investment in associates	13	(29,767,800)	(29,767,800)	(9,836,900)
Acquisition of investment in joint venture	13	-	-	(10,125,000)
Acquisition of current investment	8	-	-	(296,842,000)
Purchases of property, plant and equipment		(7,657,110)	(2,647,378)	(3,441,384)
Proceeds from disposals of equipment		3,090,121	1,594,019	677,664
Proceeds from disposals of other intangible assets		-	-	1,383,333
Purchases of other intangible assets		(12,320,720)	(12,135,000)	(90,000)
Proceeds from sale of current investment		30,625	30,625	-
Interest received		3,419,910	-	4,761,733
Net cash from (used in) investing activities		(42,965,970)	(31,225,534)	11,847,767
Cash flows from financing activities				
Finance costs paid		(727,510)	(266,939)	(3,625,152)
Decrease in bank overdrafts and short-term loans from financial institutions		-	-	(31,165,830)
Repayment of short-term loans		-	-	(61,600,000)
Finance lease payments		(1,905,396)	(1,098,328)	(1,014,409)
Paid of change in ownership interest in subsidiary without a change in control		-	-	-
Proceeds from issue of ordinary shares of subsidiaries to non-controlling interests		23,600,000	-	-
Net cash from (used in) financing activities		20,967,094	(1,365,267)	(97,405,391)
Net increase (decrease) in cash and cash equivalents		(128,697,376)	(111,124,903)	140,356,223
Cash and cash equivalents at 1 January		279,902,870	168,313,600	27,957,377
Cash and cash equivalents at 31 December		151,205,494	57,188,697	168,313,600

Non-cash transactions

During the year 2019, the Group acquired property, plant and equipment and other intangible assets at total cost of Baht 69.7 million (2018: Baht 8.4 million) of which Baht 29.5 million (2018: Baht 0.9 million) was outstanding as payable for purchases of property, plant and equipment as at 31 December 2019 and Baht 19.9 million was made by cash payment (2018: Baht 6.8 million).

During the year 2019, the Company acquired property, plant and equipment and other intangible assets at total cost of Baht 43.7 million (2018: Baht 3.4 million) of which Baht 29.0 million (2018: Baht 0.1 million) was outstanding as payable for purchases of property, plant and equipment as at 31 December 2019 and Baht 14.7 million was made by cash payment (2018: Baht 3.2 million).

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

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Changes in accounting policies
4	Significant accounting policies
5	Business combination
6	Related parties
7	Cash and cash equivalents
8	Other investments
9	Trade accounts receivable
10	Other receivables
11	Inventories
12	Disposal of subsidiary and discontinued operation
13	Investments in associates and joint venture
14	Investments in subsidiaries
15	Non-controlling interests
16	Property, plant and equipment
17	Contract cost assets
18	Goodwill
19	Intangible assets
20	Interest-bearing liabilities
21	Contract liabilities
22	Other payables
23	Other current liabilities
24	Non-current provisions for employee benefits
25	Share capital
26	Reserves
27	Segment information and disaggregation of revenue
28	Investment income
29	Employee benefit expenses
30	Expenses by nature
31	Income tax expense
32	Loss per share
33	Financial instruments
34	Commitments with non - related parties
35	Events after the reporting period
36	Thai Financial Reporting Standards (TFRS) not yet adopted

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements and were approved and authorised for issue by the Board of directors on 6 March 2020.

1 General information

AJ Advance Technology Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in January 2014. The Company’s registered office at No. 427/2 Rama 2 Road, Kwaeng Samaedum, Khet Bangkuntien, Bangkok.

The Company’s major shareholders during the financial year were Meemano and Pativetpinyo families who held 42.66% shareholding.

The principal activities of the Company and the Group are wholesaling and retailing of electric appliances, distribution of smart phone, tablet including parts, provide service to members for karaoke application, electric vehicle, provide service to member relating access of website of such Company for purchase and sales of good, sale of food and beverages through vending machine, logistic business and export business including business of TV drama programs and other entertainment media, distribution of sport shoes including retail top-up machine, top-up service for prepaid phone, service prepaid kiosk, e-money service and accept payment via electronic method. Details of the Company’s associates, joint venture and subsidiaries as at 31 December 2019 and 2018 are given in notes 13 and 14.

During the year 2019, the Company and the Group has discontinued operations are sale of food and beverages through vending machine, are disclosure in note 12.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements except for initial applying TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue* and related interpretations. The effects of these changes, where such effects are considered material to the financial statements, are disclosed in note 3.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 36.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

(b) Functional and presentation currency

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

(c) Use of estimates and judgments

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

1) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 4	Revenue recognition: <ul style="list-style-type: none">• whether performance obligations in a bundled sale of products and services are capable of being distinct;• whether revenue from sales is recognised over time or at a point in time;• commission revenue: whether the Group acts as an agent in the transaction rather than as a principal;• whether long-term advances received from customers have significant financing component; and
Note 13	Equity-accounted investees: whether the Group has significant influence over an investee.

2) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 3 and 23	Revenue recognition: estimate of expected returns;
Note 5	Acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis;
Note 8	Measurement of impairment for other investments;
Note 9	Measurement of allowance for doubtful debts of trade accounts receivable and impairment of contract assets;
Note 11	Measurement of allowance for decline in value of inventory;
Note 13	Impairment on investment in associates and joint venture;
Note 18	Impairment test of goodwill: key assumptions underlying recoverable amounts;
Note 19	Impairment on other intangible assets;

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Note 24	Measurement of defined benefit obligations: key actuarial assumptions;
Note 31	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

(d) *Use of going concern basis of accounting*

For the year ended 31 December 2019, the Group and the Company incurred a net loss in the consolidated and separate statements of comprehensive income of Baht 385.3 million and Baht 361.3 million, respectively (2018: Baht 180.7 million and Baht 166.2 million, respectively). As at 31 December 2019, the Group and the Company incurred deficit of Baht 461.5 million and Baht 452.1 million, respectively (2018: Baht 93.8 million and Baht 93.1 million, respectively), in the consolidated and separate statements. For the year 31 December 2019, moreover, the Group and the Company incurred net decrease of cash flows in consolidated and separate financial statements of cash flows in the amount of Baht 128.7 million and Baht 111.1 million, respectively (2018: net increase of cash flows in the amount of Baht 197.2 million and Baht 140.4 million, respectively). These circumstances indicated the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The Group and the Company are in process of solving the financial position, financial performance and financial liquidity problems by improving their policies for increasing sales and performance. Management believes that Group and the Company's revenue will increase by increasing new businesses and reducing cost and expenditures, together with the management of liquidity risk and other circumstances where the outcomes are highly uncertainty. The consolidated and separate financial statements have been prepared by the Group and the Company management on the going concern basis. Therefore, the financial statements have not included any adjustment of the value of assets to realisable value, or of liabilities to the amounts eventually due, and reclassification of accounts, which may be necessary if the Group and the Company is not able to continue as a going concern.

3 **Changes in accounting policies**

a) *Changing in accounting policy of Land revaluation*

The Group has changed the land measurement from cost method to revaluation method since 1 January 2019 for effect the fair value of land. The Group revalued land with fair value and recognised surplus from revaluation which of Baht 194.43 million and recorded deferred tax liabilities which of Baht 38.89 million in the statement of financial position and the statement of comprehensive income, under the account of "Land revaluation surplus".

b) *Adoption of new TFRS*

From 1 January 2019, the Group has adopted TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019 as an adjustment to the retained earnings at 1 January 2019. Therefore, the Group has not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Under TFRS 15, the Group and the Company recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group and the Company expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group and the Company recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due.

Right of return

Under TAS 18, revenue for contracts with a right of return was recognised when a reasonable estimate of the returns could be made, and all other criteria for revenue recognition were met. If a reasonable estimate could not be made, then revenue was deferred until the return period lapsed or a reasonable estimate of returns could be made. Under TFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. For those contracts that the Company is unable to make a reasonable estimate of returns, revenue is recognised sooner under TFRS 15 than under TAS 18. These changes result in a increase in the refund liability, which is included in other current liabilities. In addition, a new asset is recognised for the right to recover returned products, which is presented separate from inventory.

The following tables summarises the impact of adopting TFRS 15 on the financial statement:

	Consolidated financial statements			Separate financial statements		
	Amounts as reported	Adjustments	Amount without adoption of TFRS 15 (in thousand Baht)	Amounts as reported	Adjustments	Amount without adoption of TFRS 15
Statement of financial as at 31 December 2019						
Assets						
Inventories and right of return products	8,592	(8,592)	-	8,592	(8,592)	-
Liabilities						
Other current liabilities	8,592	(8,592)	-	8,592	(8,592)	-

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which address changes in accounting policies.

(a) Basis of consolidation

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

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

Any contingent consideration is measured at fair value at the date of acquisitions and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder’s equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

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

Non-controlling interests

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

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

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

Transactions eliminated on consolidation

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

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

(b) Foreign currencies

Foreign currency transactions

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

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

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

Foreign currency differences are generally recognised in profit or loss.

(c) Cash and cash equivalents

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

(d) Trade and other accounts receivable

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(e) Inventories

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

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

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

A right to recover returned products is recognised when the products are expected to be returned by customers and measured by reference to the former carrying amount of the sold inventories less any expected costs to recover those products.

(f) Investments

Investments in associates, joint venture and subsidiaries

Investments in associates, joint venture and subsidiaries in the separate financial statements of the Company are accounted for using the cost method less any impairment losses.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Investments in other equity securities

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

Disposal of investments

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

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

(g) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses except for land which is measured at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any impairment losses.

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

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

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss. When there is disposal of revalued assets, the amount recognised in revaluation surplus is reclassified to retained earnings.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

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

Depreciation

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

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

Land improvement	5 years
Buildings and improvement	5 and 20 years
Office equipment	5 years
Tools	5 years
Vehicles	5 years
Vending machine automatic	7 years

No depreciation is provided on freehold land or assets under construction.

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

(h) Contract cost assets

Contract cost assets are the costs to obtain a contract with a customer.

Contract cost assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis, consistent with the related revenue recognition, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Mobile top-up machine and electronic payments kiosk	7 years
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No amortisation is provided on mobile top-up machine and electronic payments kiosk under installation.

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

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

(i) *Intangible assets*

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

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

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

Computer software	5 years	
Music license	1-5 years	(Contractual year)
Software license	10 years	
Long term service contract	5 years	

No amortisation is provided on computer software under installation.

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

(j) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Calculation of recoverable amount

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

Reversal of impairment

An impairment loss in respect goodwill is not reversed. Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Interest-bearing liabilities

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

(l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(m) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

(n) Employee benefits

Defined contribution plan

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

Defined benefit plans

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

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

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

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

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

Short-term employee benefits

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

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provision for warranties

A provision for warranties of product quality is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(p) Measurement of fair values

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

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

Significant valuation issues are reported to the Group's Audit Committee.

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

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

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

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

(q) Revenue

Information about the Group's accounting policies relating to revenue from contracts with customers.

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Sale of goods and services

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time based on stage of completion and as the services are provided. The stage of completion is assessed based on cost-to-cost method. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

Commission revenue

For the contracts that the Group is arranging for the provision of the goods or services on behalf of its customers and does not control the goods or services before the primary sellers or service providers will provide the goods or services to the customers. The Group acts in the capacity of an agent and recognises the net amount of consideration as commission revenue.

Long-term advances received from customers

Long-term advances received from customers is recognised as revenue when the Group transferred control over the goods to the customers. For the advances that contain a significant financing component, they include the interest expense accreted on the contract liability under the effective interest method. The Group uses practical expedient which is not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Principal and agent consideration

The Group entered into a contract on procurement of products for a customer and also entered into another contract with a supplier to purchase and agreed that the supplier will directly deliver goods to the said customer. Under TAS 18, the Group assessed that it has significant risks and rewards of ownership of the goods based on credit risk and concluded that the Group acted as principal and recognised revenue from sale. Under TFRS 15, the Group assessed whether the Group has control over the goods before transferring them to the customer. The Group has determined that the Group is not primarily responsible for fulfilling the obligation as mentioned in the contract. The Group does not have inventory risk before or after the products have been transferred to the customer. In addition, the Group has no discretion in establishing the price for the said products. Therefore, the Group concluded that Group acts as selling agent. This change results in decreases in revenue from sale, cost of sale of goods, and inventories and an increase in commission revenue.

Accounting policies for revenue recognition in 2018

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

Sale of goods

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

Rendering of services

Service income is recognised as service are provided.

Commission revenue

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(r) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

(s) Investment income

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

(t) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(u) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

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

Determining whether an arrangement contains a lease

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

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(v) Income tax

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

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

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

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

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

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations. Classification as a discontinued operation occurs upon abandon line of business. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(x) Loss per share

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

(y) Related parties

A related parties is a person or entity that has direct or indirect control or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

(z) Segment reporting

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

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

5 Business combination

Sale and purchase share agreement of Bangkok Business Online Co., Ltd.

On 1 August 2019, the Company has entered into a sale and purchase share agreement of Bangkok Pay Co., Ltd. “BPAY” with Bangkok Business Online Co., Ltd. “BBO” which its operations are retail top-up machine, top-up service for prepaid phone, e-money service and accept payment via electronic method by acquiring 60% of totally 1 million ordinary shares (representing 600,000 shares) in the amount of Baht 6.0 million and a contingent consideration as further explained below. The Company incurred acquisition-related costs of Baht 0.9 million which have been included in administrative expenses. The Company has terms and conditions that BPAY will complete the business transfer agreement for business of retail top-up machine, top-up service for prepaid phone, service prepaid kiosk, e-money service and accept payment via electronic method from BBO.

The acquisition in control over BPAY is in accordance with the Group’s investment policy which the Group foresees potential of growth in business of retail top-up machine, top-up service for prepaid phone, e-money service and accept payment via electronic method. In addition, management believes that the acquisition in BPAY will increase new channel revenue to other business.

Moreover, the Company had the condition for increase of share capital in BPAY as following:

No.	Increase the authorised share capital	Newly issued ordinary shares (in million shares)	New ordinary shares in the Company’s ownership interest of 60%	Par value (in Baht)	Amount (in million Baht)
1	From Baht 10 million to Baht 38 million	2.80	1.68	10	16.80
2	From Baht 38 million to Baht 69 million	3.10	1.86	10	18.60
3	From Baht 69 million to Baht 100 million	3.10	1.86	10	18.60
	Total	9.00	5.40	10	54.00

On 16 August 2019 and 16 December 2019, the Company increase of investment in the first and second increase of authorised share capital of BPAY in the amount of 1,680,000 shares at par value of Baht 10 per share and 1,860,000 shares at par value of Baht 10 per share respectively. The Company made the payment in the amount of Baht 16.8 million and Baht 18.6 million respectively. The proportion of investment has unchanged. In addition, after the second increase of share capital, BPAY will set the Board of Directors meeting and extraordinary shareholders meeting for the third increase of shares capital within 4 months.

Transfer Bangkok Business Online Co., Ltd business agreement

On 1 August 2019, BPAY has entered into a transfer business agreement with BBO, which BPAY will acquire business for retail top-up machine, top-up service for prepaid phone, service prepaid kiosk, e-money service and accept payment via electronic method including employees with consideration payment in amount of Baht 76.5 million (include VAT). The payment will be separated into 4 period installments as following:

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Installment	Condition	Amount (in million Baht)
1	Payment within 7 days after the first of increase registered the authorised share capital of BPAY	28.20
2	Payment within 7 days after the second of increase registered the authorised share capital of BPAY	21.20
3	Payment within 7 days after the third of increase registered the authorised share capital of BPAY	21.20
4	Payment within 7 days after the BPAY got payment facilitating license from BOT	5.90
Total		76.50

BPAY made the first and the second installment in amount of Baht 28.2 million and Baht 21.2 million to BBO on 16 August 2019 and 16 December 2019 respectively.

Details of consideration transferred and the recognised amount of assets acquired and liabilities assumed on 1 August 2019 are as follow:

	BPAY	Fair value Business segment of BBO acquired via BPAY (in thousand Baht)	Consolidated financial statements
Cash and cash equivalent	9,330	-	9,330
Contract assets	-	11,697	11,697
Other receivables	-	1,471	1,471
Other intangible assets	-	20,311	20,311
Other non-current assets	700	-	700
Contract liabilities	-	(11,697)	(11,697)
Other payable	(30)	-	(30)
Identifiable net assets received	10,000	21,782	31,782
Total identifiable net assets received	10,000	21,782	31,782
Consideration payable by BPAY to BBO	-	(71,495)	(71,495)
Total identifiable net assets (liabilities) received	10,000	(49,713)	(39,713)
Non-controlling interest	(4,000)	19,885	15,885
Consideration transferred			
Cash paid	(6,000)	-	(6,000)
Goodwill	-	29,828	29,828

*The Group invested in BPAY in 60% of shareholder's equity.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

The fair value of other intangible assets (software and customer relationships), identifiable net assets acquired, purchase consideration transferred, and the allocation of purchase price have been provisionally determined by management, considering information from the draft appraisal report from an independent valuer who is appointed by the management and existing information but the report of the appraiser is not yet completed as the date of approval of these financial statements. Accordingly, the fair value of assets acquired and liabilities assumed have been provisionally determined at the acquisition date.

During the period, since the first day of acquired the company until 31 December 2019, BPAY had revenue in amount of Baht 18.95 million and loss in amount of Baht 2.68 million, included as part as the operation of the Group.

Goodwill

Goodwill is attributable mainly to the skills and technical talent of BPAY's work force. None of the goodwill recognised is expected to be deductible for income tax purposes.

6 Related parties

Relationships with associates, joint venture and subsidiaries are described in notes 13 and 14. Relationships with key management were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Sales/purchases of goods	Cost plus margin
Management service income	Agreed prices
Office rental income	Agreed prices
Others income	Agreed prices
Interest income	Agreed rate
Interest expense	Agreed rate
Key management personnel compensation	As defined by the nomination and remuneration committee

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Continuing operation				
Subsidiaries				
Sales of goods	-	-	211,821	158,351
Management service income	-	-	2,410	1,124
Office rental income	-	-	660	120
Interest expense	-	-	-	589

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Key management personnel				
Interest expense	-	104	-	-
Key management personnel compensation				
Short-term employee benefit	18,836	19,804	15,816	18,154
Post-employment benefits	1,080	302	1,080	302
Total key management personnel compensation	19,916	20,106	16,896	18,456

Discontinued operation

Subsidiaries

Sales of goods	-	-	1	4
Management service income	-	-	300	360
Interest income	-	-	-	156
Other income	-	-	360	305

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Trade accounts receivable				
Subsidiaries	-	-	82,283	27,601
Other receivables				
Subsidiaries	-	-	1,024	440
Other payables				
Subsidiaries	-	-	82	-

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	400	2,436	287	97
Cash at banks - current accounts	14,926	15,518	789	1,393
Cash at banks - savings accounts	135,794	260,779	56,028	165,756
Highly liquid short-term investments	85	1,170	85	1,068
Total	151,205	279,903	57,189	168,314

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

8 Other investment

	Consolidated financial statements		Separate financial statements	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	<i>(in thousand Baht)</i>			
<i>Current investment</i>				
Other non-marketable equity securities	296,760	296,842	296,760	296,842
Less allowance for impairment	(262,957)	(91,134)	(262,957)	(91,134)
At 31 December	33,803	205,708	33,803	205,708
 <i>Other long-term investment</i>				
Restricted deposits at financial institutions	2,842	28,242	1,662	27,262
Total	36,645	233,950	35,465	232,970

Current investment

At the Board of Executive Directors Meeting of the Company held on 15 August 2018, approved the Company to invest in a private fund in overseas which intended to invest a period of short term.

The Company had investment in a private foreign investment fund of 91,000 units at cost of USD 100 per unit each, in totaling amount of USD 9.1 million (equivalent of Baht 296.8 million), and a foreign asset management company was the fund manager and a foreign trustee was the custodian. The fund invested in a private investment fund which has the policy to invest in marketable and non-marketable securities.

As the reporting from the trustee, the net asset value shown as follows;

	31 December 2018	31 December 2019	31 January 2020
Number of units	91,000 Units	90,975 Units	90,975 Units
Net asset value per unit	USD 62.05	USD 12.4	USD 11.7
Total net asset value	USD 5.65 million (equivalent of Baht 182.30 million)	USD 1.13 million (equivalent of Baht 33.80 million)	USD 1.07 million (equivalent of Baht 32.11 million)

During the year ended 31 December 2019, the Company additionally recognised the impairment loss on investment in the amount of Baht 171.8 million. As a result, the allowance for impairment loss on investment was in the amount of Baht 263.0 million as at 31 December 2019.

Restricted deposits at financial institutions

As at 31 December 2019, the Group and the Company had restricted fixed deposits at financial institutions of Baht 2.8 million and Baht 1.7 million respectively (2018: Baht 28.2 million and Baht 27.3 million) which were used as collateral for loan, electricity usage, guarantees for receivable to financial institutions and other guarantees.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

9 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	-	-	38,797	27,601
Overdue:				
Less than 3 months	-	-	20,495	-
3 - 6 months	-	-	22,991	-
	<u>-</u>	<u>-</u>	<u>82,283</u>	<u>27,601</u>
Other parties				
Within credit terms	37,411	51,730	20,460	42,861
Overdue:				
Less than 3 months	51,764	36,610	13,249	36,610
3 - 6 months	8,650	6,029	3,257	5,690
6 - 12 months	9,057	42,266	2,622	8,274
Over 12 months	27,407	18,003	25,904	18,003
	<u>134,289</u>	<u>154,638</u>	<u>65,492</u>	<u>111,438</u>
Less allowance for doubtful accounts	<u>(23,929)</u>	<u>(23,063)</u>	<u>(20,600)</u>	<u>(23,063)</u>
	<u>110,360</u>	<u>131,575</u>	<u>44,892</u>	<u>88,375</u>
Net	<u>110,360</u>	<u>131,575</u>	<u>127,175</u>	<u>115,976</u>
Bad and doubtful debts expense for the year (reversal of)	<u>1,354</u>	<u>(15,117)</u>	<u>(1,975)</u>	<u>(15,117)</u>

The normal credit terms granted by the Group ranges from 30 days to 120 days.

The Group has an overdue account receivable which outstanding over 12 months as at 31 December 2019 in the totaling amount of Baht 7.8 million (*31 December 2018: Baht 52.4 million*). The Group has received posted dated cheques. After the reporting period, the Group has received payments from the overdue receivable, in the totaling amount of Baht 5.5 million.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

10 Other receivables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Related parties	6	-	-	1,024	440
Other parties					
Deposit for purchase of goods		14,405	27,776	14,154	27,599
Prepaid expenses		9,988	4,446	3,042	2,919
Advance payment		1,486	652	1,387	648
Others		3,041	3,836	502	1,768
Total		28,920	36,710	20,109	33,374
Less allowance for doubtful accounts		(433)	(1,260)	-	(1,260)
Net		28,487	35,450	20,109	32,114
Bad and doubtful debts expense for the year (reversal of)		433	(2,263)	-	(2,263)

11 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Merchandised goods	275,784	284,469	206,598	254,877
Spare parts	33,902	28,673	33,821	28,470
Goods in transit	8,849	5,004	8,849	5,003
	318,535	318,146	249,268	288,350
Less allowance for decline in value	(97,881)	(124,643)	(97,881)	(124,643)
Net	220,654	193,503	151,387	163,707
Inventories recognised as an expense in cost of sales of goods				
- Cost of sales of goods	323,485	443,091	351,167	463,884
- Reversal of write-down to net realisable value	(26,762)	(45,171)	(26,762)	(45,171)
Total	296,723	397,920	324,405	418,173

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

12 Disposal of subsidiary and discontinued operation

Disposal of investment in AJ Vending Corporation Company Limited

On 31 October 2019, the Board of Directors meeting of the Company, the Board approved to sell ordinary shares of AJ Vending Co., Ltd., a subsidiary of the Company. The Company has entered into a sell and purchase share agreement of 3.8 million shares or equivalent to 55% of its share capital, at the total price of Baht 27.5 million with its cost of of Baht 38.5 million. The Company recorded loss on sale of investment in the separate statement of comprehensive income in amount of Baht 11.0 million. After the disposal, AJ Vending Co., Ltd. will be no longer a subsidiary of the Company. The comparative statement of comprehensive income for the year ending 31 December 2019 will be re-presented to show the discontinued operations separately from continuing operations.

Results of discontinued operation Year ended 31 December	Consolidated financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Revenue	66,777	68,032
Expenses	69,848	71,492
Results from operating activities	(3,071)	(3,460)
Income tax	-	-
Results from operating activities, net of tax	(3,071)	(3,460)
 Profit (loss) attributable		
Owners of parent	(1,689)	(1,903)
Non-controlling interest	(1,382)	(1,557)
Results from operating activities, net of tax	(3,071)	(3,460)
 Loss per share (in Baht)	(0.000)	(0.000)
 Cash flows from (used in) discontinued operation		
Year ended 31 December		
Net cash from (used in) in operating activities	6,941	(1,621)
Net cash used in investing activities	(1,021)	(1,939)
Net cash from (used in) financing activities	(807)	5,542
Net cash flows from discontinued operation	5,113	1,982
 Effect of loss control on the consolidated statement of financial position at loss of control date		
		2019
		Note (in thousand Baht)
<i>Decrease in assets</i>		
Cash and cash equivalents		10,494
Trade accounts receivable		421
Other receivables		822
Other long-term investment		800
Inventories		5,117
Other current assets		1,438
Property, plant and equipment	16	39,040
Intangible assets	19	110
Other assets		132
		<u>58,374</u>

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Effect of loss control on the consolidated statement of financial position at loss of control date

Decrease in liabilities

Trade accounts payable

Other payables

Other current liabilities

Provision for employee benefit

Other liabilities

Note 2019
(in thousand Baht)

(2,666)

(1,386)

(1,257)

24 (66)

(783)

(6,158)

Carrying amounts of net assets and liabilities

52,216

Less non-controlling interest

(23,497)

Carrying amounts of interest in subsidiary

28,719

Consideration received, satisfied in cash

27,500

Loss from disposal of subsidiary

1,219

13 Investments in associates and joint venture

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Associates				
At 1 January	8,614	347	9,837	342
Acquisition	30,768	9,837	30,768	9,837
Share of loss of associates	(38,382)	(1,570)	-	-
Loss on impairment	-	-	(39,605)	(342)
At 31 December	1,000	8,614	1,000	9,837
Joint venture				
At 1 January	9,555	5,231	15,750	5,625
Acquisition	-	10,125	-	10,125
Share of profit (loss) of joint venture	581	(5,739)	-	-
Elimination of unrealised profit on downstream sales to joint venture	-	(62)	-	-
Loss on impairment	-	-	(6,499)	-
At 31 December	10,136	9,555	9,251	15,750
Total				
At 1 January	18,169	5,578	25,587	5,967
Acquisition	30,768	19,962	30,768	19,962
Share of loss of associates and joint venture	(37,801)	(7,309)	-	-
Elimination of unrealised profit on downstream sales to joint venture	-	(62)	-	-
Loss on impairment	-	-	(46,104)	(342)
At 31 December	11,136	18,169	10,251	25,587

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Acquisition

Associate

BLTC Incorporation (Thailand) Co., Ltd.

At the Board of Directors meeting of the Company held on 5 April 2018, approved to establish BLTC Incorporation (Thailand) Co., Ltd. (“BLTC”) to engage in logistic business with an initial registered share capital of Baht 16.3 million (163,200 ordinary shares with par value of Baht 100 each), as the Company to hold 60.3% interest. Such subsidiary was registered on 18 June 2018. The Company has made the payment as the Company’s ownership interest in the amount of Baht 9.8 million in July 2018.

During the first quarter of 2019, the Board of Directors meeting of the Company, the Board approved to invest in the increase of share capital of BLTC Incorporation (Thailand) Co., Ltd. (BLTC) from Baht 9.8 million to Baht 22.0 million as the same ownership interest. On 1 February 2019, the Company has made the payment in the amount of Baht 12.2 million for 121,658 ordinary shares with par value of Baht 100 each.

During the third quarter of 2019, the Board of Directors meeting of the Company, the Board approved to invest in the increase of share capital of BLTC Incorporation (Thailand) Co., Ltd. from Baht 22.0 million to Baht 39.6 million. On 23 September 2019, the Company has made the advance payment in the amount of Baht 17.6 million.

Management has determined that the Group has no control over BLTC due to conditions in an agreement with its other shareholders. Although the Group hold 60.3% ownership interest in BLTC, voting right is 13.4% only. Therefore, the Group does not have power from the voting right over the other shareholders. However, the Group has determined that it has significant influence because it has representation on the board of directors of the associate.

Songcheng (Pattaya) International Culture Co., Ltd.

During the third quarter of 2019, the Board of Directors meeting approved to invest in the share capital of Songcheng (Pattaya) International Culture Co., Ltd at the ownership interest of 20%, in the total of Baht 1.0 million. The Company has not made the payment yet.

Joint venture

Rizen Energy Co., Ltd.

During the year of 2018, the Board of Directors Meeting of Rizen Energy Co., Ltd. approved to call additional 45% authorized share capital. The Company has made the payment as the Company’s ownership interest in amounting to Baht 10.1 million.

Impairment loss on investment

BLTC had deficit exceeds costs of investment in associates, therefore, the Company fully recognised impairment loss on investment in such associate in 2019.

During the year of 2019, Rizen Energy Co., Ltd. had losses from operation and stopped operation, therefore, the Company recognised impairment loss on investment in such joint venture in amount of Baht 6.5 million.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Investments in associates and joint venture as at 31 December 2019 and 2018 were as follows:

	Ownership interest 2019	Ownership interest 2018	Paid-up capital 2019	Paid-up capital 2018	Consolidated financial statements			
					Cost 2019	Cost 2018	Equity 2019	Equity 2018
		(%)			(in thousand Baht)			
Associates								
Muangthai Digital Co., Ltd. ⁽¹⁾	30	30	3,000	3,000	861	861	-	-
BLTC Incorporation (Thailand) Co., Ltd. ⁽²⁾	60	60	65,707	16,320	39,605	9,837	-	8,614
Songcheng (Pattaya) International Culture Co., Ltd. ⁽³⁾	20	-	1,000	-	1,000	-	1,000	-
Joint venture								
Rizen Energy Co., Ltd. ⁽⁴⁾	45	45	35,000	35,000	15,750	15,750	10,136	9,555
Total					57,216	26,448	11,136	18,169

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

	Ownership interest		Paid-up capital		Separate financial statements				At cost - Net	
	2019	2018	2019	2018	2019	2018	2019	2018	2018	2017
	(%)						(in thousand Baht)			
Associates										
Muangthai Digital Co., Ltd. ⁽¹⁾	30	30	3,000	3,000	861	861	(861)	(861)	-	-
BLTC Incorporation (Thailand) Co., Ltd. ⁽²⁾	60	60	65,707	16,320	39,605	9,837	(39,605)	-	-	9,837
Songcheng (Pattaya) International Culture Co., Ltd. ⁽³⁾	20	-	1,000	-	1,000	-	-	-	1,000	-
Joint venture										
Rizen Energy Co., Ltd. ⁽⁴⁾	45	45	35,000	35,000	15,750	15,750	(6,499)	-	9,251	15,750
Total					57,216	26,448	(46,965)	(861)	10,251	25,587

(1) Associate operate the businesses in Thailand of retailing and wholesaling of electrics appliances, including parts.

(2) Associate operate the business in Thailand of holding company which invested in logistic business.

(3) Joint venture operates the business in Thailand of cultural center.

(4) Joint venture operates the business in Thailand of distribution of electric vehicles.

None of the Group's associate and joint venture are publicly listed and consequently do not have published price quotation.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

14 Investments in subsidiaries

	Note	Separate financial statements	
		2019	2018
		<i>(in thousand Baht)</i>	
At 1 January		95,125	75,950
Acquisitions	5	41,400	19,175
Disposal	12	(38,500)	-
At 31 December		98,025	95,125

Acquisitions

For the year ended 31 December 2018

AJ Vending Co., Ltd.

At the Extra Ordinary Shareholders meeting of the Company held on 28 March 2018, the shareholders approved the increase in the authorised share capital from Baht 50 million to Baht 70 million by issue 2 million ordinary shares with par value of Baht 10 per share. The Company has made the payment as the Company's ownership interest in amounting to Baht 11 million. The subsidiary registered the increase of share capital with the Ministry of Commerce on 4 April 2018.

Youtai Group Co., Ltd.

At the Board of Directors meeting of the Company held on 26 June 2018, the Board approved to establish a subsidiary, Youtai Group Co., Ltd. to engage in export business with an initial registered share capital of Baht 50 million (500,000 ordinary shares with par value of Baht 100 each), as the Company to hold 51% interest. Such subsidiary was registered on 8 August 2018 and an initial paid-up share capital was 25% and the Company has made the payment in the amounting of Baht 6.4 million in August 2018.

Happy Vision Co., Ltd.

In September 2018, the Group acquired an additional 9% interest in Happy Vision Co., Ltd. (Happy Vision) for Baht 1.8 million, increasing its ownership interest from 90% to 99%. The carrying amount of Happy Vision's net assets in the Group's financial statements on the date of the acquisition was Baht 3.9 million. The Group recognised a decrease in non-controlling interests of Baht 3.9 million, an increase in retained earnings of Baht 2.1 million of changes in the Group's ownership interest in Happy Vision.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Investments in subsidiaries as at 31 December 2019 and 2018 were as follows:

	Type of business	Ownership interest (%)	Separate financial statements				
			Paid-up capital	At cost	Dividend income		
			2019	2018	2019	2018	
					(in thousand Baht)		
Direct subsidiaries							
Siam Advance Electronic Co., Ltd.	Retailing and wholesaling of electric appliance, including parts.	51	50,000	50,000	25,500	25,500	-
AJ E-Commerce Co., Ltd.	Providing service to members relating to the access of website of such Company for purchase and sales of goods.	100	5,000	5,000	4,950	4,950	-
Happy Vision Co., Ltd.	TV's drama programs, other entertainment media and retailing of sport shoes.	99	20,000	20,000	19,800	19,800	-
AJ Vending Co., Ltd.	Sale food and beverages through vending machine.	-	-	70,000	-	38,500	-
Youtai Group Co., Ltd.	Export product and service to members relating to the access of website of such Company for purchase and sales of goods.	51	12,500	12,500	6,375	6,375	-
Bangkok Pay Co., Ltd.	Retail top-up machine, top-up service for prepaid phone, service prepaid kiosk, e-money service and accept payment via electronic method.	60	69,000	-	41,400	-	-
Total					98,025	95,125	-

All subsidiaries were incorporated and operate in Thailand.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

15 Non-controlling interests

The following table summarizes the information relating each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	31 December 2019			
	Bangkok Pay Co., Ltd.	Siam Advance Electronic Co., Ltd.	Other individually immaterial subsidiaries	Total
			(in thousand Baht)	
Non-controlling interest percentage	40	49		
Current assets	68,962	119,153		
Non-current assets	55,261	4,179		
Current liabilities	(70,515)	(79,523)		
Non-current liabilities	(37,098)	(413)		
Net assets	16,610	43,396		
Carrying amount of non-controlling interest	6,644	21,264	5,230	33,138
Revenue	18,950	170,661		
Loss	(2,677)	(24,769)		
Loss allocated to non-controlling interest	(1,071)	(12,137)	(1,815)	(15,023)
Cash flows from operating activities	43,006	(25,263)		
Cash flows from investing activities	(69,174)	(2,589)		
Cash flows from financing activities	68,977	(14)		
Net increase (decrease) in cash and cash equivalents	42,809	(27,866)		

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

	31 December 2018		
	Siam Advance Electronic Co., Ltd.	AJ Vending Co., Ltd.	Other individually immaterial subsidiaries
	49	45	Total
	<i>(in thousand Baht)</i>		
Non-controlling interest percentage			
Current assets	103,740	18,428	
Non-current assets	1,575	44,292	
Current liabilities	(37,096)	(5,906)	
Non-current liabilities	(56)	(1,531)	
Net assets	68,163	55,283	
Carrying amount of non-controlling interest	33,400	24,877	63,943
Revenue	171,097	68,031	
Profit (loss)	17,944	(3,460)	
Profit (loss) allocated to non-controlling interest	8,793	(1,557)	(987)
Cash flows from operating activities	(11,624)	(725)	
Cash flows from investing activities	3,936	17,507	
Cash flows from financing activities	(916)	(14,804)	
Net increase (decrease) in cash and cash equivalents	(8,604)	1,978	

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

16 Property, plant and equipment

Consolidated financial statements

	Land and improvement	Buildings and improvement	Office equipment	Tools (in thousand Baht)	Vehicles	Vending machine	Assets under construction and installation	Total
Cost / revaluation								
At 1 January 2018	180,487	102,694	17,670	25,374	15,673	29,117	14,071	385,086
Additions	155	1,280	973	728	3,266	-	1,985	8,387
Transfers	-	-	-	-	-	11,909	(11,909)	-
Disposals	-	(776)	(1,312)	(1)	(1,573)	(61)	-	(3,723)
At 31 December 2018 and 1 January 2019	180,642	103,198	17,331	26,101	17,366	40,965	4,147	389,750
Additions	-	172	1,505	495	2,420	-	4,619	9,211
Surplus on revaluation	194,426	-	-	-	-	-	-	194,426
Transfers	-	-	-	-	1,794	4,547	(6,341)	-
Disposals	-	(467)	47	-	(5,491)	(276)	(653)	(6,934)
Loss of control (Note 12)	-	(54)	(1,389)	(405)	(4,674)	(45,236)	(1,497)	(53,255)
At 31 December 2019	375,068	102,849	17,400	26,191	11,415	-	275	533,198
Depreciation								
At 1 January 2018	9,719	42,956	12,253	19,051	9,106	2,072	-	95,157
Depreciation charge for the year	3,951	5,327	1,939	2,748	2,133	4,580	-	20,678
Disposals	-	(155)	(1,290)	(1)	(1,573)	-	-	(3,019)
At 31 December 2018 and 1 January 2019	13,670	48,128	12,902	21,798	9,666	6,652	-	112,816
Depreciation charge for the year	3,957	5,053	1,804	2,137	3,572	5,156	-	21,679
Disposals	-	(71)	(32)	-	(5,163)	(59)	-	(5,325)
Loss of control (Note 12)	-	(25)	(637)	(172)	(1,632)	(11,749)	-	(14,215)
At 31 December 2019	17,627	53,085	14,037	23,763	6,443	-	-	114,955

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Consolidated financial statements

	Land and improvement	Buildings and improvement	Office equipment	Tools (in thousand Baht)	Vehicles	Vending machine	Assets under construction and installation	Total
Net book value								
At 31 December 2018								
Owned assets	166,972	55,070	4,244	4,302	2,766	34,312	4,147	271,813
Assets under finance leases	-	-	185	-	4,934	-	-	5,119
	166,972	55,070	4,429	4,302	7,700	34,312	4,147	276,932
At 31 December 2019								
Owned assets	357,441	49,764	3,363	2,428	4,152	-	275	417,423
Assets under finance leases	-	-	-	-	820	-	-	820
	357,441	40,764	3,363	2,428	4,972	-	275	418,243

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Separate financial statements

	Land and improvement	Buildings and improvement	Office equipment	Tools (in thousand Baht)	Vehicles	Assets under construction and installation	Total
Cost / revaluation							
At 1 January 2018	180,487	102,641	16,436	25,052	13,372	53	338,041
Additions	155	109	440	376	2,091	222	3,393
Disposals	-	(73)	(1,313)	(1)	(1,573)	-	(2,960)
At 31 December 2018 and 1 January 2019	180,642	102,677	15,563	25,427	13,890	275	338,474
Additions	-	172	1,286	365	754	-	2,577
Surplus on revaluation	194,426	-	-	-	-	-	194,426
Disposals	-	-	(47)	-	(5,491)	-	(5,538)
At 31 December 2019	375,068	102,849	16,802	25,792	9,153	275	529,939
Depreciation							
At 1 January 2018	9,719	42,951	12,092	19,012	9,779	-	93,553
Depreciation charge for the year	3,951	5,176	1,671	2,663	1,705	-	15,166
Disposals	-	(73)	(1,290)	(1)	(1,573)	-	(2,937)
At 31 December 2018 and 1 January 2019	13,670	48,054	12,473	21,674	9,911	-	105,782
Depreciation charge for the year	3,957	5,031	1,538	1,999	1,521	-	14,046
Disposals	-	-	(32)	-	(5,163)	-	(5,195)
At 31 December 2019	17,627	53,085	13,979	23,673	6,269	-	114,633

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Separate financial statements						
	Land and improvement	Buildings and improvement	Office equipment	Tools (in thousand Baht)	Vehicles	Assets under construction and installation
						Total
Net book value						
At 31 December 2018						
Owned assets	166,972	54,623	3,090	3,754	2,121	230,853
Assets under finance leases	-	-	-	-	1,858	1,858
	166,972	54,623	3,090	3,754	3,979	232,693
At 31 December 2019						
Owned assets	357,441	49,764	2,823	2,119	2,064	414,486
Assets under finance leases	-	-	-	-	820	820
	357,441	49,764	2,823	2,119	2,884	415,306

The gross amount of the Group's and the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2019 amounted to Baht 41.4 million (2018: Baht 46.2 million).

Measurement of fair value

Fair value hierarchy

The fair value of land was appraised on 1 January 2019 by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for land has been categorised as a Level 3 fair value based on the inputs to the valuation technique used which Market Comparison Approach Valuation technique.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries
For the year ended 31 December 2019

17 Contract cost assets

	Consolidated financial statement				Total
	Mobile top-up machine and electronic payments kiosk from business combination (Note 5)	Mobile top-up machine and electronic payments kiosk	Mobile top-up machine and electronic payments kiosk under installation		
	<i>(in thousand Baht)</i>				
Cost					
At 1 January 2019	-	-	-	-	-
Acquired through business combinations	11,697	-	-	-	11,697
Additions	-	19,206	3,260		22,466
At 31 December 2019	11,697	19,206	3,260		34,163
Amortisation					
At 1 January 2019	-	-	-	-	-
Amortisation charge for the year	696	458	-	-	1,154
At 31 December 2019	696	458	-		1,154
Net book value					
At 31 December 2018	-	-	-	-	-
At 31 December 2019	11,001	18,748	3,260		33,009

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

18 Goodwill

		Consolidated financial statements	
	Note	2019	2018
		(in thousand Baht)	
Cost /Net book value			
At 1 January		-	-
Acquired through business combinations	5	29,828	-
At 31 December		29,828	-

During 2019, goodwill arose from purchasing shares of Bangkok Pay Co., Ltd. (“BPAY”) and Bangkok Business Online Co., Ltd. (“BBO”), which operating business relating to retail selling of top-up machine, providing prepaid mobile top-up, banking agents and electronic payments services. The acquisition proportion was 60% of total shares.

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group’s cash-generating units (CGUs) identified according to business segment-level as follows:

	Consolidated financial statements	
	2019	2018
<i>(in thousand Baht)</i>		
Retail top-up machine, top-up service for prepaid phone, service prepaid kiosk business segment	29,828	-
Total	29,828	-

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value.

The recoverable amount of this goodwill was based on its value in use, determined by discounting the future cash flows to be generated was greater than the total carrying amount of goodwill. As a result, goodwill was not impaired as at 31 December 2019. The cash flows were projected over a period 5 years.

The values assigned to the key assumptions represent management’s assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. The key assumptions used in the estimation of goodwill’s value in use were as follows:

Key assumptions	2019
Discount rate	13 %
Terminal value growth rate	1 %
Budgeted EBITDA growth rate (average)	7 %

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

The discount rate was estimated based on the weighted-average cost of capital. The risk-free discount rate was based on the rate of 10-year government bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately Baht 59.61 million. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

Key assumptions	2019
Discount rate (movement increase)	10.37 %
Budgeted EBITDA growth rate (movement decrease)	26.30 %

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

19 Intangible assets

	Consolidated financial statement				
	Computer software and others	Music copyright	Software copyright (In thousand baht)	Long-term service agreements	Computer software under installation
					Total
Cost					
At 1 January 2018	8,321	1,291	-	-	10,996
Additions	372	-	-	-	372
Disposals	-	-	-	-	(1,384)
At 31 December 2018 and 1 January 2019	8,693	1,291	-	-	9,984
Acquisitions through business combinations (Note 5)	-	-	16,258	4,053	20,311
Additions	500	41,020	-	-	41,584
Loss of control (Note 12)	(195)	-	-	-	(195)
At 31 December 2019	8,998	42,311	16,258	4,053	71,684
Accumulated amortisation					
At 1 January 2018	6,880	173	-	-	7,053
Amortisation for the year	877	122	-	-	999
At 31 December 2018 and 1 January 2019	7,757	295	-	-	8,052
Loss on impairment	-	15,559	-	-	15,559
Amortisation for the year	401	5,531	682	340	6,954
Loss of control (Note 12)	(85)	-	-	-	(85)
At 31 December 2019	8,073	21,385	682	340	30,480
Net book value					
At 31 December 2018	936	996	-	-	1,932
At 31 December 2019	925	20,926	15,576	3,713	41,204

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

	Separate financial statements			
	Computer software	Music copyright (in thousand Baht)	Computer software under installation	Total
Cost				
At 1 January 2018	7,591	-	1,384	8,975
Additions	90	-	-	90
Disposals	-	-	(1,384)	(1,384)
At 31 December 2018 and 1 January 2019	7,681	-	-	7,681
Additions	51	41,020	64	41,135
At 31 December 2019	7,732	41,020	64	48,816
Amortisation and loss on impairment				
At 1 January 2018	6,353	-	-	6,353
Amortisation for the year	822	-	-	822
At 31 December 2018 and 1 January 2019	7,175	-	-	7,175
Loss on impairment	-	15,559	-	15,559
Amortisation for the year	302	5,461	-	5,763
At 31 December 2019	7,477	21,020	-	28,497
Net book value				
At 31 December 2018	506	-	-	506
At 31 December 2019	255	20,000	64	20,319

Impairment

During 2019, the Company recognised impairment loss for music copyright since the Company expected that it would not receive future benefits from such music copyright in providing services for its members via Company's karaoke application.

20 Interest-bearing liabilities

As of 31 December 2019, credit facilities and secured interest-bearing liabilities with financial institutions were collateralised by fixed deposits at financial institutions, directors and related parties of which the details of collateralized assets were as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Fixed deposits at financial institutions	8	2,842	28,242	1,662	27,262
Total		2,842	28,242	1,662	27,262

As at 31 December 2019, the Group and the Company had unutilised credit facilities totaling Baht 5.0 million (2018: Baht 164.6 million).

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

21 Contract liabilities

Significant changes of contract liabilities during the year are as follows:

	Consolidated financial statements		
	Advance received from business combination (Note 5)	Advance received after acquired business (in thousand Baht)	Total
At 1 January 2019	-	-	-
Advance received from mobile top-up and electronic payments business	11,697	26,675	38,372
Recognised as revenue during the year	(696)	(632)	(1,328)
At 31 December 2019	11,001	26,043	37,044

22 Other payables

	Consolidated financial statements		Separate financial statements	
Note	2019	2018	2019	2018
	(in thousand Baht)			
Related parties	6	-	82	-
Other parties				
Copyright payables	31,069	-	31,069	-
Accrued operating expenses	61,413	51,490	28,085	45,866
Other payables from business combination	5	27,100	-	-
Others	4,090	2,122	1,603	1,029
Total	123,672	53,612	60,839	46,895

23 Other current liabilities

	Consolidated financial statements		Separate financial statements	
Note	2019	2018	2019	2018
	(in thousand Baht)			
Provision for sales returns	3	8,592	5,088	5,088
Others	1,940	1,538	1,001	1,100
Total	10,532	6,626	9,593	6,196

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

	Consolidated/Separate financial statements
	Provision for sales returns (in thousand Baht)
At 1 January 2018	3,279
Provisions made	1,809
At 31 December 2018 and 1 January 2019	5,088
Provisions made	3,504
At 31 December 2019	8,592

24 Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Statement of financial position				
Non-current provisions for:				
Post-employment benefits	<u>4,797</u>	<u>5,387</u>	<u>4,092</u>	<u>5,045</u>
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	<u>2,678</u>	<u>1,516</u>	<u>1,962</u>	<u>1,174</u>
Recognised in other comprehensive income:				
Actuarial gains recognised in the year	<u>(3,117)</u>	<u>(904)</u>	<u>(2,830)</u>	<u>(904)</u>

Defined benefit plan

The Group operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

Present value of the defined benefit obligations	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
At 1 January	5,387	4,775	5,045	4,775
Include in profit or loss:				
Current service costs	1,680	1,356	990	1,014
Past service cost	828	-	812	-
Interest on obligation	<u>170</u>	<u>160</u>	<u>160</u>	<u>160</u>
	<u>2,678</u>	<u>1,516</u>	<u>1,962</u>	<u>1,174</u>

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Present value of the defined benefit obligations	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Include in other comprehensive income:				
Actuarial (gain) loss				
- Experience adjustment	(2,612)	(1,187)	(2,406)	(1,187)
- Financial assumptions	(432)	179	(372)	179
- Demographic assumptions	(73)	104	(52)	104
	<u>(3,117)</u>	<u>(904)</u>	<u>(2,380)</u>	<u>(904)</u>
Other				
Benefit paid	(85)	-	(85)	-
Loss of control (Note 12)	<u>(66)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December	<u>4,797</u>	<u>5,387</u>	<u>4,092</u>	<u>5,045</u>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

Principal actuarial assumptions	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
			(%)	
Discount rate	1.8	2.9	1.8	2.9
Future salary increases	4.0	4.0 - 6.0	4.0	4.0 - 6.0
Turnover rate	10 - 35	10 - 30	10 - 35	10 - 30

Assumptions regarding future mortality are based on published statistics and mortality tables.

Sensitivity analysis

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

Effect to the defined benefit obligation	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
				(in thousand Baht)
At 31 December 2019				
Discount rate (1% movement)	(509)	591	(428)	497
Future salary increases (1% movement)	571	(503)	481	(423)
Turnover rate (20% movement)	(683)	882	(570)	731
At 31 December 2018				
Discount rate (1% movement)	(540)	628	(505)	588
Future salary increases (1% movement)	603	(530)	564	(496)
Turnover rate (20% movement)	(720)	945	(673)	875

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

25 Share capital

		Consolidated financial statements/ Separate financial statements			
	Par value per share (in Baht)	2019		2018	
		Number	Baht	Number	Baht
		(thousand shares / thousand Baht)			
<i>Authorised</i>					
At 1 January					
- ordinary shares	0.10	<u>5,269,250</u>	<u>526,925</u>	<u>5,269,250</u>	<u>526,925</u>
At 31 December					
- ordinary shares	0.10	<u>5,269,250</u>	<u>526,925</u>	<u>5,269,250</u>	<u>526,925</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	0.10	<u>4,240,295</u>	<u>424,030</u>	<u>4,240,295</u>	<u>424,030</u>
At 31 December					
- ordinary shares	0.10	<u>4,240,295</u>	<u>424,030</u>	<u>4,240,295</u>	<u>424,030</u>

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Warrants AJD-W1

On 26 December 2014, the first series of the Company's warrants (AJD-W1) to purchase the Company's ordinary share as approved in the extraordinary meeting of the shareholder no.1/2014 to allot to existing shareholders in the total of 749,999,976 units was listed and begun trading in The Stock Exchange of Thailand. The aforesaid warrants which are specified warrant holders and transferable are for a period of 5 years from the issued date (20 November 2014).

On 19 October 2015, the extraordinary shareholders' meeting approved the amendment of the terms and conditions governing rights and obligations of the warrant issuer and holders of the first series of warrants (AJD-W1) by adding alternative periods to exercise the first series of warrants (AJD-W1) from 2 times a year to 4 times a year. The warrant holders can exercise the right of warrants on every last business day of March, June, September and December each year.

The exercise price and exercise of warrants (AJD-W1) is Baht 1.527 per share at a ratio of 1 share warrant to 1.30972 new ordinary share.

Exercise of warrants AJD-W1

	2019	2018
	Number (unit)	
Warrants issued at 1 January	749,963,976	749,963,976
Deduct: Expired during the year	(749,963,976)	-
Warrants issued at 31 December	-	749,963,976

During 2019, the remaining warrants AJD-W1 were expired.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Share premium

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

26 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Surplus from business combination under common control

Surplus from business combination under common control represents the excess of the book value of business under common control over cost as of the acquisition date have been recorded as a surplus. It is non-distributable and will be retained until the respective subsidiaries are sold or otherwise disposed of.

Other components of equity

Valuation surplus

The valuation surplus account within equity comprises the cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

27 Segment information and disaggregation of revenue

Management determined that the Group has five reportable segments which are the Group's strategic divisions for different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Retailing and wholesaling of electric appliance, including parts
- Segment 2 Retailing and wholesaling of mobile phone, including parts
- Segment 3 Top-up service for prepaid phone and service prepaid kiosk (Increase during the period, see note 5, business combination)
- Segment 4 Sale food and beverages through vending machine (Discontinued segment, see note 12, disposal of subsidiary and discontinued operation)
- Segment 5 Others

Performance is measured based on segment operating profit (loss), as included in the internal management reports that are reviewed by the Group's CODM. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Consolidated financial statements

	Retailing and wholesaling of electronics appliances, including parts		Retailing and wholesaling of mobile phone, including parts		Top-up service for prepaid phone and service prepaid kiosk		Sale food and beverages through vending machine (discontinued)		Others		Eliminating entries		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
	(in thousand Baht)													
Revenues from external customers	177,602	369,951	170,661	170,893	18,950	-	66,777	68,032	36,536	76,238	-	-	470,523	685,114
Inter-segment revenues	384	14,070	-	205	-	-	-	-	3,926	2,070	(4,310)	(16,345)	-	-
Total revenues	177,986	384,021	170,661	171,098	18,950	-	66,777	68,032	40,459	78,308	(4,310)	(16,345)	470,523	685,114
Segment operating profit (loss)	(113,106)	(102,572)	(19,612)	25,973	(3,280)	-	(3,071)	(3,460)	(3,987)	39,886	(12,231)	619	(155,287)	(39,554)
Unallocated income and expenses													(1,219)	-
Loss from disposal of subsidiary													(15,559)	-
Impairment loss on assets													(171,824)	(91,134)
Impairment loss on investment													(37,801)	(7,309)
Share of loss of investments in associates and joint venture													(3,577)	(42,661)
Tax expense													(385,267)	(180,658)
Loss for the year														
Timing of revenue recognition														
At a point of time	177,986	384,021	170,661	171,098	17,622	-	66,777	68,032	36,524	76,238	(384)	(14,275)	469,186	685,114
Over time	-	-	-	-	1,328	-	-	-	3,935	2,070	(3,926)	(2,070)	1,337	-
Total	177,986	384,021	170,661	171,098	18,950	-	66,777	68,032	40,459	78,308	(4,310)	(16,345)	470,523	685,114

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Financial information by business segment for the consolidated statements of financial position as at 31 December 2019 and 2018 are as follows:

Consolidated financial statements														
	Retailing and wholesaling of electronics appliances, including parts		Retailing and wholesaling of mobile phone, including parts		Top-up service for prepaid phone and service prepaid kiosk		Sale food and beverages through vending machine (discontinued)		Others		Eliminating entries		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	
	(in thousand Baht)													
Other material non-cash items														
- Finance costs	267	1,307	14	8	23	-	97	414	327	172	-	(745)	728	1,156
- Bad and doubtful debts expense (reversal of)	(1,975)	(13,638)	3,329	-	-	-	-	-	-	-	-	-	1,354	(13,638)
- Loss from impairment of other intangible assets	15,559	-	-	-	-	-	-	-	-	-	-	-	15,559	-
- Loss from impairment of investments	171,824	91,134	-	-	-	-	-	-	-	-	-	-	171,824	91,134
- Reversal of loss from decline in value of inventories	(26,762)	(45,171)	-	-	-	-	-	-	-	-	-	-	(26,762)	(45,171)
- Interest received	2,693	2,863	781	78	11	-	-	3	56	587	-	(745)	3,541	2,786
- Capital expenditure	2,686	3,484	2,589	2,193	46,314	-	2,517	3,049	41,300	33	-	-	95,406	8,759

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

	Consolidated financial statements																
	Retailing and wholesaling of electronics appliances, including parts				Retailing and wholesaling of mobile phone, including parts		Top-up service for prepaid phone and service prepaid kiosk		Sale food and beverages through vending machine (discontinued)		Others		Eliminating entries		Total		
	2019		2018		2019		2018		2019		2018		2019			2018	
Total assets for reportable segments	658,194	1,054,989	123,333	105,316	173,936	-	-	62,720	101,114	77,133	2,385	(131,567)	1,058,962	1,168,591			
<i>Unallocated amounts</i>																	
Current investment													33,803	205,708			
Investments in associates																	
and joint venture													11,136	18,169			
Other long-term investment															2,842	28,242	
Total assets													<u>1,145,358</u>	<u>1,192,008</u>			
Total liability for reportable segments	153,135	76,696	4,175	37,151	101,092	-	-	7,437	8,065	6,678	(1,394)	(28,254)	265,073	99,708			

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

	Separate financial statements						
	Retailing and wholesaling of electronics appliances, including parts		Retailing and wholesaling of mobile phone, including parts		Top-up service for prepaid phone and service prepaid kiosk		Total
	2019	2018	2019	2018	2019	2018	
<i>For the year ended 31 December</i>							
Disaggregation of revenue							
Major products/services lines							
Revenues from sale of electronics appliances, including parts	177,986	353,147	-	-	-	-	353,147
Revenues from sale of mobile phone, including parts	-	-	188,462	161,790	-	-	161,790
Others	-	-	-	-	2,289	94,658	94,658
Total revenues	177,986	353,147	188,462	161,790	2,289	94,658	609,595
Timing of revenue recognition							
At a point of time	177,986	353,147	188,462	161,790	2,289	92,749	607,686
Over time	-	-	-	-	-	1,909	1,909
Total	177,986	353,147	188,462	161,790	2,289	94,658	609,595

Geographical segments

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

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

28 Investment income

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Interest income					
Related parties	6	-	-	-	156
Other parties		3,541	2,786	2,693	2,707
		<u>3,541</u>	<u>2,786</u>	<u>2,693</u>	<u>2,863</u>
Other investment income					
Other parties		-	43,018	-	60,080
		<u>3,541</u>	<u>45,804</u>	<u>2,693</u>	<u>62,943</u>

Gains on disposal of other long-term investments

On 9 February 2018, the Board of Directors Meeting of the Company approved the Company to waiver its right to subscribe for new shares. As a result, the Company's ownership interest will decrease from 17.67% to 14.48% of authorised share capital. Subsequently reporting date, on 5 April 2018, at the Board of Directors Meeting of the Company approved the Company to sell all of other long-term investment at Baht 150 per share, in total amount of Baht 180.2 million to other parties and received the consideration in April 2018. The Company recognised the gain on sale of investment in the consolidated and separate statements of comprehensive income for the year ended 31 December 2018 amount of Baht 43.0 million and Baht 60.1 million, respectively.

29 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Wages and salaries		91,985	91,920	66,844	85,928
Post-employment benefits	24	2,678	1,516	1,962	1,174
Others		44,726	47,768	29,844	45,465
Total		<u>139,389</u>	<u>141,204</u>	<u>98,650</u>	<u>132,567</u>

Defined contribution plan

The defined contribution plan comprises provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rate 2% of their basic salaries and by the Group at rate 2% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

30 Expenses by nature

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

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Purchases of merchandised goods and consumables used		315,350	346,399	286,648	339,632
Employee benefit expenses	29	139,389	141,204	98,650	132,567
Changes in inventories of merchandised goods		(2,145)	123,347	55,193	147,366
Cost of service		31,579	13,141	8,008	-
Sales promotional expenses		21,796	34,618	15,406	32,556
Depreciation and amortisation		16,187	16,161	14,722	15,989
Impairment loss on intangible assets	19	15,559	-	15,559	-
Freight charges		9,600	13,227	8,662	13,124
Bad and doubtful debts expense (reversal of)		527	(13,638)	(3,235)	(13,638)
Reversal of write-down to net realisable value	11	(26,762)	(45,171)	(26,762)	(45,171)
Others		49,814	23,147	35,070	22,691
Total cost of sales of goods, cost of rendering of service, distribution costs and administrative expenses		570,892	652,435	507,919	645,116

31 Income tax expense

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Income tax recognised in profit or loss					
Current tax expense					
Current year		357	4,593	-	-
Under recorded from prior period		-	313	-	-
Deferred tax expense					
Movements in temporary differences		3,220	37,755	4,734	37,941
Total		3,577	42,661	4,734	37,941
<i>Attributable to:</i>					
- Income tax expense from continuing operations		3,577	42,661	4,734	37,941
- Income tax from discontinued operation	12	-	-	-	-
Total income tax expense		3,577	42,661	4,734	37,941

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Consolidated financial statements						
	Before tax	2019 Tax expense	Net of tax (in thousand Baht)	Before tax	2018 Tax expense	Net of tax
Income tax						
Recognised in other comprehensive income						
Gain from revaluation of property	194,425	(38,885)	155,540	-	-	-
Defined benefit plan actuarial gains	3,117	(623)	2,494	904	(181)	723
Total	197,542	(39,508)	158,034	904	(181)	723

Separate financial statements						
	Before tax	2019 Tax expense	Net of tax (in thousand Baht)	Before tax	2018 Tax expense	Net of tax
Income tax						
Recognised in other comprehensive income						
Gain from revaluation of property	194,425	(38,885)	155,540	-	-	-
Defined benefit plan actuarial gains	2,830	(566)	2,264	904	(181)	723
Total	197,255	(39,451)	157,804	904	(181)	723

Reconciliation of effective tax rate

Consolidated financial statements				
	Rate (%)	2019 (in thousand Baht)	Rate (%)	2018 (in thousand Baht)
Loss before income tax expense from continuing operations		(378,619)		(134,537)
Income tax using the Thai corporation tax rate	20.00	(75,724)	20.00	(26,907)
Additional deductible expenses for tax purposes		(309)		(78)
Current year losses for which no deferred tax asset was recognised		36,871		16,958
Deferred tax asset which no benefit for tax purposes		4,864		44,173
Expenses not deductible for tax purposes		872		3,389
Elimination - taxable profit items		(10,739)		3,351
Share of loss of investments in associates and joint venture		7,560		1,462
Expenses not recognised as deferred tax asset		40,182		-
Under recorded from prior period		-		313
Total	(0.94)	3,577	(31.71)	42,661

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

	Separate financial statements			
	2019	2018	2019	2018
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Loss before income tax expense from continuing operations		(356,540)		(128,304)
Income tax using the Thai corporation tax rate	20.00	(71,308)	20.00	(25,661)
Additional deductible expenses for tax purposes		(309)		(78)
Current year losses for which no deferred tax asset was recognised		31,126		16,161
Deferred tax asset which no benefit for tax propose		4,864		44,173
Expenses not recognised as deferred tax asset		39,517		-
Expenses not deductible for tax purposes		844		3,346
Total	(1.33)	4,734	(29.57)	37,941

	Consolidated financial statements			
<i>Deferred tax</i>	Assets		Liabilities	
	<i>(in thousand Baht)</i>			
<i>At 31 December</i>	2019	2018	2019	2018
Total	2,588	6,431	38,885	-
Set off of tax	845	-	(845)	-
Net deferred tax assets (liabilities)	1,743	6,431	38,040	-

<i>Deferred tax</i>	Separate financial statements			
	Assets		Liabilities	
	<i>(in thousand Baht)</i>			
<i>At 31 December</i>	2019	2018	2019	2018
Total	845	6,145	(38,885)	-
Set off of tax	(845)	-	845	-
Net deferred tax assets (liabilities)	-	6,145	(38,040)	-

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Movement in total deferred tax assets and liabilities during the year ended 31 December 2019 and 2018 were as follows:

Consolidated financial statements			
At 1 January 2019	(Charged) / Credited to		At 31 December 2019
	Profit or loss	Other comprehensive income	
	<i>(in thousand Baht)</i>		
Deferred tax assets			
Accounts receivable (<i>allowance doubtful accounts</i>)	4,864	(4,864)	-
Other current liabilities (<i>provisions</i>)	47	(25)	22
Non - current provisions for employee benefit	1,078	518	973
Difference from recognition revenue and cost of sales	224	(219)	5
Unrealised intercompany profit on inventories	218	359	577
Gap from recognition revenue	-	1,011	1,011
Total	6,431	(3,220)	2,588
Deferred tax liabilities			
Property, plant and equipment	-	-	(38,885)
Total	-	(38,885)	(38,885)
Net	6,431	(39,508)	(36,297)

Consolidated financial statements			
At 1 January 2018	(Charged) / Credited to		At 31 December 2018
	Profit or loss	Other comprehensive income	
	<i>(in thousand Baht)</i>		
Deferred tax assets			
Accounts receivable (<i>allowance doubtful accounts</i>)	8,340	(3,476)	4,864
Inventories (<i>allowance for decline in value</i>)	33,963	(33,963)	-
Intangible assets (<i>amortization gap</i>)	30	(30)	-
Other current liabilities (<i>provisions</i>)	737	(690)	47
Non - current provisions for employee benefit	955	304	1,078
Difference from recognition revenue and cost of sales	241	(17)	224
Unrealised intercompany profit on inventories	101	117	218
Total	44,367	(37,755)	6,431

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Separated financial statements

	At 1 January 2019	(Charged) / Credited to		At 31 December 2019
		Profit or loss	Other comprehensive income	
		(in thousand Baht)		
Deferred tax assets				
Accounts receivable (<i>allowance doubtful accounts</i>)	4,864	(4,864)	-	-
Other current liabilities (<i>provisions</i>)	47	(25)	-	22
Non - current provisions for employee benefit	1,009	375	(566)	818
Difference from recognition revenue and cost of sales	225	(220)	-	5
Total	6,145	(4,734)	(566)	845
Deferred tax liabilities				
Property, plant and equipment	-	-	(38,885)	(38,885)
Total	-	-	(38,885)	(38,885)
Net	6,145	(4,734)	(39,451)	(38,040)

Separated financial statements

	At 1 January 2018	(Charged) / Credited to		At 31 December 2018
		Profit or loss	Other comprehensive income	
		(in thousand Baht)		
Deferred tax assets				
Accounts receivable (<i>allowance doubtful accounts</i>)	8,340	(3,476)	-	4,864
Inventories (<i>allowance for decline in value</i>)	33,963	(33,963)	-	-
Intangible assets (<i>amortization gap</i>)	30	(30)	-	-
Other current liabilities (<i>provisions</i>)	737	(690)	-	47
Non - current provisions for employee benefit	955	235	(181)	1,009
Difference from recognition revenue and cost of sales	242	(17)	-	225
Total	44,267	(37,941)	(181)	6,145

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Statement of income</i>				
Current investment <i>(allowance for impairment)</i>	34,365	18,227	34,365	18,227
Inventories <i>(allowance for decline in value)</i>	19,576	24,928	19,576	24,928
Investment in associates <i>(allowance for impairment)</i>	-	-	8,093	-
Trade accounts receivable <i>(allowance for doubtful accounts)</i>	4,786	-	4,120	-
Other intangible assets <i>(allowance for impairment)</i>	3,112	-	3,112	-
Other current liabilities <i>(provisions)</i>	1,718	1,018	1,718	1,018
Investment in joint ventures <i>(allowance for impairment)</i>	-	-	1,300	-
Loss carry forward	37,450	17,643	31,126	16,161
Total	111,007	61,816	103,410	60,334

The tax losses will expire in 2022 and 2023. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and can utilize the benefits therefrom.

32 Loss per share

Loss per share for the years ended 31 December 2019 and 2018 were based on the loss for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year.

	Consolidated financial statements				
	2019		2018		
	Continuing operation	Discontinued operation	Total (in thousand Baht / thousand shares)	Discontinued operation	Total
Loss attributable to ordinary shareholders of the Company	(368,555)	(1,689)	(370,244)	(1,903)	(186,907)
Weighted average number of ordinary shares outstanding	4,240,295	4,240,295	4,240,295	4,240,295	4,240,295
Loss per share (in Baht)	(0.087)	(0.000)	(0.087)	(0.000)	(0.043)

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

	Separate financial statements	
	2019	2018
	<i>(in thousand Baht / thousand shares)</i>	
Loss attribution to ordinary shareholders of the company	<u>(361,273)</u>	<u>(166,245)</u>
Weighted average number of ordinary shares outstanding	<u>4,240,295</u>	<u>4,240,295</u>
Loss per share <i>(in Baht)</i>	<u>(0.085)</u>	<u>(0.039)</u>

33 Financial instruments

Financial risk management policies

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

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

Capital management

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

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because financial assets and liabilities interest rates are mainly adjusted in accordance to market rate or are fixed which is close to current market rate.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

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

	Effective interest rate (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
2019					
Finance lease liabilities	1.47-5.25	244	-	-	244
Total		244	-	-	244
2018					
Finance lease liabilities	1.47-5.25	1,777	2,019	-	3,796
Total		1,777	2,019	-	3,796
	Effective interest rate (% per annum)	Separated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	
2019					
Finance lease liabilities	1.47-5.25	244	-	-	244
Total		244	-	-	244
2018					
Finance lease liabilities	1.47-5.25	829	513	-	1,342
Total		829	513	-	1,342

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
United States Dollars				
Current investment	34	206	34	206
Trade accounts payable	(27)	(14)	(27)	(14)
Gross statement of financial position exposure	7	192	7	192
Net exposure	7	192	7	192

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when the fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

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

Carrying amount and fair values

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

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value (in thousand Baht)	Carrying amount	Fair value
31 December 2019				
<i>Financial asset not measured at fair value</i>				
Current investment	33,803	33,803	33,803	33,803

Financial instruments not measured at fair value

Type	Valuation technique
Current investment	Calculations based on net asset value from trustee at reporting date.

Finance lease liabilities approximate to the carrying values due to interest rates approximate to market rates.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

34 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
Copyright	55	-	55	-
Total	55	-	55	-
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	1,134	3,130	164	503
After one year but within five years	1,934	4,022	448	612
Total	3,068	7,152	612	1,115
<i>Other commitments</i>				
Purchase orders for goods	34,678	88,237	32,411	87,650
Develop and maintenance contract	1,612	-	1,612	-
Total	36,290	88,237	34,023	87,650

Sale and purchase agreements

The Group entered into sale and purchase agreements with modern trade for distribution of products under brand “AJ”. The Company is committed to pay sales promotion and other sales related expenses at amounts specified in the agreements. The agreements are for the periods within one year, which are automatically renewable unless either party notifies for termination.

Service agreements

The Company entered into several service agreements with other parties covering services of warehouse rental, security, sales promotional advertising and other services. The Company is committed to pay service charges at amounts specified in the agreements. The agreements are for the periods of 6 to 12 months.

Agent agreement

The Company entered into agent agreement with another company, under this agreement the Company is committed to recruit members and provide services related to purchase of goods via such company’s website. The Company receives share of membership fee at amounts specified in the agreement. The agreement is for the period of 12 months.

Collaboration agreement

The Company has entered into the Collaboration agreement with a financial institution and a company that the Company entered into an agent agreement to get members relating to the access of website. The financial institution will provide marketing activities and financial service for transactions through the website for purchase and sale of goods. The Company is committed to pay fee as specified in the agreement. The Collaboration agreement is for a period of 12 months.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

Agent appointment agreement

The Company has entered into agent appointment agreement with a company. Under the agreement, the agent company will act as agent to get and provide service to members relating to the access of website for purchase and sales of goods that Company entered into the agreement acting as an agent to get and provide service to members. The Company is committed to pay commission fees as specified in the agreement. The agent appointment agreement is for the period of 12 months.

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

35 Events after the reporting period

On 11 February 2020, the Board of Director of the company, the Board approved to establish two new subsidiaries as below;

Company	Category	Initial authorized share capital (in million Baht)	Ordinal shares	Par value	Proportion of share	Registration Date	Initial paid-up share capital (%)	Paid-up share capital (in million Baht)	Date of paid- up share capital
AJ Beauty Group Co., Ltd.	The business of beauty and cosmetic center in Bangkok and province	20	(Share) 2,000,000	(Baht) 10	(%) 100	24 February 2020	50	10	24 February 2020
Union Thai Platform Co., Ltd.	The business of investment platform, management and online service to small and medium company	1	100,000	10	51	In the process of establishing a company	25	-	-
AJ Charge Point Co., Ltd.	The business of distribution and rental power bank	10	1,000,000	10	51	In the process of establishing a company	25	-	-

On that day, the Board approved to establish a new an indirect subsidiary (subsidiary of Bangkok Pay Co., Ltd) as below;

Notes to financial statements

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2019

36 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group and Company will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's and Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 3.1 million and Baht 0.6 million, respectively, on an undiscounted basis. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.



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