

# LET'S **CHANGE**

**AJA**

## **ANNUAL REPORT 2020**



# 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

	2018	2019	2020
<b>Statement of Financial Position</b>			
Total assets	1,192.01	1,115.20	931.49
Total liabilities	99.71	265.92	236.00
Total equity	1,092.30	849.29	695.45
<b>Statement of Comprehensive Income</b>			
Revenues from sales and service	556.24	392.53	350.44
Cost of sales and services	411.06	328.30	292.41
Profit before finance costs and income tax expense	(126.49)	(340.19)	(150.85)
Net profit (loss)	(186.91)	(370.24)	(132.08)
<b>Financial Ratios</b>			
Net profit margin (%)	(30.17)	(52.56)	(36.34)
Return on equity (%)	(16.68)	(23.01)	(16.18)
Return on assets (%)	(14.09)	0.38	5.75
Debt to equity ratio (time)	0.09	0.31	0.34
Net profit per share (Baht)	(0.043)	(0.087)	(0.031)

Investors can find out more information from 56-1 form which is published in [www.set.or.th](http://www.set.or.th) or [www.ajthai.com](http://www.ajthai.com)

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AJ Advance Technology Public Company Limited



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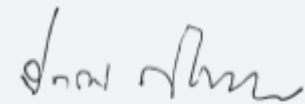
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Independent Auditor Report  
and Financial Statements





## Message from the Chairman of the Board and Chief Executive Officer



**M.R. Chirakom Kitiyakara**

Chairman of the Board of Directors



**Mr. Apisit Taisedtawatkul**

Chief Executive Officer

In the year 2020, The economy contracted seriously due to the situation COVID-19 outbreak. The consumers' purchasing power was weakened this has a great impact on the business operations of the company group and all business sectors.

Performance of the company group, has generated THB 350.44 million in revenues from sales and services, was a decreased of THB 42.09 million or 10.72% from the preceding year which had the net loss attributable to owners of the parent at 132.08 million Baht. If compared with the operation result of same period last year, company had the net loss decreased at 238.17 million baht or 64.33%. The significant reason was because the company recorded Impairment losses on investment, a decrease of 163.93 million baht from the last year, and reduced inefficient costs corresponded to the current economic recession and sales conditions, even though the company followed the strategy already but the performance of the company and its subsidiaries has not met the target due to the volatility of economic that Thailand and the world were faced. Including the changes of consumer behavior, shopping for goods and services through online channels is increasing every year. The Board of Directors and management are aware of various factors affecting the operations of the Group of Companies. Therefore, the situation has been closely monitored to adjust the management strategy to be in line with the situation. In 2021, the management structure has to be adjusted, including downsizing the organization to suit the business model, Business model adjustments focus on finding products that the market needs, Expanding effective distribution channels, Reduce costs and ineffective costs. However, the company has confidence that it will go through this crisis. They are ready to cope with changes and not giving up on obstacles in order to turn the company's operating results to meet the target again.

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.

# 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 2020, the Audit Committee held a total of 7 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 2020, 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 2020 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 2021

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 auditor with Karin Audit Co., Ltd. to be the auditor for the Company and its subsidiaries for the fiscal year 2021, as well as determined the auditor's remuneration to be THB 2,160,000, which will be proposed to the General Meeting of Shareholders. The list of auditors is as follows:

- |    |                            |                                   |
|----|----------------------------|-----------------------------------|
| 1. | Mr. Kannika Wipanurat      | Certified Auditor No. 7305 and/or |
| 2. | Mr. Jirote Sirirrote       | Certified Auditor No. 5113 and/or |
| 3. | Ms. Nonglak Pattanabundith | Certified Auditor No. 4713 and/or |
| 4. | 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 2020 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**

- Chairman of the Board of Directors



**LT. Gen. Pajongjed Meepin**

- Chairman of Audit Committee
- Independent Director
- Director

### Education

Master of Political Science, Utah State University  
Bachelor of Law, Thammasat University

### Training

Director Accreditation Program (DAP) 172/2020

### Working Experience

2004 - 2007 Minister (Commercial) Tokyo, Ministry of CommerceTrade  
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

### 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,  
9<sup>th</sup> Infantry Brigade





**Dr. Phuvit Panyasit**

- Independent Director
- Director
- Audit Committee



**Mr. Anake Pattanaslid**

- Director

### 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.  
1<sup>st</sup> Lieutenant Governor, Alumni Association of Panitchayakan Rajdamnern Technological College  
1<sup>st</sup> 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.

### 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**

- Director
- Chief Executive Officer
- Chairman of the Executive Committee



**Mr. Boonyasit  
Saengpongphithaya**

- Director

### Education

Bachelor of Business Administration (Marketing),  
Assumption University

### 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, Youtai 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.

### 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.  
Director Songcheng (Pattaya )  
International Culture Co.,Ltd.

### Experience

2012 - 2016 Managing Director, Wichet Nakornauyorn  
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

- 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), Krirk University

#### Training

Director Accreditation Program 171/2020

#### 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, USA (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.

1987 - 1993 Procurement and Inventory Manager, Mahajak Industry Co., Ltd.

**Mrs. Prangthip Chanvisitsak**

- 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

## 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 Youtai 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.

2020 :

**February :** On February 11<sup>th</sup>, 2020, the Board of Directors has approved the establishment of 2 new subsidiaries to support the business expansion of the group of company

- AJ Beauty Group Co., Ltd. was established on February 24<sup>th</sup>, 2020, where the company has recognized an opportunity in the beauty business. The goal is to operate a beauty business in Bangkok and other provinces serving Thais and foreigners. Since the impact of the COVID-19, Therefore postponed business operation and wait for the right moment to start the business.
- Union Thai Platform Co., Ltd. Was established on April 15<sup>th</sup>, 2020, the company has jointly invested with partners operating an investment, management and online services platform for Thai SMEs. Nevertheless the business has not been started operating due to the COVID-19 pandemic, the venture capitalist who is aboard is inconvenient for traveling internationally. The project, therefore, has been suspended for such and wait for the right moment to start the business.

**March :** On March 26<sup>th</sup>, 2020, the Board of Directors has resolved to appoint an auditor. Karin Audit Company Limited to be the company and subsidiary auditor for the year 2020.

**July :** On July 24<sup>th</sup>, 2020, The Annual General Meeting of Shareholders for the year 2020 has passed a resolution to decrease the Company's registered capital by eliminating the remaining ordinary shares from the exercise of warrants to purchase ordinary shares of the Company, Class 1 (AJA-W1) from THB 526,925,023 to be registered capital THB 424,029,474.40



# 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 315 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)

In 2020, audio-visual appliances has accounted for 46% of the electrical appliances group’s sales value, compared to the previous year was at 59%, with a downward trend due to being replaced by a mobile phone. 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

AJ-97N: Wheel Speaker Enclosure Bluetooth with microphone Output power: 10W (NEW)



AJ - 777: Loudspeaker 1,500 watt loudspeaker with mic.



AJ-88N: Wheel Speaker Enclosure Bluetooth with mic, 25 watt output, brand AJ, model AJ-88 (NEW)



AJ-7SET: Set Powered Wheel Speaker AJ-777N (2 units).





TKR-302T: Karaoke set, hard disk Karaoke player. 500GB 2CH US



## 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

DVB-92: Digital TV Set-Top Box



- 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.



## 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, In 2020, the sales at 54% of the electrical appliances group. Which last year was at 41%, with an increased trend and the income ratio is higher than that of current audio and visual, because there is a wide variety of products meet the needs of today's consumers who want more convenience, speed, and healthy, to cook their own meals in their household, coupled with a modern device model, easy to use and convenient.



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, microwave ovens, and Oil - free fryer.

#### Example of Large Home Appliances



WM - 008: Semi-automatic two-drum washing machine, 8.5 kg.



AC-001: Air cooler fan Voltage 220-240V







AJ- GA2H-01A: Two Burners Gas  
Stove Infrared + head



WD-001: Water Filter



BL-002N : Plastic blender (NEW)



AF-003: Oil-free fryer,  
2.2 liters, 1,100 watts.



AF-008: Oil-free fryer,  
4.5 liters, 1,500 watts.



#### Examples of solar LED products



#### Target Customers and Distribution Channels

The group of Company distributes its electrical appliances through modern trade channels distributors, and various online sales channels, website, facebook and TV shopping 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, Home theatre sets and Bluetooth speakers 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, Facebook, sell Online and Shopping TV.

### 1.3. AJ EV Bike

In 2020, the Company launched the electric motorcycle (EV Bike) distribution business. By importing products from abroad, It is known as AJ EV BIKE, including 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

Which received positive feedback from customers, the electric motorcycle market is good, with the number 2 listed and 25% market share (data from the Department of Land Transport).

However, in 2020 is a good start. Due to the overall market of electric motorcycles Just in the beginning And will expand over 3-5 years in line with the realization of air pollution reduction PM 2.5 dust and fuel economy saving.

The Group aims to expand service centers, to provide after-sales service and expand sales territories to cover all over the country in the near term since there are retail customers in every province of the country.

### 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.

For commercial customers such as Food Delivery or Bike Logistic, they have a higher purpose than retail customers. Which the Company can import new models to meet and propose to projects in the name of "AJ EV BIKE" and to build confidence for customers, the Company will focus on quality and after-sales service including adding new products in the same group, such as electric bicycles, electric scooters according to the direction of the new market.

## 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.

### Target Customers and Distribution Channels

In 2020, the business in this category focuses on distributing to small mobile phone retailers or dealers such as shops in department stores. In 2021, the distribution channel is under restructuring, where AJ smartphones will be sold through dealers whilst HOTWAV smartphones through sales teams and 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. Full telecommunication business

Bangkok Pay Company Limited, a subsidiary has been fully engaged in telecommunication business, with the foundation of creating an Eco-System to support the expanding business in the long term, we focus on the passive income generation business by building a strong customer base, and focus on good service, having service mind for all customers of all genders and ages, including the following businesses.

### 3.1 Top-up service for prepaid phone and service prepaid kiosk

For business sales top-up machines, top-up service for prepaid phone, service prepaid kiosk, e-money service and accept via payment via electronic method, It is a product that provides electronic transactional services that can be top-up with mobile phones, conveniently pay bills. The Company and the customers who invest in the top-up machines will receive a fee from the transaction amount every time the consumer uses the service. Business start in Q3 / 2020, focusing on providing more automated services, add



convenience, easy to use, which will be available to more than 10,000 locations throughout Thailand, and continues to develop continuously to add services on the top-up machines.

Automatic top-up machine Model AJ - 5G



### 3.2 Selling and providing services for payment machines for goods and services

AJ POS is a convenience tool to the shop for use in receiving payments for products and services easily complete all in one device. Whether accepting payments by Bank or Non-Bank, AJ POS can support a complete range of payments, convenient for merchants. This product can accept a variety of payment methods such as Prompt Payline, Alipay, etc.



#### Target Customers and Distribution Channels

Since the automatic top-up machine and AJ POS 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.

### 3.3 Sell and provide SIM phone service

AJ SIM, a provider of prepaid mobile phone systems, has been granted a Category 1 telecommunication business license from NBTC and has been granted a virtual network. On the national telecommunication network. The target will start service on April 2021 onwards and develop the software system to support full use via Mobile app, Website, Counter Service, Call Center, Social of all types to meet the modern society.



#### Target Customers and Distribution Channels

In this business, the company does not focus with competition with Telephone major, it will focus on the retail store customers, mobile stores and general customers by setting the service package according to the needs of the customer group, including the package that to have service charge economical, according to the needs of use.

### 3.4 AJ Charge Point Rental business Power Bank

For this business, it has a unique feature that users can borrow and return in different areas, anywhere and anytime. Power Bank of the Company is durable, can be removed without being damaged easily, and also supports all types of mobile phones, including USB type C and Micro USB connections. Business style will have a power bank to provide services at various locations such as restaurants, entertainment venues, government offices, etc. To facilitate with cell phone users to communicate continuously even if the battery is dead Which can be seen that cell phone It is necessary for daily life, more and more every day and have to do transactions many things through mobile phone.



#### 4. Other Businesses

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) 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, which will consider re-operating this business when there is a good chance suitable, ready for investment.
- 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. Since 2019, 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.

#### 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 90 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

With reference to "2020-2022 Thailand Industry Outlook" by Krungsri Research on January 29, 2020. The production of electrical appliances in 2020-2022, tends to grow slightly. It is expected that domestic demand will grow by 1-2% per year on average, driven by (1) weather that is expected to warm up from the global warming phenomenon that contributes to the refrigeration appliance market. (2) Demand in the real estate market that is expected to improve somewhat in 2021-2022 (3) some consumers have a need to replace new electrical appliances according to their service life; and (4) the marketing strategy of manufacturers and merchants of electrical appliances to launch new products, and pay more attention to online distribution channels to increase awareness channels and stimulate purchasing decisions.

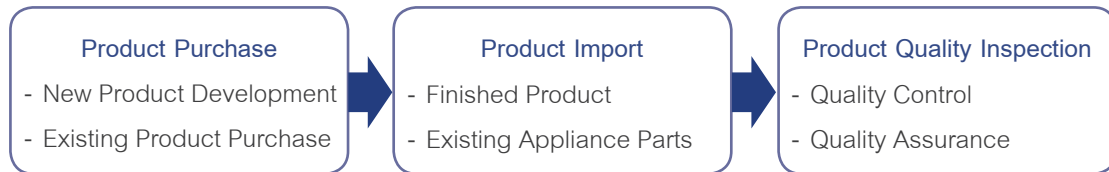
## Electrical Appliances Sector

In 2020, the Company was in a state of declining sales compared to the previous year, with one factor of the change being affected by the volatility of the global economic and financial systems. Increasing price competition. Including nowadays, consumer behavior has changed according to the era audio-visual appliances such as DVD players, Blu-ray, have been replaced by smart phones for household appliances. Products with a high percentage of income are electrical appliances in the household such as air conditioners and cooling fan, which sells well in summer, as for other household appliances, although there is a growing new products, competition is fierce, as a result, the sales volume declined from the previous year. As a result of the impact in 2020, the Company has made adjustments such as selecting more modern products to suit each sales channel. Adjustment of sales channels according to the situation and consumer behavior such as increasing online sales, Facebook, TV shopping etc.

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, for example, the right to be an electric vehicle dealer 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. The owner of the product or service has not yet decided to expand its investment in the near term. Thus, cooperation with local entrepreneurs is believed to be the best option, however, for measures to reduce the risk in the opportunity for product owners to enter business in Thailand by themselves, it is more specialized to take care of and provide customer service. Shaking hands with partners with business expertise and experience Have a good customer base, etc. or Alibaba recruitment business, in addition to the right to be an agent to recruit members The company needs to provide additional services to customers such as The service provides information about the product. Suggesting or creating pages that capture the customer's attention. Providing various advice that can support and increase sales for customers, etc.



- 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 24, 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	70 Par: THB 100	51	357,000	
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.	69 Par: THB 10	60	4,140,000	Incorporated and 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)
Songcheng (Pattaya ) International Culture Co., Ltd.	Art and cultural center business	5 Par: THB 100	20	100,000	(Associated company) Incorporated 4/9/2019 Company not yet commenced
AJ Beauty Group Co., Ltd.	Engages in dermatology and beauty clinics in Bangkok and other provinces	20 Par: THB 100 (Paid-up 50%)	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	Incorporated 15/4/2020 (Operation not yet commenced)



## Shareholding Structure

As of October 12<sup>th</sup>, 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	324,309,115	7.65
3	Thailand Securities Depository Co., Ltd. for Depositor	306,538,845	7.23
4	Mrs. Nasikar Meemanonuns	228,391,072	5.39
5	Mr. Pipat Patiwetphinyo	198,369,113	4.68
6	Miss Wanida Wasiphanphong	175,342,215	4.14
7	Miss Chinda Meemano	108,869,570	2.57
8	Mr. Chot-anant Saengpongpitaya	102,706,422	2.42
9	Mr. Nawat Itsaragrisil	91,826,100	2.17
10	Miss Kallayarat Kruawan	70,000,000	1.65
Top ten shareholders		2,102,328,333	49.58
Other shareholders		2,137,966,411	50.42
Total		4,240,294,744	100.00

### Remark :

- Mr. Amorn Meemano family group consists of shareholders and shareholding ratio as follows:
  - Mrs. Nasikar Meemanonuns 5.39%
- Mr. Pipat Patiwetphinyo family group consists of shareholders and shareholding ratio as follows:
  - Ms. Wanida Wasiphanphong 4.14%



## Dividend Payment Policy

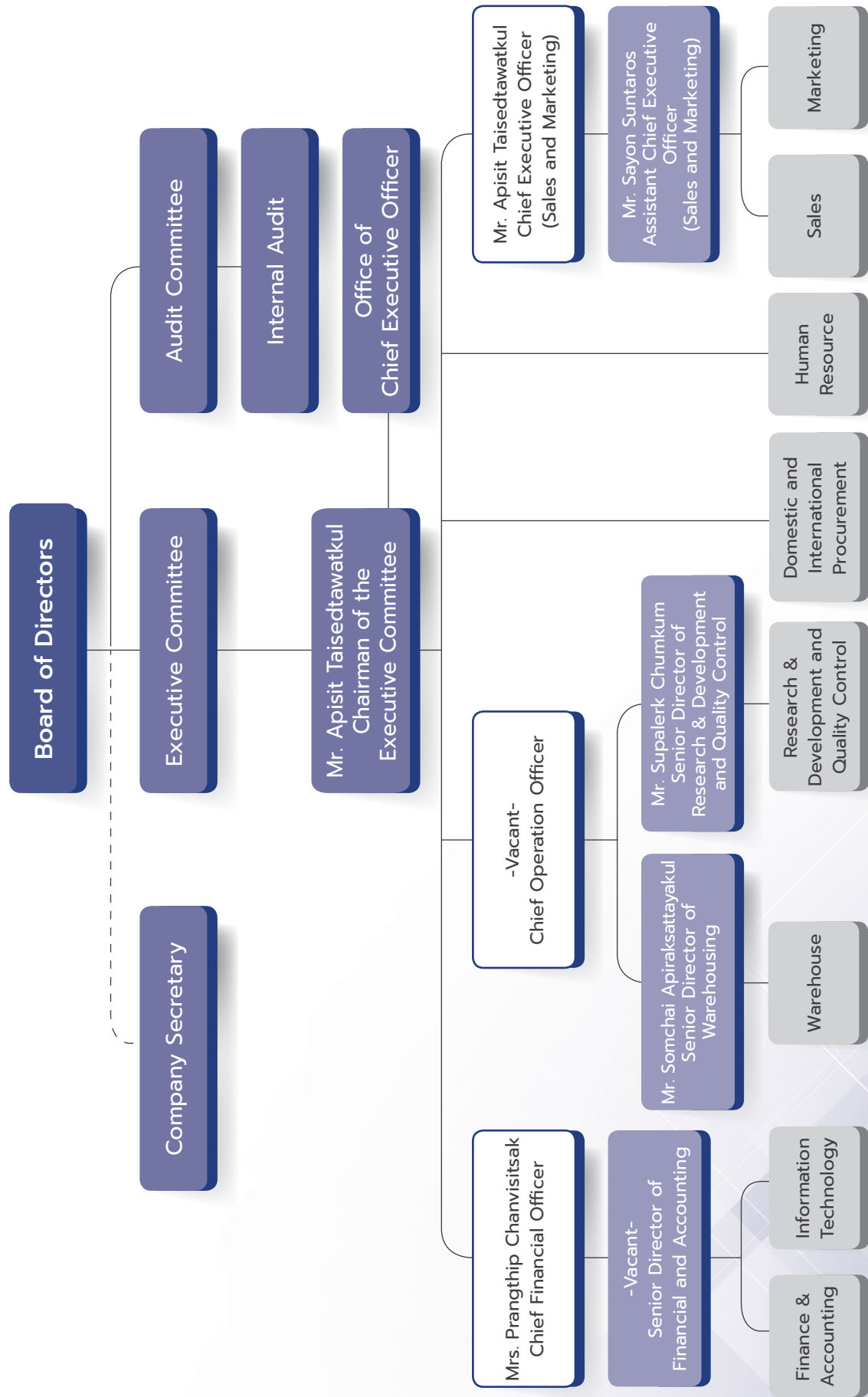
The Company has a policy to pay dividend at the minimum of 40% of net profit after corporate income taxes and all statutory reserves. However, the Company may pay dividend less than the amount specified above or may not pay dividend, if the Company requires capital for business expansion.

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 2021.



# Management Structure

Organizational Structure of the Company as of December 31st, 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 December 31<sup>st</sup>, 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

- 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.
- 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.
- 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.
- 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.
- 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 December 31<sup>st</sup>, 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

Prof. Dr. Thapana Boonlar Audit Committee has knowledge and experience in reviewing financial statements.

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 December 31<sup>st</sup>, 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 December 31<sup>st</sup>, 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 2020 Annual General Meeting of Shareholders which was held on July 24th, 2020 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

Audit Committee	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, 2020 amounted to 3,840,000.00 Baht, of which 1,725,000 Baht was the remuneration of the Audit Committee as per the following detail

Name	Position	Year 2020 as at December 31st, 2020				
		Remuneration		Number of Meeting Attendance		
		Remuneration (Baht)	Meeting Allowance (Baht)	The Board of Directors	The Audit Committee	The Executive Committee
1. M.R. Chirakom	Kitiyakara	480,000	285,000	19/19	-	-
2. PL. Gen Pajongjed	Meepin	420,000	295,000	19/19	7/7	-
3. Dr. Phuvit	Panyasit	300,000	260,000	19/19	7/7	-
4. Mr. Boonyasit	Saengpongpiat	300,000	190,000	19/19	-	-
5. Mr. Anake	Pattanasilid	300,000	180,000	18/19	-	-
6. Prof. Dr. Thapana	Boonlar	250,000	200,000	14/19	6/7	-
7. Mr. Apisit	Taisedtaw	-	190,000	19/19	-	1/1
8. Mrs. Prangthip	Chanvisitsak	-	190,000	19/19	-	1/1
Total		2,050,000	1,790,000			

Remarks : 1. Prof. Dr. Thapana Boonlar was appointed as an independent director, director, audit committee on February 28, 2020



## Executives' Remuneration

As at December 31st, 2020, the Company has 5 executives. The remunerations paid to the Company's executives as salary, bonus, provident fund and other fringe benefits were as follows:

The Executives' Remuneration	2019		2020	
	Number (Person)	Amount (Million Baht)	Number (Person)	Amount (Million Baht)
Salary, commission and bonus	6	10.75	5	11.19
Other remunerations, i.e. provident fund, social security and overtime pay	6	0.18	5	0.24
<b>Total</b>	<b>6</b>	<b>10.93</b>	<b>5</b>	<b>11.43</b>

## 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 2020, the Board of Directors has arranged 19 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, 2020, the Company has a total of 240 employees with salary, bonus, provident fund and other fringe benefits paid as follows:

The Employees' Remuneration	2019		2020	
	Number (Person)	Amount (Million Baht)	Number (Person)	Amount (Million Baht)
Salary, commission and bonus	219	71.29	240	49.68
Other remunerations, i.e. provident fund, social security and overtime pay	219	4.69	240	1.38
<b>Total</b>	<b>219</b>	<b>75.98</b>	<b>240</b>	<b>51.06</b>

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

## Corporate Governance Policy

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](mailto: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 December 31st, 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. Details are the same as part 2, page 7-13), 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 2020 Annual General Meeting of shareholders, which was held on July 24<sup>th</sup>, 2020, approved the remuneration of the auditors for 2020 in the amount not exceeding THB 1,190,000 excluding subsidiaries, 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 decreased by 40.48 percent from that of 2019. In 2020, the Company's total non-audit fee, which was not related to the auditing services and booked as the Company's expenses, was THB 1,094,000.

## 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 2020, there were a total of 19 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 2020







The company donated thermometers, alcohol gel and face mask to Sirindhorn Hospital.



The Company and subsidiary met with His Excellency General Prayut Chan-o-cha, Prime Minister of the Kingdom of Thailand To provide COVID protection equipment.



# 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 2020, 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.1-4/2020 of AJ Advance Technology Public Co., Ltd. according to its audit plan. The considered and approved issues consisted of the following: 1) Control of sales and Return products 2) Marketing control and customer service 3) Human resource management 4). Trading control and Receiving payment.

The issues of risks from the audit plan of the Company's important work systems such as: 1) Control of sales, issues found, such as a memorandum (MEMO) - requesting approval for the sale price of the product. That is used to control the pricing of the sales in each period of the sales department. For sale to dealer No reference number There is a risk that cannot check the completeness of the document. Risk of errors in pricing in the system. The company has resolved every issue according to the recommendations. 2) Human resource management issues found supporting documents

for recruiting new employees have different application forms. There is a risk that the information received for collecting in the employee profile is inaccurate. And it is working that is not of the same standard system, in which the company has resolved every issue according to the suggestion.

In this regard, Karin 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 2020. 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.5/2021, which was held on March 12th, 2021, 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 7 of the notes to the financial statements for the year ended 31 December 2020, 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.7.

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.7

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.7

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.

The reasonableness of the transaction in order to be able to operate the business according to the plans and goals of the company. Which is a business transaction that complements each other Shared assets are used for maximum benefit, such as warehouse space. Transportation office space, which will be charged rental, service fee and management fee. According to the mutually agreed price With a contract between each other and so on.

Therefore, the trend of making related transactions in the future It is likely to happen in the future because most of the connected transactions are in the normal course of business.

## Procedure for approval of the connected transactions

The company will stick to The same is done with other transactions, with the authority of the authorized person authorized to approve according to the specified limits. In addition, the Audit and Risk Committee is also responsible for the review of related transactions of the Company. And the connected subsidiaries on a quarterly basis. To eliminate conflicts of interest carefully By adhering to the overall benefits of the company.



### Transactions with Related Parties :

No	Related Parties	Detail	Transaction with Related Parties (Unit : Thousand Baht) For the year end 31 December			The reasonableness
			2018	2019	2020	
1	Siam Advance Electronic Co., Ltd.	Sells smart phones, Interest expense <u>Sale and Service</u> 1. Sale of good 2. Management service income/Office rental income 3. Interest expense 4. Trade accounts receivable/Other receivables	158,351 770 44 27,890	188,889 1,621 - 76,051	19,048 1,028 - 19,942	To be able to operate the business according to the plans and goals of the company. Cost plus margin Agreed Prices Is helping liquidity between each other. Using the interest rate that had been borrowed from the financial institution
2	AJ E-commerce Co., Ltd.	Charge management fee, interest expense <u>Service</u> 1. management service income/other income 2. Interest expense 3. Trade accounts receivable/Other receivables	254 239 21	240 - 43	340 - 43	To be able to operate the business according to the plans and goals of the plans and goals of the company. Agreed Pricesto Is helping liquidity between each other. Using the interest rate that had been borrowed from the financial institution
3	Happy Visions Co., Ltd.	Charge management fee, interest expense <u>Service</u> 1. Sale of good 2. management service 3. Interest expense 4. Trade accounts receivable/Other receivables	- 180 306 16	- 668 - 238	260 1,181 - 228	To be able to operate the business according to the plans and goals of the company Cost plus margin Agreed Prices Is helping liquidity between each other. Using the interest rate that had been borrowed from the financial institution

No	Related Parties	Detail	Transaction with Related Parties (Unit : Thousand Baht) For the year end 31 December			The reasonableness
			2018	2019	2020	
4	Youtai Group Co., Ltd.	Charge management fee , Office rental <u>Service</u> 1. management service/Office rental income 2. Trade accounts receivable/Other receivables	40 43	180 193	- 193	To be able to operate the business according to the plans and goals of the company  Agreed Prices
5	Bangkok Pay Co., Ltd.	Sells related to mobile top-up kiosks, Charge management fee <u>Sale and Service</u> 1. Sale of good 2. management service 3. Trade accounts receivable/Other receivables 4. Other payables	- - - -	22,931 556 6,782 82	56,786 1,274 8,002 182	To be able to operate the business according to the plans and goals of the company  Cost plus margin Agreed Prices
6	Unionthai Platform Co., Ltd.	Short-term loans to related parties Short-term loans	-	-	132	Is helping liquidity between each other. Using the interest rate that had been borrowed from the financial institution
7	AJ Beauty Group Co., Ltd.	Short-term loans to related parties 1. Short-term loans parties 2. Accrued interest	- - -	- - -	9,000 60	Is helping liquidity between each other. Using the interest rate that had been borrowed from the financial institution

(Remark : Excluding discontinued segments)

# Financial Position and Performance

## Summary of Auditing Report

Financial Statements	Audit Company	Auditor's Report
Financial statements for the year ended December 31, 2018	Mr. Ekkasit Chuthamsatid Certified Public Accountant Registration No.4195 KPMG Phoomchai Audit Ltd.	The auditor expressed an unqualified opinion in the auditor's report that the consolidated and separate financial statements of the Company and its subsidiaries (the Group) have shown its financial position, performance and cash flow in according to the Financial Reporting Standards. And the auditor draw attention on the financial statements for the year 2018
Financial statements for the year ended December 31, 2019	Mr. Ekkasit Chuthamsatid Certified Public Accountant Registration No.4195 KPMG Phoomchai Audit Ltd.	The auditor expressed an unqualified opinion in the auditor's report that the consolidated and separate financial statements of the Company and its subsidiaries (the Group) have shown its financial position, performance and cash flow in according to the Financial Reporting Standards. And the auditor draw attention on the financial statements for the year 2019
Financial statements for the year ended December 31, 2020	Mrs. Sumana Senivongse Certified Public Accountant Registration No.5897 Karin Audit Company Limited	The auditor expressed an unqualified opinion in the auditor's report that the consolidated and separate financial statements of the Company and its subsidiaries (the Group) have shown its financial position, performance and cash flow in according to the Financial Reporting Standards. And the auditor draw attention on the financial statements for the year 2020



## Summary of Financial Statements

Statement of Financial Position (Unit: Thousand Baht)	Consolidated Financial Statements					
	31 December 2018		31 December 2019		31 December 2020	
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	279,903	23.48%	151,205	13.56%	47,497	5.10%
Trade and other current receivables	167,025	14.01%	155,848	13.97%	105,818	11.36%
Inventories	193,503	16.23%	220,654	19.79%	215,505	23.14%
Right of return products	-	-	8,592	0.77%	3,509	0.37%
Current tax assets	-	-	777	0.07%	561	0.06%
Other current financial assets	205,708	17.26%	33,803	3.03%	25,917	2.78%
Other current assets	9,393	0.79%	1,002	0.09%	4,775	0.51%
<b>Total current assets</b>	<b>855,532</b>	<b>71.77%</b>	<b>571,882</b>	<b>51.28%</b>	<b>403,582</b>	<b>43.32%</b>
<b>Non-current assets</b>						
Investments in associates	8,614	0.72%	1,000	0.09%	1,000	0.11%
Investments in joint ventures	9,555	0.80%	10,136	0.91%	7,423	0.80%
Property, plant and equipment	276,932	23.23%	418,243	37.50%	411,222	44.15%
Right-of-use assets	-	-	-	-	1,690	0.18%
Contract cost assets	-	-	33,009	2.96%	49,917	5.36%
Goodwill	1,932	0.16%	29,828	2.68%	30,458	3.27%
Other intangible assets other than goodwill	6,431	0.54%	41,204	3.70%	16,008	1.72%
Deferred tax assets	4,771	0.40%	2,588	0.23%	4,086	0.44%
Other non-current financial assets	-	-	2,842	0.25%	1,898	0.20%
Other non-current assets	28,242	2.38%	4,471	0.40%	4,164	0.45%
<b>Total non-current assets</b>	<b>336,477</b>	<b>28.23%</b>	<b>543,321</b>	<b>48.72%</b>	<b>527,866</b>	<b>56.68%</b>
<b>Total assets</b>	<b>1,192,008</b>	<b>100.00%</b>	<b>1,115,203</b>	<b>100.00%</b>	<b>931,448</b>	<b>100.00%</b>

Statement of Financial Position (Unit: Thousand Baht)	Consolidated Financial Statements					
	31 December 2018		31 December 2018		31 December 2018	
<b>Liabilities and equity</b>						
<b>Current liabilities</b>						
Trade and other current payables	79,594	6.68%	174,850	15.68%	97,637	10.48%
Current portion of lease liabilities	-	-	-	-	674	0.07%
Current portion of finance lease liabilities	1,777	0.15%	244	0.02%	-	-
Other current provisions	-	-	-	-	7,500	0.81%
Income tax payable	4,305	0.36%	62	0.01%	531	0.06%
Other current liabilities	6,626	0.56%	10,036	0.89%	12,101	1.30%
<b>Total current liabilities</b>	<b>92,302</b>	<b>7.74%</b>	<b>185,192</b>	<b>16.60%</b>	<b>118,443</b>	<b>12.72%</b>
<b>Non-current liabilities</b>						
Lease liabilities	2,019	0.17%	-	-	529	0.06%
Contract liabilities	-	-	37,044	3.32%	68,713	7.38%
Non-current provisions for employee benefit	5,387	0.45%	4,797	0.43%	5,990	0.64%
Deferred tax liabilities	-	-	38,885	3.49%	42,322	4.54%
<b>Total non-current liabilities</b>	<b>7,406</b>	<b>0.62%</b>	<b>80,726</b>	<b>7.24%</b>	<b>117,554</b>	<b>12.62%</b>
<b>Total liabilities</b>	<b>99,708</b>	<b>8.36%</b>	<b>265,918</b>	<b>23.84%</b>	<b>235,997</b>	<b>25.34%</b>
<b>Equity</b>						
Share capital:						
Authorised share capital	526,925	-	526,925	-	424,029	-
Issued and paid-up share capital	424,029	35.57%	424,029	38.02%	424,029	45.52%
Premium on ordinary shares	649,894	54.52%	649,894	58.28%	649,894	69.77%
Retained earnings (deficit)						
Appropriated						
Appropriated - Legal reserve	20,900	1.75%	20,900	1.87%	20,900	2.25%
Unappropriated	(93,787)	(7.87%)	(461,538)	(41.39%)	(593,614)	(63.73%)
Other components of equity	27,321	2.29%	182,862	16.40%	182,862	19.63%
<b>Equity attributable to owners of the parent</b>	<b>1,028,357</b>	<b>86.27%</b>	<b>816,147</b>	<b>73.18%</b>	<b>684,071</b>	<b>73.44%</b>
Non-controlling interests	63,943	5.36%	33,138	2.97%	11,380	1.22%
<b>Total equity</b>	<b>1,092,300</b>	<b>91.64%</b>	<b>849,285</b>	<b>76.16%</b>	<b>695,451</b>	<b>74.66%</b>
<b>Total liabilities and equity</b>	<b>1,192,008</b>	<b>100.00%</b>	<b>1,115,203</b>	<b>100.00%</b>	<b>931,448</b>	<b>100.00%</b>
Book value per share (Baht)	0.258		0.200		0.164	
Issued and paid-up share capital	4,240,294,744		4,240,294,744		4,240,294,744	

Statement of Comprehensive Income (Unit: Thousand Baht)	Consolidated Financial Statements					
	For the year ended					
	31 December 2018		31 December 2019		31 December 2020	
Revenue from sales of goods and rendering of services						
Revenue from sales of goods	541,361	97.32%	359,979	91.71%	291,054	83.05%
Revenue from rendering of services	14,881	2.68%	32,550	8.29%	59,385	16.95%
<b>Total revenue from sales of goods and rendering of services</b>	<b>556,243</b>	<b>100.00%</b>	<b>392,529</b>	<b>100.00%</b>	<b>350,440</b>	<b>100.00%</b>
Cost of sales of goods	397,920	73.50%	296,723	82.43%	252,056	86.60%
Cost of rendering of services	13,141	88.30%	31,578	97.01%	40,351	67.95%
<b>Total cost of sales</b>	<b>411,060</b>	<b>73.90%</b>	<b>328,301</b>	<b>83.64%</b>	<b>292,406</b>	<b>83.44%</b>
<b>Gross Profit</b>	<b>145,182</b>	<b>26.10%</b>	<b>64,228</b>	<b>16.36%</b>	<b>58,033</b>	<b>16.56%</b>
<b>Other income</b>						
Net foreign exchange gains	541	0.10%	422	0.11%	1,076	0.31%
Investment income	45,804	8.23%	3,541	0.90%	613	0.17%
Other income	14,494	2.61%	7,254	1.85%	11,278	3.22%
<b>Total Other income</b>	<b>60,840</b>	<b>10.94%</b>	<b>11,217</b>	<b>2.86%</b>	<b>12,967</b>	<b>3.70%</b>
<b>Expenses</b>						
Distribution costs	127,984	23.01%	103,771	26.44%	75,777	21.62%
Administrative expenses	113,390	20.39%	138,818	35.37%	138,184	39.43%
Impairment losses on investment	91,134	16.38%	171,824	43.77%	7,886	2.25%
Losses from lost control	-	-	-	-	-	-
Losses from disposal of subsidiaries	-	-	1,219	0.31%	-	-
<b>Total expenses</b>	<b>332,508</b>	<b>59.78%</b>	<b>415,632</b>	<b>105.89%</b>	<b>221,847</b>	<b>63.30%</b>
Profit before finance costs and income tax expense	(126,486)	(22.74%)	(340,187)	(86.67%)	(150,846)	(43.04%)
Finance costs	742	0.13%	630	0.16%	923	0.26%
Share of loss of associates and joint venture	7,309	1.31%	37,801	9.63%	2,713	0.77%
<b>Loss before income tax expense from continuing operations</b>	<b>(134,537)</b>	<b>(24.19%)</b>	<b>(378,618)</b>	<b>(96.46%)</b>	<b>(154,482)</b>	<b>(44.08%)</b>
Income tax expenses	(42,661)	(7.67%)	(3,577)	(0.91%)	158	0.04%
<b>Loss for the year from continuing operation</b>	<b>(177,198)</b>	<b>(31.86%)</b>	<b>(382,195)</b>	<b>(97.37%)</b>	<b>(154,324)</b>	<b>(44.04%)</b>

Statement of Comprehensive Income (Unit: Thousand Baht)	Consolidated Financial Statements					
	For the year ended					
	31 December 2018		31 December 2019		31 December 2020	
Discontinued operation						
Loss for the year from discontinued operation, net of tax	(3,460)	(0.62%)	(3,071)	(0.78%)	-	-
Loss for the year	(180,658)	(32.48%)	(385,267)	(98.15%)	(154,324)	(44.04%)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Gain on revaluation of land	-	-	194,426	49.54%	-	-
Gains on re-measurements 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	(179,934)	(32.35%)	(227,233)	(57.89%)	(154,324)	(44.04%)
Profit (loss) attributable to:						
equity holders of the Company	(186,907)	(33.60%)	(370,244)	(94.32%)	(132,076)	(37.69%)
Non-controlling interest	6,249	1.12%	(15,023)	(3.83%)	(22,248)	(6.35%)
Loss for the year	(180,658)	(32.48%)	(385,267)	(98.15%)	(154,324)	(44.04%)
Total comprehensive income attributable to:						
equity holders of the Company	(186,184)	(33.47%)	(212,210)	(54.06%)	(132,076)	(37.69%)
Non-controlling interest	6,249	1.12%	(15,023)	(3.83%)	(22,248)	(6.35%)
Total comprehensive income (expense) for the year	(179,934)	(32.35%)	(227,233)	(57.89%)	(154,324)	(44.04%)
Basic earnings (loss) per share						
Loss from continuing operations	(0.043)		(0.087)		(0.031)	
Loss from discontinued operation	-		-		-	
Issued and paid-up share capital (weighted average)	4,240,294,744		4,240,294,744		4,240,294,744	



Statement of Cash Flows (Unit: Thousand Baht)	Consolidated Financial Statements		
	For the year ended		
	31 December 2018	31 December 2019	31 December 2020
<b><i>Cash flows from operating activities</i></b>			
Profit (loss) for the year from continuing operations before corporate income tax	(134,537)	(378,619)	(154,482)
Profit (loss) for the year from discontinued operation	(3,460)	(3,071)	-
Profit (loss) before corporate income tax	(137,997)	(381,690)	(154,482)
<b><i>Adjustment of profit (loss) on cash received (paid)</i></b>			
Adjustment on financial cost	1,156	728	923
Adjustment on trade and other current receivables (increase) decrease	266,086	31,532	8,951
Adjustment on inventories (increase) decrease	132,761	2,496	4,409
Adjustment on other assets (increase) decrease	321	(6,870)	(2,286)
Adjustment on trade and other current payables increase (decrease)	(69,986)	41,541	(26,890)
Adjustment on other liabilities (increase) decrease	(1,144)	25,637	3,002
Depreciation and amortization charge	21,677	29,788	20,258
Losses from amortization of assets	6	677	-
Impairment loss on assets (reversal)	91,134	187,434	3,886
Adjustment on provisions liabilities (reversal)	1,516	5,8*6	8,693
Unrealized loss (gain) on exchange rate	218	98	(267)
Share loss from associates and joint ventures	7,309	37,801	2,713
Bad debts and allowance for doubtful accounts (reversal)	(13,638)	(4,477)	19,514
Loss from inventories devaluation (reversal)	(45,171)	(26,763)	740
Estimated return of goods (reversal)	1,809	(13,090)	5,083
Reversal of estimated product quality guarantee	(26)	(67)	-
Loss (gain) from disposal of non-current assets	(43,629)	(946)	(241)
Cash paid for product quality assurance	(143)	(59)	-
Deferred revenue	-	1,328	8,432
Other adjustment on cash from investing or borrowing	-	-	(452)
Net cash provided by (used in) operation	212,257	(72,308)	(98,016)
Interest income	(2,787)	(3,541)	452
Interest expense	-	(728)	(891)
Income tax refund (paid)	(1,601)	(6,249)	(1,859)
<b>Net cash provided by (used in) operation activities</b>	<b>207,869</b>	<b>(82,826)</b>	<b>(100,314)</b>
<b><i>Cash flows from investing activities</i></b>			
Cash paid for purchase of property, plant and equipment	(6,817)	(7,657)	(3,647)
Cash paid for purchase of other intangible assets	(342)	(12,321)	(18)
Cash received form disposal of intangible assets	1,383	-	-
Cash received form disposal of equipment	1,374	3,090	586
Cash received (paid) for investing activities - financial assets	-	-	944
<b>Net cash provided by (used in) investing activities</b>	<b>15,946</b>	<b>(67,566)</b>	<b>(2,134)</b>

Statement of Cash Flows  (Unit: Thousand Baht)	Consolidated Financial Statements		
	For the year ended		
	31 December 2018	31 December 2019	31 December 2020
<i>Cash flows from financing activities</i>			
Repayment of liabilities under financial lease agreements	(2,069)	(1,905)	(1,261)
Net cash provided by (used in) financing activities	(26,618)	21,695	(1,261)
Net increase (decrease) in cash and cash equivalents	197,197	(128,697)	(103,708)
Cash and cash equivalents, at beginning of year	82,706	279,902	151,205
Cash and cash equivalents, at ending of year	279,903	151,205	47,497

Financial Ratios	Consolidated Financial Statements		
	For the year ended		
	31 December 2018	31 December 2019	31 December 2020
<i>LIQUIDITY RATIO</i>			
Current ratio (Time)	9.27	3.09	3.41
Quick ratio (Time)	4.84	1.66	1.29
Cash flow current ratio (Time)	1.46	(0.60)	(0.66)
Receivable turnover ratio (Time)	1.96	2.72	2.90
Average debt collection period (Day)	183.70	132.49	124.33
Inventory turnover ratio (Time)	1.10	1.05	0.93
Average selling period (Day)	328.51	341.48	385.65
Payable current ratio (Time)	15.16	2.58	2.15
Days payable outstanding (Day)	23.75	139.51	167.74
Cash cycle (Day)	488.47	334.47	342.24
<i>PROFITABILITY RATIO</i>			
Gross profit margin (%)	26.10	16.36	16.56
Operating profit margin (%)	(22.74)	(86.67)	(43.04)
Other profit margin (%)	9.86	2.78	3.57
Cash to profit margin (%)	(164.34)	24.35	66.50
Net profit margin (%)	(30.17)	(52.56)	(36.34)
Return on equity (%)	(16.68)	(23.01)	(16.18)
<i>EFFICIENCY RATIO</i>			
Return on assets (%)	(14.09)	0.38	5.75
Return on fixed assets (%)	(58.65)	(54.81)	(26.96)
Assets turnover (Time)	0.47	0.35	0.36
<i>FINANCIAL POLICY RATIO</i>			
Debt to equity ratio (Time)	0.09	0.31	0.34
Commitment coverage ratio (cash basis) (Time)	14.11	(3.78)	(20.37)
Dividend payout ratio (%)	-	-	-

# Management Discussion and Analysis

## Financial Position and Operating Results Analysis

### Operating Results :

The Operating Results for year 2020 as of December 31st, 2020 which had the net loss attributable to owners of the parent at 132.08 million Baht. If compared with the operation result of same period last year, company had the net loss at 370.24 million baht which was loss decreased at 238.17 million baht or 64.33 percent.

When compared performance for year 2020 as of December 31, 2020 with same period of last year as follows.

Statement of comprehensive income (Unit : Million baht)	as of December 31 <sup>st</sup>		Increased (decreased)	
	2020	2019	MB.	%
<b>Income</b>				
Revenue from sales of goods	291.05	359.98	(68.93)	(19.15)%
Revenue from rendering of services	59.39	32.55	26.84	82.46%
Profit from exchange rate	1.08	0.42	0.66	157.14%
Revenue from investment	0.61	3.54	(2.93)	(82.77)%
Other income	11.28	7.25	4.03	55.59%
<b>Total income</b>	<b>363.41</b>	<b>403.74</b>	<b>(40.33)</b>	<b>(9.99)%</b>
<b>Expenses</b>				
Cost of sales	252.06	296.72	(44.66)	(15.05)%
Cost of rendering services	40.35	31.58	8.77	27.77%
Distribution costs	75.78	103.77	(27.99)	(26.97)%
Administrative expenses	138.18	138.82	(0.64)	(0.46)%
Impairment losses on investment	7.89	171.82	(163.93)	(95.41)%
Losses from disposal of subsidiaries	-	1.22	(1.22)	(100.00)%
Finance costs	0.92	0.63	0.29	46.03%
<b>Total expenses</b>	<b>515.18</b>	<b>744.56</b>	<b>(229.38)</b>	<b>(30.81)%</b>
Share of profit (loss) from investments in associates and joint ventures	(2.71)	(37.80)	35.09	(92.83)%
<b>Profit (loss) before income tax expense</b>	<b>(154.48)</b>	<b>(378.62)</b>	<b>224.14</b>	<b>(59.20)%</b>
Tax income (expense)	0.16	(3.58)	3.74	(104.47)%
<b>Profit (loss) for the year from continuing operations</b>	<b>(154.32)</b>	<b>(382.20)</b>	<b>227.88</b>	<b>(59.62)%</b>
Discontinued operation				
Profit (loss) for the year from discontinued operation - Net of tax	-	(3.07)	3.07	(100.00)%
<b>Profit (loss) for the year</b>	<b>(154.32)</b>	<b>(385.27)</b>	<b>230.95</b>	<b>(59.94)%</b>

Statement of comprehensive income (Unit : Million baht)	as of December 31 <sup>st</sup>		Increased (decreased)	
	2020	2019	MB.	%
Profit (loss) attributable to:				
Owners of the parent				
Profit (loss) for the year from continuing operations	(132.08)	(368.55)	236.47	(64.16)%
Profit (loss) for the year from discontinued operations	-	(1.69)	1.69	(100.00)%
Profit (loss) for the year attributable to equity holders of the Company	(132.08)	(370.24)	238.16	(64.33)%
Non-controlling interest				
Profit (loss) for the year from continuing operations	(22.25)	(13.64)	(8.61)	63.12%
Profit (loss) for the year from discontinued operations	-	(1.38)	1.38	(100.00)%
Profit (loss) for the year	(154.33)	(385.26)	230.93	(59.94)%
Basic earnings (loss) per share of the parent company shareholders				
Basic earnings (loss) per share (Baht : Share)	(0.031)	(0.087)	0.056	(64.37)%
Basic earnings (loss) per share from continuing operations (Baht : Share)	(0.031)	(0.087)	0.056	(64.37)%

#### Income of the Company group:

Sales and Service Revenues Breakdown by Product (Unit: THB Million)	2020	2019	Change	
			Increased (decreased)	%
Income				
Revenue from sales of goods				
1. Electrics appliance	157.95	177.73	(19.78)	(11.13)
2. Mobile Phones & Accessories	79.22	167.58	(88.36)	(52.73)
3. Top-up machine	6.76	0.63	6.13	970.18
4. Sports shoes	21.43	14.04	7.39	52.63
5. Electric Vehicle-Bike	15.64	-	15.64	100.00
6. Other sales	10.07	-	10.07	100.00
Total Revenue from sales of goods	291.05	359.98	(68.93)	(19.15)
Revenue from rendering of services				
- Top-up service for prepaid phone and service prepaid kiosk	43.70	16.71	26.99	161.48
- Income from recruiting Alibaba members	11.84	13.37	(1.53)	(11.46)
- Other service	3.85	2.46	1.38	56.08
Total Revenue from rendering of services	59.39	32.55	26.84	82.44
Profit from exchange rate	1.08	0.42	0.65	154.77
Revenue from investment	0.61	3.54	(2.93)	(82.69)
Other income	11.28	7.25	4.02	55.48
Total Revenue	363.41	403.75	(40.34)	(9.99)



In 2020, the Company had main revenue in the distribution of Audio and Visual appliances (AV) and home appliances (AP) under the brand “AJ” and Selling mobile phones and accessories under a subsidiary (Siam Advance Electronic Co., Ltd.) by business strategy the Company will set it to suit the product's market positioning, focusing on target customers who are lower-end users. For 2020, sales declined from 2019, below the 5 percent growth target, because the economic slowdown of the country. Most of them are due to many reasons such as the disruption of the world economy, trade war from big nations price competition changes in consumer behavior and the epidemic situation of the coronavirus 2019 (COVID-19) for the above reasons, the customers save money and reduce unnecessary expenses.

However, the Company has continuously monitored the market and adjusted its strategy to suit the situation, for example, increasing distribution channels from the original focus on selling into modern trade, now expanding online TV distribution channels more, adding new products to replace the old products to be modern in line with the current era, including to suit the daily lifestyle Customer's day in Bangkok and upcountry Including the continuous release of products by organizing clearance sales events, discounts to clear stocks every quarter and every holiday season.

For the year 2020, the total income was 363.41 million baht, a decrease of 40.34 million baht from the same period of the previous year or representing a decrease of 9.99 percent compared to the same period of the last year, at 403.75 million baht. Sales decreased from the same period of the last year at 68.93 million baht or 19.15 percent, the main product that decreased was the electrical appliances group and a group of mobile phones and accessories, the reasons for the reduction as mentioned above. However, the Company group has sought additional products to reduce the risk of reliance on the Company's core business. With income sales decreased as follows

- Electric vehicle motorbike, start selling in 2020 with sales at 15 million baht.
- Sports shoes, started business as Happy Visions Co., Ltd., a subsidiary company in the third quarter of 2019, the business model is an outlet sales, quality products and affordable prices. In response to the changes in consumer behavior that turned to health-conscious through exercise, with sales at 21.43 million baht, an increase at 7.39 million baht or 52.63 percent compared to the last year.
- Top-up service for prepaid phone and service prepaid kiosk, in the third quarter of 2019, the Company acquired the business by acquiring shares of Bangkok Pay Company Limited to acquire a retail Top-up machine and service for prepaid phone business. In 2020, the revenue from sales was 6.76 million baht, an increase at 6.13 million baht from the last year, and the income of service for prepaid phone at 43.70 million baht, an increase at 26.99 million baht or 161.48 percent, compared to the last year. follows.

For service income valued at 59.39 million baht, generated from top-up service for prepaid phone business and recruiting Alibaba members business, and others at 43.70 million baht, 11.84 million baht and at 3.85 million baht respectively from the same period of the last year at 26.84 million baht or 82.46 percent, the main reason was the increase in the business of providing top-up service for prepaid phone , service prepaid kiosk , e-money service and accept payment via electronic method of the subsidiary company. (Bangkok Pay Company Limited) increased at 26.99 million baht.

### **Profit from Foreign Exchange**

The Company had profits from foreign exchange in the years 2019 – 2020 of THB 0.42 million, and THB 1.08 million, respectively. The figure in 2020 increase at THB 0.65 million or 154.77% compared to the previous year, because during the time the company pays foreign debt, the baht is stronger than when it was imported.

## Revenues from Investment

The company has income from investments in the year 2019 - 2020 amount at THB 3.54 million and THB 0.61 million, respectively. Such income is generated from the company group earning interest income received from investments and deposits in each bank and in 2020 the revenue has decreased at THB 2.93 million or 82.69 %

## Other Revenues

In 2019 - 2020, the company had other income at THB 7.25 million and at THB 11.28 million, respectively. For 2020, such income increased at THB 4.02 million, or 55.48% from the adjustment of the impaired expense. Property value at THB 4.00 million, other income is generated from income from transportation, compensation for damaged goods, etc.

## Cost of Sales

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

Cost of Sales (Unit: THB Million)	as of December 31 <sup>st</sup>		Increased (decreased)	
	2020	2019	MB.	%
Net purchase	254.18	308.10	(53.92)	-17.50%
Import and other expenses	8.09	10.06	(1.97)	-19.58%
Allowance for product return	1.82	7.67	(5.85)	-76.27%
Allowance for product obsolescence	0.74	(26.76)	27.50	-102.77%
<b>Total</b>	<b>264.83</b>	<b>299.07</b>	<b>(34.24)</b>	<b>-11.45%</b>
Changes in inventory	(12.77)	(2.35)	(10.42)	443.40%
<b>Net cost of sales</b>	<b>252.06</b>	<b>296.72</b>	<b>(44.66)</b>	<b>-15.05%</b>
<b>Percentage of sales revenue</b>	<b>86.60%</b>	<b>82.43%</b>		<b>4.18%</b>

Net costs of sales of the Company in 2019 - 2020 were THB 296.72 million and THB 252.06 million or 82.43% and 86.60% of sales revenue, respectively. In 2020, the ratio of cost of sales to sales revenue rose 4.18% 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, sell them through various sales channels such as expo events, resulting in the company having the proportion of cost of sales to revenue from sales increased.

## Cost of rendering services

In 2019-2020, the Company had net Cost of rendering services at THB 31.58 million and THB 40.35 million, accounting for 97.02% and 67.94% of the total revenue from rendering of service, respectively. The key elements of cost of rendering services are: Salaries and expenses related to salespeople and training fees for interested people and members. For Top-up service for prepaid phone and service prepaid kiosk, the key elements of service costs are: commission and prepaid phone service, when revenue is greater than expenses, the percentage of costs is lower.

## Expenses

Expenses (Unit: THB Million)	2020		2019		Increased (decreased)	
					MB.	%
Distribution costs	75.78	20.85%	103.77	25.70%	(27.99)	(26.97%)
Administrative expenses	138.18	38.02%	138.82	34.38%	(0.64)	(0.46%)
Impairment losses on investment	7.89	2.17%	171.82	42.56%	(163.93)	(95.41%)
Losses from disposal of subsidiaries	-	-	1.22	0.30%	(1.22)	(100.00%)
<b>Total expenses</b>	<b>221.85</b>	<b>61.05%</b>	<b>415.63</b>	<b>102.94%</b>	<b>(193.78)</b>	<b>(46.62%)</b>
Total income	363.41	100.00%	403.75	100.00%	(42.09)	10.72%

### Distribution Costs

In 2020, the Company had a distribution cost at THB 75.78 million or 20.85% of total income, a decrease at THB 27.99 million or 26.97 % compared to the same period of the previous year. the company constantly controls expenses by reducing costs that are not effective in accordance with the current economic and sales conditions resulting in lower distribution costs such as salaries and commission sales.

### Impairment Losses on Investment

In 2020, the Company has impairment losses on investment at THB 7.89 million baht or 2.17% of total income, a decrease at THB 163.93 million or 95.41% compared to the same period of the previous year. Because the Company has investments in a foreign private fund and the company recognized the NAV of the funds as of April 30, 2020, as described in Note 11 to the financial statements.

### Loss from Disposal of Subsidiaries

In 2020, the company don't have the loss from disposal of subsidiaries, transactions arising in 2019, the Company has disposed of ordinary shares in subsidiaries is AJ Vending Company Limited until the end of the subsidiary company and recognized the loss from the sale of ordinary shares in the said subsidiary amounting at THB 1.22 million.

### Share of Loss from investment in associates and joint venture

In 2020, the Company has share of loss from investments in associates and joint ventures at THB 2.71 million or 0.75% of total income, a decrease at THB 35.09 million or 92.83% compared to the same period of the last year. It is caused by the Company having investments in associates and joint ventures, which has operating loss the Company therefore set up an impairment item on the said investment.

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

In 2020, the Company don't have the loss for the year from discontinued operations - net of tax. For 2019, due to the Company sale of all ordinary shares in AJ Vending Co., Ltd., was subsidiary, in the quarter 4/2019, that company ceases to be a subsidiary, as a result, has the loss for the year from discontinued operations - net of tax amounted at THB 3.07 million.

## Analysis of Financial Position

### Assets

(Unit: THB Million)	as of December 31 <sup>st</sup>		Increased (decreased)	
	2020	2019	MB.	%
<b>Assets</b>				
<i>Current assets</i>				
Cash and cash equivalents	47.50	151.21	(103.71)	(68.59%)
Trade and other current receivables	105.82	155.85	(50.03)	(32.10%)
Inventories	215.51	220.65	(5.15)	(2.33%)
Right of return products	3.51	8.59	(5.08)	(59.16%)
Current tax assets	0.56	0.78	(0.22)	(27.80%)
Other current financial assets	25.92	33.80	(7.89)	(23.33%)
Other current assets	4.78	1.00	3.77	376.55%
<b>Total current assets</b>	<b>403.58</b>	<b>571.88</b>	<b>(168.30)</b>	<b>(29.43%)</b>
<i>Non-current assets</i>				
Investments in associates	1.00	1.00	-	0.00%
Investments in joint ventures	7.42	10.14	(2.71)	(26.77%)
Property, plant and equipment	411.22	418.24	(7.02)	(1.68%)
Right-of-use assets	1.69	-	1.69	100.00%
Contract cost assets	49.92	33.01	16.91	51.22%
Goodwill	30.46	29.83	0.63	2.11%
Other intangible assets other than goodwill	16.01	41.20	(25.20)	(61.15%)
Deferred tax assets	4.09	2.59	1.50	57.88%
Other non-current financial assets	1.90	2.84	(0.94)	(33.22%)
Other non-current assets	4.16	4.47	(0.31)	(6.87%)
<b>Total non-current assets</b>	<b>527.87</b>	<b>543.32</b>	<b>(15.46)</b>	<b>(2.84%)</b>
<b>Total assets</b>	<b>931.45</b>	<b>1,115.20</b>	<b>(183.75)</b>	<b>(16.48%)</b>

As of the end of the year 2019 and 2020, the Company has total assets at THB 1,115.20 million and THB 931.45 million respectively, with total assets in 2020 decreased at THB 183.75 million or 16.48% compared to the total assets of the previous year. The main items are as follows.

Current assets at THB 403.58 million, a decrease at THB 168.30 million or 29.43% compared to the previous year, the main items that were decreased consisted of:

- Cash and cash equivalents decreased at THB 103.71 million due to the Company's net cash used in operating activities at THB100.31 million, including net cash used in investing activities, which is cash used to purchase vehicles and equipment at THB 3.65 million.
- Total trade and other current receivables decreased at THB 50.03 million, the main decrease was the trade accounts receivable decreased at THB 45.66 million due to the Company group to improve the sales and credit process to be more efficient, tighten there is continual follow-up to receive payment of outstanding, as well as the decrease in outstanding balance is affected by the decrease in sales as well when compared to the balance of trade accounts receivable with the previous year as follows:



Trade receivables (Unit: THB Million)	Consolidated		
	2020	2019	Increased (decreased)
Other parties			
Within credit terms	39.78	37.41	2.37
Overdue :			
Less than 3 months	22.32	51.76	(29.44)
3 - 6 months	2.06	8.65	(6.59)
6 - 12 months	5.11	9.06	(3.95)
Over 12 months	38.49	27.41	11.08
	<b>107.77</b>	<b>134.29</b>	<b>(26.53)</b>
<u>Less allowance for loss</u>	(43.06)	(23.93)	(19.13)
<b>Trade receivables - Net</b>	<b>64.71</b>	<b>110.36</b>	<b>(45.66)</b>

However, the overall trade receivable decreased at THB 26.53 million before deducting the allowance for loss. When splitting items in the overdue over 12 months, there was an increase in overdue receivables from the previous year at THB11.08 million, caused increased from Siam Advance Electronic Co., Ltd., a subsidiary company. However, the amount of receivables that have been overdue, the Company has set aside sufficient and reasonable allowance for doubtful accounts.

- Other current financial assets at THB 25.92 million, a decrease at THB 7.89 million or 23.33% compared to the previous year. Caused in 2018, the Company has investment in a foreign private fund for short term. The investment has a cost of THB 296.76 million, the Company has already recognized the impairment loss in the said investment. As a result, the NAV of this transaction decreases.

However, such the investment is funded by an overseas fund management company and continued to comment that the future investment value will improve. Therefore, it is recommended that the company hold investment units for at least another 12-18 months. Currently however, if the fund returns to buy normally and the turn-around fund performance, the company may consider reducing the investment to reduce the risk.

- Non-current assets at THB 527.87 million , a decrease of THB15.46 million or 2.84% from the previous year. For the main assets that change are as follows.
  - Property, plant and equipment at THB 411.22 million, a decrease of THB 7.02 million or 1.68% compared to the previous year. Due to the depreciation policy and the sale of vehicles at THB 1.24 million.
  - Contract cost assets an increase of THB 49.92 million, an increase of THB16.91 million from the previous year. Caused by prepaid machines, phones and accept automatic payments, this is the result of a business combination with BPAY.
  - Other intangible assets other than goodwill at THB16.01 million, a decrease of THB 25.20 million, compared to the previous year. The main item that was reduced was the music copyright of THB 20.13 million, which was written off during the year 2019, which did not affect the company expenses. Because it was a deduction with the outstanding debt balance and software license assets and others decreased from amortization according to accounting policy.

## Liabilities

Statement of financial position (Unit: THB Million)	as of December 31 <sup>st</sup>		Increased (decreased)	
	2020	2019	MB.	%
<b>Liabilities and equity</b>				
<i>Current liabilities</i>				
Trade and other current payables	97.64	174.85	(77.21)	(44.16%)
Current portion of lease liabilities	0.67	-	0.67	100.00%
Current portion of finance lease liabilities	-	0.24	(0.24)	(100.00%)
Other current provisions	7.50	-	7.50	100.00%
Income tax payable	0.53	0.06	0.47	783.33%
Other current liabilities	12.10	10.04	2.06	20.52%
<b>Total current liabilities</b>	<b>118.44</b>	<b>185.19</b>	<b>(66.75)</b>	<b>(36.04%)</b>
<i>Non-current liabilities</i>				
Lease liabilities	0.53	-	0.53	100.00%
Contract liabilities	68.71	37.04	31.67	85.49%
Non-current provisions for employee benefit	5.99	4.80	1.19	24.87%
Deferred tax liabilities	42.32	38.89	3.44	8.84%
<b>Total non-current liabilities</b>	<b>117.55</b>	<b>80.73</b>	<b>36.83</b>	<b>45.62%</b>
<b>Total liabilities</b>	<b>236.00</b>	<b>265.92</b>	<b>(29.92)</b>	<b>(11.25%)</b>

As of the end of 2019-2020, the Company had total liabilities of THB 265.92 million and THB 236.00 million, respectively, decreased from the previous year at THB 29.92 million or 11.25%. because, trade and other current payables decreased at THB 77.21 million, consisting of the copyright payable decreased at THB 30.50 million from the termination of the license agreement, because in 2020 the Company has not already run the EZ-OK application business, accrued operations decreased at THB 27.69 million and business acquisition payables decreased at THB 17.40 million due to the repayment of debts. The main increase in liabilities was contract liabilities, which increased at THB 31.67 million or 85.49% compared to the previous year. This is due to the advance received from mobile top-up and electronic payment businesses.

## Shareholder's Equity

Statement of financial position (Unit: THB Million)	as of December 31 <sup>st</sup>		Increased (decreased)	
	2020	2019	MB.	%
<i>Equity</i>				
Share capital:				
Authorized share capital	424.03	526.93	(102.90)	(24.27%)
Issued and paid-up share capital	424.03	424.03	-	-
Premium on ordinary shares	649.89	649.89	-	-

Statement of financial position (Unit: THB Million)	as of December 31 <sup>st</sup>		Increased (decreased)	
	2020	2019	MB.	%
<i>Equity (Cont.)</i>				
Retained earnings (deficit)				
Appropriated				
Legal reserve	20.90	20.90	-	-
Unappropriated	(593.61)	(461.54)	(132.08)	28.62%
Other components of equity	182.86	182.86	-	-
Equity attributable to owners of the parent	684.07	816.15	(132.08)	(16.18%)
Non-controlling interests	11.38	33.14	(21.76)	(65.66%)
Total equity	695.45	849.29	(153.83)	(18.11%)

In 2019-2020, the Company's total shareholders' equity at the end of the period was THB 849.29 million and THB 695.45 million, respectively, decreased from the previous year at THB153.83 million or 18.11%, the main components are retained earnings (deficit) unallocated decreased at THB 132.08 million or 28.62% compared to the previous year, since the Company has operating losses in the year 2020.

### Liquidity

Cash flow statement for year 2019 - 2020 is summarized as follows:

(Unit: THB Million)	as of December 31 <sup>st</sup>		Increased (decreased)	
	2020	2019	MB.	%
Net cash provided by (used in) operation activities	(100.31)	( 82.83)	(17.48)	21.10%
Net cash provided by (used in) investing activities	( 2.13)	(67.57)	65.44	(96.85%)
Net cash provided by (used in) financing activities	(1.26)	21.69	(22.95)	(105.81%)
Net increase (decrease) in cash and cash equivalents	(103.70)	(128.71)	25.01	(19.43%)
Cash and cash equivalents, at beginning of year	151.21	279.90	(128.69)	(45.98%)
Cash and cash equivalents, at ending of year	47.50	151.20	(103.70)	(68.58%)

### Operational activities

In 2020, the Company has cash provided by used in operating activities was THB 100.31 million, an increase of THB 17.48 million from the previous year. This resulted in a decrease in operating cash, as loss for the year from continuing operations before corporate income tax at THB 154.48 million, other current payables at THB 26.89 million and the cash flow from the reversal of bad debts and allowance for doubtful accounts at THB 19.51million.

### Capital expenditures

In 2020, the Company had cash flow in investing activities of THB 2.13 million, a decrease of THB 65.44 million or 96.85 %. cash paid buy for vehicles and equipment of THB 3.65 million. In last year investment activities such as purchasing investments in associates of THB 29.77 million and cash paid for purchasing other intangible assets such as copyright at THB 12.32 million.

As for cash and cash equivalents at the end of the year 2020, the Company has such items at THB 47.50 million, with significant items resulting from cash expenditures in operating activities as above.

## Important financial ratios :

Ratio (Unit: THB Million)	as of December 31 <sup>st</sup>		Increased (decreased)	
	2020	2019	Rate	%
<b>1. Liquidity Ratio</b>				
- Current ratio (Time)	3.41	3.09	0.32	10.36%
- Quick ratio (Time)	1.29	1.66	(0.37)	(22.29%)
- Cash flow current ratio (Time)	(0.66)	(0.66)	-	0.00%
- Accounts receivable turnover ratio (Time)	2.90	2.72	0.18	6.62%
- Average debt collection period ratio (Day)	124.33	132.49	(8.16)	(6.16%)
- Days of inventory on hand ratio (Day)	385.65	341.48	44.17	12.93%
- Average Payment Period ratio (Day)	167.74	139.51	28.23	20.24%
- Cash Cycle ratio (Day)	342.24	334.47	7.77	2.32%
<b>2. Profitability Ratio</b>				
- Operating Profitability ratio (%)	(43.04)	(86.67)	43.63	(50.34%)
- Net Profit Margin (%)	(36.34)	(52.56)	16.22	(30.86%)
- Return on Owner's Equity (ROE) (%)	(16.18)	(23.01)	6.83	(29.68%)
<b>3. Financial Policy Ratio</b>				
- Debt to Equity ratio (Time)	0.34	0.31	0.03	9.68%
- Debt Service Coverage (cash basis) (Time)	(20.37)	(3.78)	(16.59)	438.89%

In 2019 -2020, the Company's current ratio was 3.09 and 3.41 times, respectively, and in 2020, the quick ratio was 1.29 times, a decrease compared to the previous year due to a decrease in cash and cash equivalents, trade and other current receivables. However, liquidity is still considered to be at a good level according to general operating standards. The company also has a cash cycle of 334.47- 342.24 days (Average debt collection period + Days of inventory on hand – Days payable outstanding), this is considered a high rate. In 2020, the company has average payment period ratio than average debt collection period ratio. In this regard, the Company has continuously improved the quality of receivables, and accelerated the inventory drainage by launching the EXPO, booths continuously, and debt collection to be more efficient, which began to see results due to the increase in trade accounts receivable turnover ratio in 2020 to 2.90 times compared to the previous year at 2.72 times and compared to a reduction in the average collection period in this year 8.16 days compared to the previous year.

For operating profitability of the Company in 2020 improved from the previous year to -43.04%, mainly due to this year it had a loss from impairment of investment decreased from the previous year at THB 163.93 million, reduction of the set loss the above contributed to the Company's net profit margin decreased from -52.56% in 2019 to -36.34% in 2020, as a result, the return on owner's equity (ROE) increased 6.83% to -16.18 in 2020 as well.

Debt to equity ratio in 2020, at 0.34 times increased 0.03 times from the previous year, due to the Company's operating loss, which reduced equity. However, the ratio is still quite low. Debt service coverage ratio (cash basis) in 2020, the value was negative, increasing from - 3.78 times the previous year to - 20.37 times, which can be interpreted as insufficient operating cash flow that year to paid off debt, capital expenditures and the purchase of assets, it needs to use funds from other sources to join the drop in rates was the result of an increase in losses for the year, thanks to the factors discussed and analyzed above, but with the debt to asset ratio still low. The company has not concerned about the ability to pay its debts at this time.



For the year ended December 31, 2020, the Group and the Company had losses in the consolidated and separate statements of comprehensive income in amount of Baht 154.32 million and Baht 118.80 million, respectively. And as at December 31, 2020, the Group and the Company have accumulated losses in the consolidated and separate financial statements in amount of Baht 593.61 million and Baht 570.92 million, respectively. In addition, for the year ended December 31, 2020, the Group and the Company had a decrease in net cash flow from operating activities in the consolidated and separate cash flow statements in the amount of Baht 100.31 million and Baht 32.30 million, respectively. However, the Group and the Company are in the process of resolving financial status problems, performance and financial liquidity by improving the policy to increase income and operating results. The Group's management believes that the Group and the Company will be able to increase revenues by increasing revenues from new business, as well as reducing cost of sales and distribution costs and administrative expenses. In addition, policies and procedures will be established in an effort to manage liquidity risks and other situations where the outcome remains uncertain. The situation suggests that there is significant uncertainty. Which may raise significant doubt about the ability of the Company to continue operations of the Group and the Company.

The Company has risk management for problem solving, including liquidity risk mitigation. By balancing the Company's cash flows in and out for each period to be consistent. There is monitoring and comparing the remaining cash flow with the estimated short-term demand of the company, to reduce liquidity risk asset management such as expedite drainage of inventories as well as buying new products, it has to have a period of selling products that are fast turning, etc. As the liquidity measurement criteria, the Company is still considered to be in good level according to the general operating standards, managing current debt It is a liability that can be controlled. In addition to cash flows from the Group's operation business, if the business tends to grow and become stronger. The company may need to borrow from financial institutions or other forms of funding.

#### **Auditor's Remunerations**

In 2020, the Company paid an annual remuneration of THB 1.19 million to the auditor, divided into the annual audit fee of the 2020 financial statements of THB 0.65 million, a quarterly review fee of THB 0.54 million, and an audit fee for financial statements of the subsidiary and joint ventures of THB 0.81 million and other audit expenses of THB 1.31 million.

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

In 2019, 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.

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 subsidiaries Consolidated and  
Separate Financial statements  
December 31, 2020  
and Independent Auditor's Report

# Independent Auditor's Report

To the Shareholders of AJ Advance Technology Public Company Limited

## Opinion

I have audited the financial statements of AJ Advance Technology Public Company Limited and subsidiaries, which comprise the consolidated and separate statements of financial position as at December 31, 2020, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of AJ Advance Technology Public Company Limited and subsidiaries as at December 31, 2020, their financial performance and cash flows for the year ended in accordance with Thai Financial Reporting Standards.

## Basis for Opinion

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

## Significant uncertainties related to continue operations

I draw attention to Note 2 to the financial statements, indicating that for the year ended December 31, 2020, the Group and the Company had losses in the consolidated and separate statements of comprehensive income in amount of Baht 154.32 million and Baht 118.80 million, respectively. And as at December 31, 2020, the Group and the Company have accumulated losses in the consolidated and separate financial statements in amount of Baht 593.61 million and Baht 570.92 million, respectively. In addition, for the year ended December 31, 2020, the Group and the Company had a decrease in net cash flow from operating activities in the consolidated and separate cash flow statements in the amount of Baht 100.31 million and Baht 32.30 million, respectively. However, the Group and the Company are in the process of resolving financial status problems, performance and financial liquidity by improving the policy to increase income and operating results. The Group's management believes that the Group and the Company will be able to increase revenues by increasing revenues from new business, as well as reducing cost of sales and distribution costs and administrative expenses. In addition, policies and procedures will be established in an effort to manage liquidity risks and other situations where the outcome remains uncertain. The situation suggests that there is significant uncertainty. Which may raise significant doubt about the ability of the Company to continue operations of the Group and the Company. My opinion has not changed due to 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 financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

### **Trade and other current receivables**

#### **Risk**

As described in Note 9 to the financial statements, the Group has trade and other current receivables, It is presented in the consolidated and separate financial statements as of December 31, 2020 in the amount of 105.82 million baht and 88.11 million baht, respectively. Trade accounts receivable is stated at net realizable value. The Group makes an allowance for doubtful accounts by estimated the loss rate that expected to be uncollected. In which the consideration of debtor groups with different risks. I give priority to setting an allowance for doubtful accounts. Due to the classification of debtors with different risks. It is a matter that requires management of judgment. Moreover, the calculation of the loss rate is calculated from the not paid debtors. I therefore stated that measuring the trade accounts receivable of the Group is a significant risk.

#### **Risk Responses of Auditor**

My audit procedures responded to the risk referred to above are summarized as follows:

- I have test the system to evaluate the effectiveness of the internal control system about granting a credit limit to customers, sales, payment tracking, approval of transactions and systems used. Including other important controls which impact on the risk of each group of debtors to has different risks.
- I have considered the judgment of the management. In classification of debtors with different risks of received the payment.
- I have checked the confirmation letter from the Company's Legal Department. To consider the debtor groups that the company is operating under the law in order to receive the payment.
- I have considered the information that the management used to set Debt Collection Ratio from average historical data. Which used as a basis for calculating the doubtful debt rate of each group of debtors that it is reasonable and appropriate or not.
- I have randomly selecting a sample item to test the suitability of the trade accounts receivable aging report.
- I have considered the data of receiving payment during the reporting period. Including the information of receiving payments after the reporting period. To review the suitability of the debt uncollected ratio in the final and
- I have repeatedly tested the calculation. To confirm the correctness of the calculation of the amount recorded as an allowance for doubtful accounts at the end of the period that it is appropriate.

### **Other current financial assets**

#### **Risk**

As described in Note 11 to the financial statements, the Company has investments in a foreign private fund. Which is measured at cost less impairment losses. As of December 31, 2020, such investment has a cost of Baht 296.76 million and allowance for impairment loss of Baht 270.84 million. The investment is funded by an overseas fund management company and an overseas trustee as the trustee. On June 5, 2020, the company received a letter from an overseas fund stating that Experiencing a temporary suspension due to the major holding in the fund has been suspended from trading. From such an event, the company is exposed to risks in the measurement of investments in such foreign private funds.

#### **Risk Responses of Auditor**

My audit procedures responded to the risk referred to above are summarized as follows:

- I have examined the documents from the foreign private fund that sent to the Company.
- I made inquiries in writing to the foreign private fund manager. To ask for more details of the reason for the suspension of trading.
- I have examined the source of the response from an overseas private fund manager.
- I have sent a letter confirming the balance. To inquire the remaining investment units at the end of the year and the value of the investment units that is the right of the company. Which specifies the value of the investment units equal to the recent measure. (Note 11)
- I searched for information on unit price via website and found that the unit price has not changed since the actual trading suspension.
- In this regard, I have verified the cards of the foreign private fund manager. It still has the effect of being a private fund manager in a foreign country under the law until now.
- I have read the minutes of the meeting. Both before and after the end of the reporting period to monitor the progress of the aforementioned matters and
- I once again inquired the progress of the foreign private fund manager near the date of financial statement approval to assess situations that may change.

### **Impairment of investments in subsidiaries**

#### **Risk**

As described in Note 14 to the financial statements, the Company have an indication of the impairment of investments in certain subsidiaries. Due to the operating results of the subsidiaries that have suffered significant losses during the year and have a large accumulated loss. Therefore, the impairment of investment in subsidiaries at the end of the year amount of Baht 27.06 million. The above transactions are material to the current financial statements. I therefore take the matter as a matter of review.

#### **Risk Responses of Auditor**

My audit procedures responded to the risk referred to above are summarized as follows:

- Compare the recoverable amount with the investment at the end of the accounting period. According to the adjusted net book value method or the discounted present value method for future cash flows.
- Reviewed the reasonableness of the management assumptions to estimate future cash flows that are discounted to present value.
- Reading the minutes of the meeting about estimate discount of cash flow to be received and review the reasonableness of the estimates provided by the management.
- Review the operating results after the end of the period and the management review the estimate to be close to the facts that arise and
- Performed calculation test for determine the value of impairment recording of assets invested in subsidiaries.

#### **Emphasis of Matter**

I draw attention to Note 4.1 to the financial statements. Due to the impact of the COVID-19 outbreak, in preparing the financial information for the year ended December 31, 2020, the Company has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives Dealing with The Impact of COVID-19 Pandemic issued by the Federation of Accounting Professions. My conclusion is not modified in respect of this matter.

#### **Other matters**

The financial statement of AJ Advance Technology Public Company Limited and its subsidiaries at December 31, 2019, which is presented as comparative information, audited by another auditor, expressed an unqualified opinion in accordance with the report dated March 6, 2020.

#### **Other Information**

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

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

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

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Sumana Senivongse.



(Mrs. Sumana Senivongse)

Certified Public Accountant

Registration No. 5897

Karin Audit Company Limited

Bangkok, Thailand.

February 25, 2021

# Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries

As at December 31, 2020

		(Unit : Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
Notes		2020	2019	2020	2019
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	47,497,354	151,205,494	20,810,382	57,188,697
Trade and other current receivables	9	105,818,355	155,848,211	88,108,380	153,101,186
Short-term loans to related party	7	-	-	132,125	-
Inventories	10	215,504,819	220,654,216	154,382,056	151,386,992
Right of return products		3,508,905	8,591,968	3,508,905	8,591,937
Current tax assets		560,751	777,453	105,116	132,070
Other current financial assets	11	25,916,984	33,802,571	25,916,984	33,802,571
Other current assets		4,775,138	1,001,897	4,775,138	996,658
<b>Total current assets</b>		<b>403,582,306</b>	<b>571,881,810</b>	<b>297,739,086</b>	<b>405,200,111</b>
<b>Non-current assets</b>					
Investments in associates	13	1,000,000	1,000,000	1,000,000	1,000,000
Investments in joint ventures	13	7,423,179	10,136,141	6,307,441	9,251,197
Investments in subsidiaries	14	-	-	81,475,104	98,024,975
Property, plant and equipment	15	411,222,307	418,242,978	408,817,016	415,305,727
Right-of-use assets	16	1,689,650	-	-	-
Contract cost assets	17	49,916,905	33,008,747	-	-
Goodwill	14	30,457,602	29,827,800	-	-
Other intangible assets other than goodwill	18	16,008,458	41,204,220	204,608	20,319,308
Deferred tax assets	30	4,086,265	2,588,307	-	-
Other non-current financial assets	11	1,897,796	2,842,000	1,462,000	1,662,000
Other non-current assets		4,163,550	4,470,739	533,246	614,345
<b>Total non-current assets</b>		<b>527,865,712</b>	<b>543,320,932</b>	<b>499,799,415</b>	<b>546,177,552</b>
<b>Total assets</b>		<b>931,448,018</b>	<b>1,115,202,742</b>	<b>797,538,501</b>	<b>951,377,663</b>

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

# Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries

As at December 31, 2020

(Unit : Baht)

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
		2020	2019	2020	2019
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade and other current payables	19	97,637,513	174,849,948	47,246,476	101,462,758
Current portion of lease liabilities		673,643	-	-	-
Current portion of finance lease liabilities		-	243,783	-	243,783
Short-term borrowings from related parties	7	-	-	9,000,000	-
Other current provisions		7,500,000	-	7,500,000	-
Income tax payable		530,870	62,424	-	-
Other current liabilities	22	12,101,270	10,035,710	11,384,061	9,296,981
<b>Total current liabilities</b>		<b>118,443,296</b>	<b>185,191,865</b>	<b>75,130,537</b>	<b>111,003,522</b>
<b>Non-current liabilities</b>					
Lease liabilities		528,903	-	-	-
Contract liabilities	20	68,713,245	37,044,137	-	-
Non-current provisions for employee benefit	23	5,990,102	4,796,913	5,137,018	4,091,842
Deferred tax liabilities	30	42,321,928	38,885,128	37,826,110	38,040,074
<b>Total non-current liabilities</b>		<b>117,554,178</b>	<b>80,726,178</b>	<b>42,963,128</b>	<b>42,131,916</b>
<b>Total liabilities</b>		<b>235,997,474</b>	<b>265,918,043</b>	<b>118,093,665</b>	<b>153,135,438</b>

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

# Statement of financial position

AJ Advance Technology Public Company Limited and its subsidiaries

As at December 31, 2020

		(Unit : Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
Notes		2020	2019	2020	2019
<b>Liabilities and equity</b>					
<b>Equity</b>					
Share capital:					
Authorised share capital					
4,240,294,744 Ordinary shares					
with par value of baht 0.10 each					
(As at 2019 : 5,269,250,230 Ordinary shares					
with par value of baht 0.10 each)					
24		424,029,474	526,925,023	424,029,474	526,925,023
Issued and paid-up share capital					
4,240,294,744 Ordinary shares					
with par value of baht 0.10 each					
24		424,029,474	424,029,474	424,029,474	424,029,474
Premium on ordinary shares					
		649,893,744	649,893,744	649,893,744	649,893,744
Retained earnings (deficit)					
Appropriated - Legal reserve					
		20,900,000	20,900,000	20,900,000	20,900,000
Unappropriated					
		(593,613,934)	(461,537,710)	(570,918,893)	(452,121,504)
Other components of equity					
		182,861,530	182,861,530	155,540,511	155,540,511
<b>Equity attributable to owners of the parent</b>		<b>684,070,814</b>	<b>816,147,038</b>	<b>679,444,836</b>	<b>798,242,225</b>
Non-controlling interests		11,379,730	33,137,661	-	-
<b>Total equity</b>		<b>695,450,544</b>	<b>849,284,699</b>	<b>679,444,836</b>	<b>798,242,225</b>
<b>Total liabilities and equity</b>		<b>931,448,018</b>	<b>1,115,202,742</b>	<b>797,538,501</b>	<b>951,377,663</b>

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



# Statement of comprehensive income

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended December 31, 2020

(Unit : Baht)					
		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2020	2019	2020	2019
<b>Income</b>					
Revenue from sales of goods		291,054,182	359,979,215	191,399,009	366,510,903
Revenue from rendering of services		59,385,470	32,549,944	6,689,555	2,298,493
Profit from exchange rate		1,076,335	422,478	600,859	327,115
Revenue from invesment		613,006	3,541,086	1,987,908	2,693,458
Other income		11,277,691	7,253,560	9,820,926	8,743,981
<b>Total income</b>		<b>363,406,684</b>	<b>403,746,283</b>	<b>210,498,257</b>	<b>380,573,950</b>
<b>Expenses</b>					
Cost of sales		252,055,836	296,722,965	157,666,174	324,405,451
Cost of rendering services		40,350,519	31,578,673	513,083	8,007,517
Distribution costs		2675,777,059	103,771,945	48,881,648	67,171,492
Administrative expenses		138,184,001	138,818,061	84,236,635	108,334,922
Impairment losses on investment		117,885,587	171,823,733	7,885,587	171,823,733
Impairment losses on investment in associates and joint ventures		13-	-	2,943,755	46,103,503
Impairment losses on investment in subsidiaries		14-	-	27,059,826	-
Losses from disposal of subsidiaries		-	1,218,741	-	11,000,000
Finance costs		923,107	630,091	322,902	266,939
<b>Total expenses</b>		<b>515,176,109</b>	<b>744,564,209</b>	<b>329,509,610</b>	<b>737,113,557</b>
Share of profit (loss) from investments in associates and joint ventures		(2,712,962)	(37,800,721)	-	-
<b>Profit (loss) before income tax expense</b>		<b>(154,482,387)</b>	<b>(378,618,647)</b>	<b>(119,011,353)</b>	<b>(356,539,607)</b>
Tax income (expense)		158,187	(3,576,694)	213,964	(4,733,520)
<b>Profit (loss) for the year from continuing operations</b>		<b>(154,324,200)</b>	<b>(382,195,341)</b>	<b>(118,797,389)</b>	<b>(361,273,127)</b>
Discontinued operation					
Profit (loss) for the year from discontinued operation					
- Net of tax		-	(3,071,176)	-	-
<b>Profit (loss) for the year</b>		<b>(154,324,200)</b>	<b>(385,266,517)</b>	<b>(118,797,389)</b>	<b>(361,273,127)</b>

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

# Statement of comprehensive income

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended December 31, 2020

(Unit : Baht)

		Consolidated		Separate	
		financial statements		financial statements	
		2020	2019	2020	2019
<b>Items that will not be reclassified to profit or loss</b>					
Gain on revaluation of land		-	194,425,639	-	194,425,639
Gains on re-measurements of defined benefit plans		-	3,116,564	-	2,830,010
Income tax relating to items that will not be reclassified		-	(39,508,441)	-	(39,451,130)
<b>Total items that will not be reclassified to profit or loss</b>		<b>-</b>	<b>158,033,762</b>	<b>-</b>	<b>157,804,519</b>
<b>Total comprehensive income (expense) for the year</b>		<b>(154,324,200)</b>	<b>(227,232,755)</b>	<b>(118,797,389)</b>	<b>(203,468,608)</b>
<b>Profit (loss) attributable to:</b>					
Owners of the parent					
Profit (loss) for the year from continuing operations		(132,076,224)	(368,554,451)	(118,797,389)	(361,273,127)
Profit (loss) for the year from discontinued operations		-	(1,689,097)	-	-
Profit (loss) for the year attributable to equity holders of the Company		(132,076,224)	(370,243,548)	(118,797,389)	(361,273,127)
Non-controlling interest					
Profit (loss) for the year from continuing operations		(22,247,976)	(13,640,890)	-	-
Profit (loss) for the year from discontinued operations		-	(1,382,079)	-	-
<b>Profit (loss) for the year</b>		<b>(154,324,200)</b>	<b>(385,266,517)</b>	<b>(118,797,389)</b>	<b>(361,273,127)</b>
<b>Total comprehensive income (expense) attributable to:</b>					
Owners of the parent					
Profit (loss) for the year from continuing operations		(132,076,224)	(210,520,689)	(118,797,389)	(203,468,608)
Profit (loss) for the year from discontinued operations		-	(1,689,097)	-	-
Comprehensive income (expense) for the year attributable to equity holders of the Company		(132,076,224)	(212,209,786)	(118,797,389)	(203,468,608)
Non-controlling interest					
Profit (loss) for the year from continuing operations		(22,247,976)	(13,640,890)	-	-
Profit (loss) for the year from discontinued operations		-	(1,382,079)	-	-
<b>Total comprehensive income (expense) for the year</b>		<b>(154,324,200)</b>	<b>(227,232,755)</b>	<b>(118,797,389)</b>	<b>(203,468,608)</b>
<b>Basic earnings (loss) per share of the parent company shareholders</b>					
Basic earnings (loss) per share (Baht : Share)	31	(0.031)	(0.087)	(0.028)	(0.085)
Basic earnings (loss) per share from continuing operations (Baht : Share)	31	(0.031)	(0.087)	(0.028)	(0.085)
Weighted average number of ordinary share (Shares)	31	4,240,294,744	4,240,294,744	4,240,294,744	4,240,294,744

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

# Statement of changes in equity

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended December 31, 2020

(Unit : Baht)

	Consolidated financial statements							
	Retained earnings (deficit)		Other components of equity			Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Appropriated - Legal reserve	Land revaluation surplus	Surplus from Business combination under common control	Total other components of equity		
<b>Balance at January 1, 2019</b>	<b>424,029,474</b>	<b>649,893,744</b>	<b>20,900,000</b>	<b>(93,787,413)</b>	<b>27,321,019</b>	<b>1,028,356,824</b>	<b>63,942,981</b>	<b>1,092,299,805</b>
<b>Transactions with shareholders, recorded directly in equity</b>								
<b>Changes in interests in subsidiaries</b>								
Acquisition from a business combination	-	-	-	-	-	-	(15,885,200)	(15,885,200)
Calling for ordinary shares of subsidiaries from non-controlling interests	-	-	-	-	-	-	23,600,000	23,600,000
Loss of non-controlling interests due to a change in control	-	-	-	-	-	-	(23,497,151)	(23,497,151)
<b>Total changes in interests in subsidiaries</b>	-	-	-	-	-	-	<b>(15,782,351)</b>	<b>(15,782,351)</b>
<b>Total transactions with shareholders, recorded directly in equity</b>	-	-	-	-	-	-	<b>(15,782,351)</b>	<b>(15,782,351)</b>
<b>Comprehensive income for the year</b>								
Profit (loss) for the year	-	-	-	(370,243,548)	-	-	(15,022,969)	(385,266,517)
Other comprehensive income	-	-	-	2,493,251	-	155,540,511	-	158,033,762
<b>Total comprehensive income for the year</b>	-	-	-	<b>(367,750,297)</b>	-	<b>155,540,511</b>	<b>(15,022,969)</b>	<b>(227,232,755)</b>
<b>Balance at December 31, 2019</b>	<b>424,029,474</b>	<b>649,893,744</b>	<b>20,900,000</b>	<b>(461,537,710)</b>	<b>27,321,019</b>	<b>816,147,038</b>	<b>33,137,661</b>	<b>849,284,699</b>
Ordinary shares increase (decrease)	-	-	-	-	-	-	490,045	490,045
Comprehensive income for the year	-	-	-	(132,076,224)	-	(132,076,224)	(22,247,976)	(154,324,200)
<b>Balance at December 31, 2020</b>	<b>424,029,474</b>	<b>649,893,744</b>	<b>20,900,000</b>	<b>(593,613,934)</b>	<b>27,321,019</b>	<b>684,070,814</b>	<b>11,379,730</b>	<b>695,450,544</b>

# Statement of changes in equity

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended December 31, 2020



	Separate financial statements					(Unit : Baht)
	Other components of equity					
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings (deficit)	Land revaluation surplus	Total equity	
			Appropriated - Legal reserve	Unappropriated		
Balance at January 1, 2019	424,029,474	649,893,744	20,900,000	(93,112,385)	-	1,001,710,833
Comprehensive income for the year						
Profit (loss) for the year	-	-	-	(361,273,127)	-	(361,273,127)
Other comprehensive income	-	-	-	2,264,008	155,540,511	157,804,519
Total comprehensive income for the year	-	-	-	(359,009,119)	155,540,511	(203,468,608)
Balance at December 31, 2019	424,029,474	649,893,744	20,900,000	(452,121,504)	155,540,511	798,242,225
Comprehensive income for the year	-	-	-	(118,797,389)	-	(118,797,389)
Balance at December 31, 2020	424,029,474	649,893,744	20,900,000	(570,918,893)	155,540,511	679,444,836

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



# Statement of cash flows

AJ Advance Technology Public Company Limited and its subsidiaries  
 For the year ended December 31, 2020

(Unit :Baht)				
Notes	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit (loss) for the year from continuing operations before corporate income tax	(154,482,387)	(378,618,647)	(119,011,353)	(356,539,607)
Profit (loss) for the year from discontinued operation	-	(3,071,176)	-	-
Profit (loss) before corporate income tax	(154,482,387)	(381,689,823)	(119,011,353)	(356,539,607)
Adjustment of profit (loss) on cash received (paid)				
Adjustment on financial cost	923,107	727,511	322,902	266,939
Adjustment on trade and other current receivables (increase) decrease	8,950,531	31,531,938	65,775,527	4,214,294
Adjustment on inventories (increase) decrease	4,409,210	2,495,618	3,801,483	47,084,220
Adjustment on other assets (increase) decrease	(2,286,235)	(6,870,020)	(3,697,382)	23,609,623
Adjustment on trade and other current payables increase (decrease)	(26,890,361)	41,541,127	(30,665,669)	7,034,242
Adjustment on other liabilities (increase) decrease	3,002,452	25,636,880	2,087,080	18,168
Depreciation and amortization charge	15,16,17,18	20,257,827	29,787,764	9,729,115
Losses from amortization of assets	-	677,380	-	280,480
Impairment loss on assets (reversal)	11,13,14,18	3,885,587	187,434,459	33,889,168
Adjustment on provisions liabilities (reversal)	-	8,693,189	2,592,769	8,545,176
Unrealized loss (gain) on exchange rate	-	(266,495)	98,030	-
Share (profit) loss from associates and joint ventures	13	2,712,962	37,800,721	-
Bad debts and allowance for doubtful accounts (reversal)	9	19,513,605	(4,476,638)	(483,822)
Loss from inventories devaluation (reversal)	10	740,186	(26,762,535)	(6,796,549)
Estimated return of goods (reversal)	-	5,083,033	(13,089,885)	5,083,033
Reversal of estimated product quality guarantee	-	-	(66,543)	-
Loss (gain) from disposal of non-current assets	15	(241,311)	(946,056)	(225,788)
Cash paid for product quality assurance	-	-	(58,682)	-
Deferred revenue	20	8,431,539	1,327,982	-
Other adjustment on cash from investing or borrowing	-	(452,472)	-	(488,515)
<b>Net cash provided by (used in) operation</b>	<b>(98,016,033)</b>	<b>(72,308,003)</b>	<b>(32,135,594)</b>	<b>(49,941,745)</b>
Interest income	452,472	(3,541,086)	488,515	(2,693,458)
Interest expense	(891,405)	(727,510)	(383,482)	(266,939)
Income tax refund (paid)	(1,858,658)	(6,249,411)	(271,945)	(298,899)
<b>Net cash provided by (used in) operation activities</b>	<b>(100,313,624)</b>	<b>(82,826,010)</b>	<b>(32,302,506)</b>	<b>(53,201,041)</b>

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

# Statement of cash flows

AJ Advance Technology Public Company Limited and its subsidiaries

For the year ended December 31, 2020

		(Unit : Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2020	2019	2020	2019
<b>Cash flows from investing activities</b>					
Cash paid for investment since establishment of a subsidiary	14	-	-	(9,999,985)	(41,400,000)
Cash paid for acquisition a business	14	-	(41,366,897)	-	-
Cash paid for purchase of investments in associates and joint ventures	13	-	(29,767,800)	-	(29,767,800)
Cash paid for purchase of property, plant and equipment	15	(3,646,914)	(7,657,110)	(3,386,995)	(2,647,378)
Cash paid for purchase of other intangible assets	18	(17,500)	(12,320,720)	(17,500)	(12,135,000)
Cash received from disposal of property, plant and equipment	15	586,355	3,090,121	504,579	1,594,019
Cash received from disposal of temporary investment		-	30,625	-	30,625
Cash received from borrowings from related parties		-	-	17,000,000	-
Cash paid for borrowings payments from related parties		-	-	(8,000,000)	-
Advance payment and loans to related party		-	-	(132,125)	-
Interest income		-	3,419,910	-	-
Cash received from disposal of investment in subsidiaries		-	-	-	27,500,000
Cash received from the disposal of discontinued operation					
- net of cash of the disposed business		-	17,005,901	-	-
Other cash (paid) for investing activities - financial assets		944,204	-	200,000	-
<b>Net cash provided by (used in) investing activities</b>		<b>(2,133,855)</b>	<b>(67,565,970)</b>	<b>(3,832,026)</b>	<b>(56,825,534)</b>
<b>Cash flows from financing activities</b>					
Repayment of liabilities under financial lease agreements		(1,260,661)	(1,905,396)	(243,783)	(1,098,328)
Cash received from issuing ordinary shares of subsidiaries to non-controlling interests		-	23,600,000	-	-
<b>Net cash provided by (used in) financing activities</b>		<b>(1,260,661)</b>	<b>21,694,604</b>	<b>(243,783)</b>	<b>(1,098,328)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(103,708,140)</b>	<b>(128,697,376)</b>	<b>(36,378,315)</b>	<b>(111,124,903)</b>
Cash and cash equivalents, at beginning of year (Note 8)		151,205,494	279,902,870	57,188,697	168,313,600
<b>Cash and cash equivalents, at ending of year (Note 8)</b>		<b>47,497,354</b>	<b>151,205,494</b>	<b>20,810,382</b>	<b>57,188,697</b>

## Non-cash transactions

- For the purpose of preparing the statement of cash flows, cash and cash equivalents items include cash in hand and cash at banks and short-term investment in promissory notes which are due within 3 months.
- During the year 2020, the Group has a contract to lease building space has reclassified liabilities under lease on January 1, 2020, which is part of the process of applying the lease standard for the first time, Which has financial lease in the consolidated financial statements in the amount of Baht 2.83 million (Note 3).
- During the year 2020, the Group records higher right than usage under financial lease liabilities because the Group made advance deposit payment amount of Baht 0.28 million.
- During the year 2020, the Company has offset between the rights recorded in the intangible assets (Note 18) and the copyright purchase payable (Note 19) as a result of the termination of the contract.
- During the year 2019, the Group has purchased land, buildings and equipment and other intangible assets at cost of Baht 75.6 million, of which Baht 33.2 million is creditor, Baht 27.0 million from acquisition of business and purchased by cash for Baht 15.4 million.
- During the year 2019, the Company has purchased land, buildings and equipment and other intangible assets at cost of Baht 42.7 million, of which Baht 32.8 million is creditor and purchased by cash for Baht 9.9 million.

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

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

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 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 Bangkhunthien, Bangkok.

The Company’s major shareholders during the financial period were Meemano and Pativetpinyo families who held 43.09 percent shareholding.

The principal activities of the Group and the Company are wholesaling and retailing of electrics 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 goods, 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.

## 2. USE OF GOING CONCERN BASIS OF ACCOUNTING

For the year ended December 31, 2020, the Group and the Company had losses in the consolidated and separate statements of comprehensive income in amount of Baht 154.32 million and Baht 118.80 million, respectively. And as at December 31, 2020, the Group and the Company have accumulated losses in the consolidated and separate financial statements in amount of Baht 593.61 million and Baht 570.92 million, respectively. In addition, for the year ended December 31, 2020, the Group and the Company had a decrease in net cash flow from operating activities in the consolidated and separate cash flow statements in the amount of Baht 100.31 million and Baht 32.30 million, respectively. However, the Group and the Company are in the process of resolving financial status problems, performance and financial liquidity by improving the policy to increase income and operating results. The Group’s management believes that the Group and the Company will be able to increase revenues by increasing revenues from new business, as well as reducing cost of sales and distribution costs and administrative expenses. In addition, policies and procedures will be established in an effort to manage liquidity risks and other situations where the outcome remains uncertain. The situation suggests that there is significant uncertainty. Which may raise significant doubt about the ability of the Company to continue operations of the Group and the Company.

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. IMPACT OF FIRST-TIME ADOPTION OF NEW ACCOUNTING STANDARDS

The impact of first-time adoption of new accounting standards on the consolidated and separate statement of financial position as at January 1, 2020 are as follows :

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## TFRS 16 Leases

During the year 2020, the Group has adopted TFRS 16 Leasing Agreements in the event that the Group is the lessee, The Group recognizes assets usage rights and liabilities under the lease at the date the lease is effective.

The amount to be paid under the contract will be allocated between liabilities and financial expenses. The interest expense will be recorded in the income statement throughout the lease term so that the interest rates for each period are fixed for the remaining balance of liabilities. Assets for usage rights are measured at cost. Which is the present value of the payment due under the lease. Asset usage rights are depreciated over the useful life of the asset or the life of the lease. Whichever is shorter.

The lease liability is initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as expense in the statement of income.

The Group made the transaction by adjustment the change to retain earning as at January 1, 2020 and without adjustment in the previous financial statement for preparation.

The affect form New Thai Financial Report Standards to consolidate and separate financial statements as at January 1, 2020 are as follows :

		(Unit : Thousand Baht)	
		Consolidated	
	As at		As at
	December 31, 2019	TFRS 16	January 1, 2020
<b>Statement of financial position</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Right-of-use assets	-	3,112	3,112
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Current portion of lease liabilities	244	858	1,102
<b>Non-current liabilities</b>			
Lease liabilities	-	1,976	1,976

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining



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lease payments, discounted using the Group's incremental borrowing rates. The Group's weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2020 at 5.25 percent.

As at January 1, 2020, the Group records higher right than usage under financial lease liabilities Because the Group made advance deposit payment of Baht 0.28 million.

For leases previously classified as finance leases applying TAS 17, the Group recognised the carrying amount of the lease asset and lease liability immediately before adoption of TFRS 16 as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	January 1,	December 31,	January 1,
	2020	2020	2020	2020
Buildings and building improvements	1,690	3,112	-	-
<b>Total right-of-use assets</b>	<b>1,690</b>	<b>3,112</b>	<b>-</b>	<b>-</b>

## 4. BASIS FOR INTERIM FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

### 4.1 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 (COVID-19) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

### 4.2 Basis for financial statements preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the Accounting Act, BE 2543, which refers to the financial reporting standards issued under the Accounting Profession Act BE 2547 and the Securities and Exchange Commission. Stock Exchange of Thailand Re: Formulation and presentation of financial statements under the Securities and Exchange Act.

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

The preparation of financial statements in conformity with generally accepted accounting principles in Thailand. Use accounting estimates significant accounting judgments and estimates the preparation of financial statements in

# Notes to Financial Statements

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conformity with generally accepted accounting principles requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. The Company discloses the use of management discretion. Or complexity or significant assumptions and estimates to the financial statements in Note 6.

The financial statements in English language have been derived from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## 4.3 Basis for consolidated financial statements preparation

A) The consolidated financial statements have been prepared by including the financial statements of AJ Advance Technology Public Company Limited and its subsidiaries which are under its control with more than 50 percent voting rights as follows :

Company's name	Type of business	Country of establish	Percentage of investment (%)	
			As at December 31, 2020	As at December 31, 2019
Siam Advance Electronic Co., Ltd.	Retailing and wholesaling of electric appliance, including parts.	Thailand	51	51
AJ E-Commerce Co., Ltd.	Providing service to members relating to the access of website of such Company for purchase and sales of goods.	Thailand	100	100
Happy Vision Co., Ltd.	TV's drama programs, other entertainment media and retailing of sport shoes.	Thailand	99	99
Yutai Group Co.,Ltd.	Export product and service to members relating to the access of website of such Company for purchase and sales of goods.	Thailand	51	51

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Company's name	Type of business	Country of establish	Percentage of investment (%)	
			As at December 31, 2020	As at December 31, 2019
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.	Thailand	60	60
AJ Beauty Group Co., Ltd.	Beauty service business.	Thailand	100	-
Unionthai Platform Co., Ltd.	Investment platform business manages and services online for small and medium-sized businesses of the company.	Thailand	51	-

## B) 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.

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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.

## C) 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.

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.

## D) 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.



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## 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.

## E) 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.

The total assets of subsidiaries as at December 31, 2020 and 2019 and total revenues of subsidiaries for the year ended December 31, 2020 and 2019 before eliminating, as included in the consolidated financial statements presented in term of percentages are as follows:

	Percentage of subsidiaries's total assets to consolidated total assets		Percentage of subsidiaries's total revenues to consolidated total revenues	
	As at December 31,		For the year ended December 31,	
	2020	2019	2020	2019
Siam Advance Electronic Co., Ltd.	0.04	0.09	0.21	0.28
AJ E-Commerce Co., Ltd.	0.01	0.02	0.03	0.02
Happy Vision Co., Ltd.	0.03	0.03	0.08	0.03
Youtai Group Co., Ltd.	0.01	0.01	-	-
Bangkok Pay Co., Ltd.	0.16	0.13	0.17	0.03
AJ Beauty Group Co., Ltd.	0.01	-	-	-



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## **TFRS 16 Leases**

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

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

The Group adopted TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at January 1, 2020, and the comparative information was not restated. The Group elect to apply the lenient approach. Therefore, the reclassification and adjustment of accounting policy will be recognized in the statement of financial position as at January 1, 2020.

The cumulative effect of the change is described in Note 3 to the consolidated financial statements.

## **Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

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

The Company and its subsidiaries have elected to apply the following temporary relief measures on accounting alternatives :

- Not to take into account forward-looking information when determining expected credit losses, in cases when the Company and its subsidiaries uses a simplified approach to determine expected credit losses.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

## **Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective**

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards

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revisions to references to the Conceptual Framework in TFRSs, except for the revisions of definitions and accounting requirements as follows:

## Definition of Business

The revised Thai Financial Reporting Standard No.3 “Business Combinations” clearly clarifies the definition of business and introduce an optional concentration test. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

## Definition of Materiality

The revised definition of materiality resulted in the amendment of Thai Accounting Standards No.1 “Presentation of Financial Statements” and Thai Accounting Standards No.8 “Accounting Policies, Changes in Accounting Estimates and Errors”, including other financial reporting standards which refer to materiality. This amendment is intended to make the definition of material to comply with the Conceptual Framework which requires prospective method for such amendment. Earlier application is permitted.

## The Interest Rate Reform

Due to the interest rate reform, there are the amendments of specific hedge accounting requirements in Thai Financial Reporting Standard No.9 “Financial Instruments” and Thai Financial Reporting Standard No.7 “Financial Instruments: Disclosures”.

## Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting consisted of the revised definitions and recognition criteria of asset and liability as well as new guidance on measurement, derecognition of asset and liability, presentation and disclosure. In addition, this Conceptual Framework for Financial Reporting clearly clarifies management’s stewardship of the entity’s economic resources, prudence, and measurement uncertainty of financial information.

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when they become effective. The Group’s management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

## 5. ACCOUNTING POLICIES CONSOLIDATION

### 5.1 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.



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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.

## 5.2 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.

## 5.3 Financial instruments

Accounting policies adopted since January 1, 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

### Classification and measurement of financial assets

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

### Financial assets at amortised cost

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

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

### Financial assets at FVTPL

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

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

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Dividends on listed equity investments are recognised as other income in profit or loss.

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

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

The Group may elect to measure financial liabilities at FVTPL if doing so eliminates, or significantly reduces a recognition inconsistency (sometimes referred to as an accounting mismatch).

## **Derecognition of financial instruments**

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

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

## **Impairment of financial assets**

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

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

## **Offsetting of financial instruments**

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

## **5.4 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.

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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.

## 5.5 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.

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.

## 5.6 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.

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## 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

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.

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

## 5.7 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.

## 5.8 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 (B). 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



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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.

## 5.9 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.

### 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.

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## 5.10 The Group as a lessee

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

### Right-of-use assets

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

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of their estimated useful lives and the lease term, as follows :

Office building	3 years
-----------------	---------

### Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### Short-term leases and leases of low-value assets

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

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## 5.11 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.

## 5.12 Trade and other accounts payable

Trade and other accounts payable are stated at cost

## 5.13 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.

## 5.14 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.

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.

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

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## 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.

### 5.15 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.

### 5.16 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.

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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.

## 5.17 Revenue

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

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.



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## 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.

## 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.

## 5.18 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.

## 5.19 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.

## 5.20 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.

## 5.21 Operating lease

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

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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.

## 5.22 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.

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.

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

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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 realized.

## 5.23 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.

## 5.24 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.

## 5.25 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.

## 5.26 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

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## 6. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENTS

Estimates, assumption and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below :

### 6.1 Allowance for expected credit losses of trade receivables and contract assets

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

### 6.2 Allowance for decline value and defective inventories

The Company maintains an allowance for decline value and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnovers and deterioration of each categories.

### 6.3 Impairment of investments

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires management judgment.

### 6.4 Plant and equipment

Management regularly determines the estimated useful lives and residual values of The Group and the Company plant and equipment and intangible assets, and will revise the depreciation where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or if they are no longer in use.

### 6.5 Fair value measurement

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

# Notes to Financial Statements

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

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

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

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

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

## 6.6 Leases

In determining the lease term, the management is required to exercise judgment in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease, considering all relevant factors and circumstances that create an economic incentive for The Group and the Company to exercise either the extension or termination option. After the commencement date, The Group and the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend or to terminate.

To consider the type of lease agreement as either a operating lease or financial lease, The management of The Group's and the company will be consider by reviewing the condition term and detail on agreement that who transfer the risk and advantage of leased asset agreement.

## 6.7 Impairment of assets

The Group and the Company treat assets as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires management judgment.

## 6.8 Deferred tax

Deferred tax assets come from the estimation of some temporary difference effects which is probable to utilise tax benefit. Management's estimation comes from an assumption based on an available future income and any factors external exposures which might affect the projected future performance. The Company also considered the utilisation of the past tax losses and assessed the estimation on a conservative basis.

## 6.9 Allowance for impairment of investments in subsidiaries

In the estimation of allowance for impairment of investments in subsidiaries, management considers the information of losses from the previous operating and other factors. By using the principle of caution in determining such impairment.



# Notes to Financial Statements

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## 6.10 Deferred tax assets

Deferred tax assets are recognised for temporary difference arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the end of reporting period when it is highly probable that the Group will generate sufficient taxable profits from their future operations to utilise these deferred tax assets. If management need to estimate the amounts of the deferred tax assets that the Group should recognise, they take into account the amount of taxable profit expected in each future period.

## 6.11 Employee benefits obligations

The present value of employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Including, the assumptions about the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit obligations.

Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 23.

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

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## 7. TRANSACTIONS WITH 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
Short-term loans to related parties	Interest rate 3.20 percent per annum
Short-term borrowings from related parties	Interest rate 3.20 percent per annum
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

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Significant transactions with related parties for the year ended December 31, 2020 and 2019 were as follows :

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	For the year ended		For the year ended	
	December 31,		December 31,	
	2020	2019	2020	2019
<b>Continuing operation</b>				
<b>Subsidiaries</b>				
Sales of goods	-	-	76,094	211,821
Management service income	-	-	3,268	2,410
Other income	-	-	390	-
Office rental income	-	-	165	660
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	18,860	18,836	13,872	15,816
Post-employment benefits	441	1,080	363	1,080
<b>Total key management personnel compensation</b>	<b>19,301</b>	<b>19,916</b>	<b>14,235</b>	<b>16,896</b>
<b>Discontinued operation</b>				
<b>Subsidiaries</b>				
Sales of goods	-	-	-	1
Management service income	-	-	-	300
Office rental income	-	-	-	360

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Balances with related parties as at December 31, 2020 and 2019 were as follows :

		(Unit : Thousand Baht)	
		Consolidated	Separate
		As at	As at
		December 31,	December 31,
		2020	2019
<b>Trade accounts receivable</b>			
<b>Subsidiaries</b>		<b>-</b>	<b>-</b>
		<b>26,167</b>	<b>82,283</b>
<b>Other receivables</b>			
<b>Subsidiaries</b>		<b>-</b>	<b>-</b>
		<b>2,241</b>	<b>1,024</b>
<b>Short-term loans to related party</b>			
<b>Subsidiary</b>		<b>-</b>	<b>-</b>
		<b>132</b>	<b>-</b>
<b>Movements in short-term loans to related party during the year :</b>			
Balance at the beginning of the year		-	-
Increase during the year		-	-
<b>Balance at the ending of the year</b>		<b>-</b>	<b>-</b>
<b>Other payables</b>			
<b>Subsidiaries</b>		<b>-</b>	<b>-</b>
		<b>242</b>	<b>82</b>
<b>Short-term borrowings from related parties</b>			
<b>Subsidiaries</b>		<b>-</b>	<b>-</b>
		<b>9,000</b>	<b>-</b>
<b>Movements in short-term borrowings from related parties during the year :</b>			
Balance at the beginning of the year		-	-
Increase during the year		-	-
Decrease during the year		-	-
<b>Balance at the ending of the year</b>		<b>-</b>	<b>-</b>

During the year 2020, the Company has loans in the form of promissory notes to Unionthai Platform Company Limited amount of Baht 0.13 million, at interest rate 3.20 percent per annum and due for repayment on call.

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During the year 2020, the Company has borrowed in the form of promissory notes from AJ Beauty Group Company Limited, amount of Baht 9.0 million, at interest rate 3.20 percent per annum and due for repayment on call.

During the year 2020, the Company repayment to AJ E-Commerce Company Limited in the amount of Baht 8.0 million.

## 8. CASH AND CASH EQUIVALENTS

(Unit : Thousand Baht)

	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
Cash on hand	374	400	214	287
Cash at banks - current accounts	4,279	14,926	304	789
Cash at banks - savings accounts	42,739	135,794	20,192	56,028
Highly liquid short-term investments	105	85	100	85
<b>Total</b>	<b>47,497</b>	<b>151,205</b>	<b>20,810</b>	<b>57,189</b>

## 9. TRADE AND OTHER CURRENT RECEIVABLES

(Unit : Thousand Baht)

	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
<b>Trade receivables</b>				
Related parties	-	-	26,167	82,283
Other persons or parties	107,769	134,289	62,631	65,492
<b>Total trade receivables</b>	<b>107,769</b>	<b>134,289</b>	<b>88,798</b>	<b>147,775</b>
<u>Less allowance for loss</u>	<u>(43,064)</u>	<u>(23,929)</u>	<u>(19,738)</u>	<u>(20,600)</u>
<b>Total trade receivables - Net</b>	<b>64,705</b>	<b>110,360</b>	<b>69,060</b>	<b>127,175</b>



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	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
<b>Other receivables</b>				
Related parties	-	-	2,241	1,024
Product purchase deposit	10,292	14,405	9,397	14,154
Prepaid expenses	8,698	9,988	2,922	3,042
Advance payment	1,875	1,486	1,626	1,387
Other	21,059	20,042	3,240	6,319
<b>Total</b>	<b>41,924</b>	<b>45,921</b>	<b>19,426</b>	<b>25,926</b>
<u>Less</u> allowance for loss	(811)	(433)	(378)	-
<b>Total other receivables - Net</b>	<b>41,113</b>	<b>45,488</b>	<b>19,048</b>	<b>25,926</b>
<b>Total trade and other current receivables</b>	<b>105,818</b>	<b>155,848</b>	<b>88,108</b>	<b>153,101</b>

Trade receivable classified by outstanding age are as follows:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
<b>Trade receivables</b>				
<b>Related parties</b>				
Within credit terms	-	-	392	38,797
Overdue :				
Less than 3 months	-	-	2,338	20,495
3 - 6 months	-	-	11,350	22,991
6 - 12 months	-	-	12,087	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>26,167</b>	<b>82,283</b>

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	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Other parties</b>				
Within credit terms	39,780	37,411	31,409	20,460
Overdue :				
Less than 3 months	22,321	51,764	10,787	13,249
3 - 6 months	2,063	8,650	807	3,257
6 - 12 months	5,113	9,057	799	2,622
Over 12 months	38,492	27,407	18,829	25,904
	<b>107,769</b>	<b>134,289</b>	<b>62,631</b>	<b>65,492</b>
<u>Less allowance for loss</u>	(43,064)	(23,929)	(19,738)	(20,600)
<b>Total</b>	<b>64,705</b>	<b>110,360</b>	<b>42,893</b>	<b>44,892</b>
<b>Trade receivables - Net</b>	<b>64,705</b>	<b>110,360</b>	<b>69,060</b>	<b>127,175</b>

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

Allowance for loss accounts receivable have changed during the year as follows :

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Beginning balance	(23,929)	(23,063)	(20,600)	(23,063)
Increase	(19,997)	(866)	-	-
Decrease	862	-	862	2,463
<b>Ending balance</b>	<b>(43,064)</b>	<b>(23,929)</b>	<b>(19,738)</b>	<b>(20,600)</b>

As at December 31, 2020, the Group reversed the allowance for doubtful accounts in amount of Baht 0.86 million and separate financial statement amount of Baht 0.86 million due to debt repayment from such debtor. (As at December 31, 2019, the Company reversed allowance for doubtful accounts amount of Baht 2.46 million due to debt repayment from such debtor).

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

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Allowance for loss other receivable have changed during the year as follows :

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Beginning balance	(433)	-	-	-
Increase	(378)	(433)	(378)	-
Decrease	-	-	-	-
<b>Ending balance</b>	<b>(811)</b>	<b>(433)</b>	<b>(378)</b>	<b>-</b>

## 10. INVENTORIES

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Merchandised goods	255,115	275,784	186,720	206,598
Spare parts	58,225	33,902	57,960	33,821
Goods in transit	786	8,849	786	8,849
	314,126	318,535	245,466	249,268
<u>Less</u> allowance for decline in value	(98,621)	(97,881)	(91,084)	(97,881)
<b>Net</b>	<b>215,505</b>	<b>220,654</b>	<b>154,382</b>	<b>151,387</b>

# Notes to Financial Statements

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Allowance for declining in value of inventories have changed during the year as follows :

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
Beginning balance	(97,881)	(124,643)	(97,881)	(124,643)
Increase	(7,537)	-	-	-
Decrease	6,797	26,762	6,797	26,762
<b>Ending balance</b>	<b>(98,621)</b>	<b>(97,881)</b>	<b>(91,084)</b>	<b>(97,881)</b>

As at December 31, 2020, the Group has reverse allowance for declining in value of inventories amount of Baht 6.80 million, and separate financial statement amount of Baht 6.80 million. Because the Company's sold inventories. (As at December 31, 2019, the Group has reverse allowance for declining in value of inventories amount of Baht 26.76 million. And separate financial statement amount of Baht 26.76 million. Because the Company's sold inventories.)

## 11. OTHER CURRENT FINANCIAL ASSETS

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
<b>Other current financial assets</b>				
Other non-marketable equity securities	296,760	296,760	296,760	296,760
Less allowance for impairment	(270,843)	(262,957)	(270,843)	(262,957)
<b>Net</b>	<b>25,917</b>	<b>33,803</b>	<b>25,917</b>	<b>33,803</b>
<b>Other non-current financial assets</b>				
Restricted deposits at financial institutions	1,898	2,842	1,462	1,662
<b>Total</b>	<b>27,815</b>	<b>36,645</b>	<b>27,379</b>	<b>35,465</b>

Due to the said period the Company has cash and cash equivalents left over from using for circulating in the business. The management wishes to invest in short-term funds both domestically and internationally. Therefore propose investment policy to the Board of Directors for approval of the said policy. To be used as a guideline for managing and managing assets that

# Notes to Financial Statements

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can be invested to achieve the desired investment objectives and provide appropriate returns for the Company and shareholders in this regard, the management consulted with investment experts and provided financial instruments. To manage finances for the benefit of the Company, for example, investing in domestic and foreign funds, equity instruments, debt instruments and / or short-term debentures etc.

The Board of Directors therefore resolved on August 3, 2018 to approve the investment policy in funds, equities, debt instruments and / or short-term debentures for not over 6 months, with a limit not exceeding Baht 400 million and assigned the Chief Executive Officer to have authority to consider and determine details and other conditions related to the said investment. Including investing in funds, equity securities, debt instruments and / or short-term debentures. By considering the appropriateness of the investment selection and carefully considered. Which consideration for the benefits of the Company.

## Current financial assets

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 :

	As at December 31, 2020*	As at December 31, 2019
Number of units	90,975 Units	90,975 Units
Net asset value per unit	USD 8.87	USD 12.42
Total net asset value	USD 0.81 million (equivalent of Baht 26.00 million)	USD 1.13 million (equivalent of Baht 33.80 million)

\* The value of NAV per unit has shown as at April 30, 2020.

During the year 2020, the Company additionally recognised the impairment loss on investment in the amount of Baht 7.89 million (December 31, 2019 : Baht 171.80 million). As a result, the allowance for impairment loss on investment was in the amount of Baht 270.84 million as at December 31, 2020.

Causes of impairment of said investment since the Company invests in private fund units of foreign funds and experiences investment conditions that are not in line with the target in late March 2019, the fund manager is still confident that he will see a positive operating result within 6 - 24 months, so it is recommended that the Company hold investment units for another 12 - 18 months at least and if the turn-around fund's performance, the Company will consider selling to reduce such damage.

On June 5, 2020, the Company received a letter from a foreign fund stating that experiencing a temporary suspension due to the major holding in the fund has been suspended from trading from May 31, 2020 as a result. Making it impossible to assess the value



# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

of the investment units at the end of the period the displayed value of investment units is therefore the latest value displayed on April 30, 2020. However, foreign funds are expected to be able to trade normally in the first quarter of 2021.

## Restricted deposits at financial institutions

As at December 31, 2020, the Group and the Company had restricted fixed deposits at financial institutions in the consolidated and separate financial statement of Baht 1.90 million and Baht 1.46 million, respectively (As at December 31, 2019 : Baht 2.84 million and Baht 1.66 million) which were used as collateral for loan, electricity usage, guarantees for receivable to financial institutions and other guarantees, respectively (Note 21).

## 12. DISCONTINUED OPERATION

Investment in AJ Vending Corporation Company Limited

On October 31, 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 percent of its share capital, at the total price of Baht 27.5 million with its cost 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 December 31, 2019 will be re-presented to show the discontinued operations separately from continuing operations.

	(Unit : Thousand Baht)
<b>Results of discontinued operation</b>	<b>Consolidated</b>
<b>For the year ended December 31,</b>	<b>2019</b>
Revenue	66,777
Expenses	69,848
<b>Results from operating activities</b>	<b>(3,071)</b>
Income tax	-
<b>Results from operating activities (net of tax)</b>	<b>(3,071)</b>
<b>Profit (loss) attributable</b>	
Owners of parent	(1,689)
Non-controlling interest	(1,382)
<b>Results from operating activities (net of tax)</b>	<b>(3,071)</b>
<b>Loss per share (in Baht)</b>	<b>(0.000)</b>

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

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	(Unit : Thousand Baht)
	<b>Consolidated</b>
	2019
<b>Cash flows from (used in) discontinued operation</b>	
<b>For the year ended December 31,</b>	
Net cash from (used in) operating activities	6,941
Net cash used in investing activities	(1,021)
Net cash from (used in) financing activities	(807)
<b>Net cash flows from discontinued operation</b>	<b>5,113</b>

	(Unit : Thousand Baht)
	2019
<b>Effect of loss control on the consolidated statement</b>	
<b>of financial position at loss of control date</b>	
Decrease in assets	
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
Equipment	39,040
Other Intangible assets	110
Other assets	132
	<b>58,374</b>
Decrease in liabilities	
Trade accounts payable	(2,666)
Other payables	(1,386)
Other current liabilities	(1,257)
Provision for employee benefit	(66)
Other liabilities	(783)
	<b>(6,158)</b>
<b>Carrying amounts of net assets and liabilities</b>	<b>52,216</b>
<u>Less</u> non-controlling interest	(23,497)
<b>Carrying amounts of interest in subsidiary</b>	<b>28,719</b>
Consideration received, satisfied in cash	(27,500)
<b>Loss from disposal of subsidiary</b>	<b>1,219</b>

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

## 13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(Unit : Thousand Baht)

	Consolidated		Separate	
	2020	2019	2020	2019
<b>Associates</b>				
As at January 1,	1,000	8,614	1,000	9,837
Acquisition	-	30,768	-	30,768
Share of losses from investments in associates	-	(38,382)	-	(39,605)
<b>As at December 31,</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Joint ventures</b>				
As at January 1,	10,136	9,555	9,251	15,750
Share of losses from investments in joint ventures	(2,713)	581	-	-
Loss on impairment	-	-	(2,944)	(6,499)
<b>As at December 31,</b>	<b>7,423</b>	<b>10,136</b>	<b>6,307</b>	<b>9,251</b>
<b>Total</b>				
As at January 1,	11,136	18,169	10,251	25,587
Acquisition	-	30,768	-	30,768
Share of losses from investment in associates and joint ventures	(2,713)	(37,801)	-	-
Loss on impairment	-	-	(2,944)	(46,104)
<b>As at December 31,</b>	<b>8,423</b>	<b>11,136</b>	<b>7,307</b>	<b>10,251</b>

### Liquidation in an associated company

Muang Thai Digital Co., Ltd. ended up being a related company. Due to the associated company has registered the dissolution of the company with the Department of Business Development, Ministry of Commerce on September 17, 2020. Currently, the company is in the process of liquidation.

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

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## **Acquisition**

### **Associates**

BLTC Incorporation (Thailand) Co., Ltd.

During the year 2019, the Board of Directors meeting of the Company 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. On February 1, 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 year 2019, the Board of Directors meeting of the Company 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 September 23, 2019, the Company has made the payment in the amount of Baht 17.6 million for 176,020 ordinary shares with par value of Baht 100 each.

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 percent ownership interest in BLTC, but have voting right only 13.4 percent only. Therefore, the Group does not have power from the voting right over the other shareholders.

Songcheng (Pattaya) International Culture Co., Ltd.

During the year 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 percent, in the total of Baht 1.0 million. The Company has not made the payment yet.

### **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 2020, 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 2.9 million.

During the year 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.

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Investments in associates and joint ventures as at December 31, 2020 and 2019 were as follows :

(Unit : Thousand Baht)									
Consolidated									
	Ownership interest (%)		Paid-up capital		Cost		Equity		
	As at	As at	As at	As at	As at	As at	As at		
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020		
<b>Associates</b>									
Muangthai Digital Co., Ltd. <sup>(1)</sup>	30	30	3,000	3,000	861	861	-	-	
BLTC Incorporation (Thailand) Co., Ltd. <sup>(2)</sup>	60	60	65,707	65,707	39,605	39,605	-	-	
Songcheng (Pattaya) International Culture Co., Ltd. <sup>(3)</sup>	20	20	1,000	1,000	1,000	1,000	1,000	1,000	
<b>Joint ventures</b>									
Rizen Energy Co., Ltd. <sup>(4)</sup>	45	45	35,000	35,000	15,750	15,750	7,423	10,136	
<b>Total</b>					<b>57,216</b>	<b>57,216</b>	<b>8,423</b>	<b>11,136</b>	



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AJ Advance Technology Public Company Limited and its subsidiaries  
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(Unit : Thousand Baht)

	Separate							
	Ownership interest (%)		Paid-up capital		Cost		Impairment	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
<b>Associates</b>								
Muangthai Digital Co., Ltd. <sup>(1)</sup>	30	30	3,000	3,000	861	861	(861)	-
BLTC Incorporation (Thailand) Co., Ltd. <sup>(2)</sup>	60	60	65,707	65,707	39,605	39,605	(39,605)	-
Songcheng (Pattaya) International Culture Co., Ltd. <sup>(3)</sup>	20	20	1,000	1,000	1,000	1,000	-	1,000
<b>Joint ventures</b>								
Rizen Energy Co., Ltd. <sup>(4)</sup>	45	45	35,000	35,000	15,750	15,750	(6,499)	9,251
<b>Total</b>			<b>57,216</b>	<b>57,216</b>	<b>(9,443)</b>	<b>(46,909)</b>	<b>(46,965)</b>	<b>10,251</b>

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

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

(3) Associates operate the business in Thailand of cultural center.

(4) Joint ventures operate the business in Thailand of distribution of electric vehicles.

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

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries  
December 31, 2020



## 14. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at December 31, 2020 and 2019 were as follows :

Direct subsidiaries	Type of business	(Unit : Thousand Baht)					
		Ownership interest (%)		Separate		At cost	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Siam Advance Electronic Co., Ltd.	Retailing and wholesaling of electric appliance, including parts.	51	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.	99	99	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	99	20,000	20,000	19,800	19,800
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	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	60	69,000	69,000	41,400	41,400
AJ Beauty Group Co., Ltd.	Beauty service business	100	-	10,000	-	10,000	-

# Notes to Financial Statements

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		(Unit : Thousand Baht)			
Direct subsidiaries	Type of business	Separate		At cost	
		Ownership interest (%)	Paid-up capital	December 31, 2020	December 31, 2019
		December 31, 2020	December 31, 2020		
Unionthai Platform Co., Ltd.	Investment platform business manages and services online for small and medium-sized businesses of the company	51	1,000	510	-
				108,535	98,025
				(27,060)	-
				<b>81,475</b>	<b>98,025</b>

Less Impairment losses from investment

**Total**

## Notes to Financial Statements

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According to the Board of Directors' Meeting No.2, held on February 11, 2020, the Company established a subsidiary with a registered capital of Baht 20 million, which the Company invests in 100 percent. Currently, the Company paid only half of shares amount of Baht 10 million, which the Company has already paid up on February 24, 2020.

According to the Board of Directors' Meeting No.2, held on February 11, 2020, the Company established a subsidiary with a registered capital of Baht 1 million. The Company investing in 51 percent with a payment of Baht 0.51 million for shares. The Company has not yet paid for the shares and held as other payables.

During the year 2020, the Company has considered to impairment of investments in subsidiaries. Comprised of Siam Advance Electronic Company Limited, amount of Baht 25.00 million due to the subsidiary company has no further business development plan. In addition, the operating results of the subsidiary companies had a significant loss in the year and has negative equity. And Youtai Group Company Limited amount of Baht 2.06 million. Because the subsidiary company has no further business development plan. The Company has recorded an allowance for impairment of investment in subsidiaries in amount of Baht 27.06 million, which the Company recognized into the separate comprehensive income statement.

Sale and purchase share agreement of Bangkok Pay Co., Ltd.

On August 1, 2019, the Company has entered into a share purchase 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 percent 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.





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

\* The condition of facilitating license fee has been changed to nonpayment for the last installment amount of Baht 5.90 million. As management has changed its operating policy in accordance with the current business.

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

	(Unit : Thousand Baht)		
	Fair value		
	Business segment of BBO acquired		
	BPAY(*)	via BPAY	Consolidated
Cash and cash equivalent	9,330	-	9,330
Contract assets	-	11,697	11,697
Other receivables	-	1,471	1,471
Intangible assets	-	17,184	17,184
Other non-current assets	700	-	700
Contract liabilities	-	(11,697)	(11,697)
Other payable	(30)	-	(30)
Deferred tax liabilities	-	(3,437)	(3,437)
Identifiable net assets received	10,000	15,218	25,218
Total identifiable net assets received	10,000	15,218	25,218
Consideration payable by BPAY to BBO	-	(65,981)	(65,981)
<b>Total identifiable net assets (liabilities) received</b>	<b>10,000</b>	<b>(50,763)</b>	<b>(40,763)</b>
<b>Non-controlling interest</b>	<b>(4,000)</b>	<b>20,305</b>	<b>16,305</b>
Consideration transferred			
Cash paid	(6,000)	-	(6,000)
<b>Goodwill</b>	<b>-</b>	<b>30,458</b>	<b>30,458</b>

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

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In accordance with IFRS 3, management is required to estimate the fair value of the business acquired at the acquisition date during the measurement period. Which must not be more than one year from the date of purchase. The purchaser has to retrace the estimates they were previously recognized at the time of purchase. To reflect the effect of additional information obtained regarding facts and circumstances available as of the date of purchase, the determination of the best fair value of some businesses acquired during the 2019 year is based on the determination of the final purchase price last. And the results of the purchase price allocation.

The Company has appraised the fair value of assets transferred from the acquisition of Bangkok Pay Company Limited by appointing an independent external appraiser certified by the Securities and Exchange Commission (SEC), which appraised fair value of identifiable assets. It measures the value of the asset and takes into account the possibility that the group will reliably benefit the economic benefits of the asset. It was found that for each identifiable asset there was no significant difference between the book value and fair value at the acquisition date. Except for the following assets :

## Intangible assets

The fair value of intangible assets received from business acquisitions are Customer Relationship, Knowhow and Software, resulting in goodwill changes from Baht 29.83 million to Baht 30.46 million.

## 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.

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## Non-controlling interest

Details of non-wholly owned subsidiaries which have material non-controlling interests as at December 31, 2020 and 2019, are as follows;

(Unit : Thousand Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non- controlling interests during the year	
	2020	2019	2020	2019	2020	2019	2020	2019
	(%)	(%)						
Siam Advance								
Electronic								
Co., Ltd.	49	49	(28)	21,264	(21,292)	(12,137)	-	-
Youtai Group								
Co., Ltd.	49	49	5,020	4,823	(197)	(18)	-	-
Bangkok Pay								
Co., Ltd.	40	40	5,947	6,644	(697)	(1,071)	-	-
Unionthai								
Platform								
Co., Ltd.	49	-	427	-	(62)	-	-	-

# Notes to Financial Statements

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## 15. PROPERTY, PLANT AND EQUIPMENT

	Consolidated						(Unit : Thousand Baht)	
	Land and improvement	Buildings and improvement	Office equipment	Tools	Vehicles	Vending machine	Assets under construction and installation	Total
<b>Cost / revaluation</b>								
As at January 1, 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
Transfer in (Transfer out)	-	-	-	-	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)
<b>As at December 31, 2019</b>	<b>375,068</b>	<b>102,849</b>	<b>17,400</b>	<b>26,191</b>	<b>11,415</b>	<b>-</b>	<b>275</b>	<b>533,198</b>
Additions	490	-	579	752	1,826	-	-	3,647
Disposals	-	-	-	-	(1,582)	-	-	(1,582)
<b>As at December 31, 2020</b>	<b>375,558</b>	<b>102,849</b>	<b>17,979</b>	<b>26,943</b>	<b>11,659</b>	<b>-</b>	<b>275</b>	<b>535,263</b>

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(Unit : Thousand Baht)

	Consolidated							
	Land and improvement	Buildings and improvement	Office equipment	Tools	Vehicles	Vending machine	Assets under construction and installation	Total
<b>Depreciation</b>								
As at January 1, 2019	13,670	48,128	12,902	21,798	9,666	6,652	-	112,816
Depreciation 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)
<b>As at December 31, 2019</b>	<b>17,627</b>	<b>53,085</b>	<b>14,037</b>	<b>23,763</b>	<b>6,443</b>	<b>-</b>	<b>-</b>	<b>114,955</b>
Depreciation for the year	1,474	4,425	1,390	1,307	1,727	-	-	10,323
Disposals	-	-	-	-	(1,237)	-	-	(1,237)
<b>As at December 31, 2020</b>	<b>19,101</b>	<b>57,510</b>	<b>15,427</b>	<b>25,070</b>	<b>6,933</b>	<b>-</b>	<b>-</b>	<b>124,041</b>



# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

(Unit : Thousand Baht)

	Consolidated							
	Land and improvement	Buildings and improvement	Office equipment	Tools	Vehicles	Vending machine	Assets under construction and installation	Total
Net book value								
As at December 31, 2019								
Owned assets	357,441	49,764	3,363	2,428	4,152	-	275	417,423
Assets under finance leases	-	-	-	-	820	-	-	820
	<u>357,441</u>	<u>49,764</u>	<u>3,363</u>	<u>2,428</u>	<u>4,972</u>	<u>-</u>	<u>275</u>	<u>418,243</u>
As at December 31, 2020								
Owned assets	356,457	45,339	2,552	1,873	4,726	-	275	411,222
	<u>356,457</u>	<u>45,339</u>	<u>2,552</u>	<u>1,873</u>	<u>4,726</u>	<u>-</u>	<u>275</u>	<u>411,222</u>

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020



(Unit : Thousand Baht)

	Separate					Assets under construction and installation	Total
	Land and improvement	Buildings and improvement	Office equipment	Tools	Vehicles		
<b>Cost / revaluation</b>							
As at January 1, 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)
<b>As at December 31, 2019</b>	<b>375,068</b>	<b>102,849</b>	<b>16,802</b>	<b>25,792</b>	<b>9,153</b>	<b>275</b>	<b>529,939</b>
Additions	490	-	550	620	1,727	-	3,387
Disposals	-	-	-	-	(1,515)	-	(1,515)
<b>As at December 31, 2020</b>	<b>375,558</b>	<b>102,849</b>	<b>17,352</b>	<b>26,412</b>	<b>9,365</b>	<b>275</b>	<b>531,811</b>

AJ Advance Technology Public Company Limited and its subsidiaries  
December 31, 2020



	Separate					Assets under construction and installation	Total
	Land and improvement	Buildings and improvement	Office equipment	Tools	Vehicles		
<b>Depreciation</b>							
As at January 1, 2019	13,670	48,054	12,473	21,674	9,911	-	105,782
Depreciation for the year	3,957	5,031	1,538	1,999	1,521	-	14,046
Disposals	-	-	(32)	-	(5,163)	-	(5,195)
<b>As at December 31, 2019</b>	<b>17,627</b>	<b>53,085</b>	<b>13,979</b>	<b>23,673</b>	<b>6,269</b>	<b>-</b>	<b>114,633</b>
Depreciation for the year	1,474	4,425	1,262	1,165	1,270	-	9,596
Disposals	-	-	-	-	(1,236)	-	(1,236)
<b>As at December 31, 2020</b>	<b>19,101</b>	<b>57,510</b>	<b>15,241</b>	<b>24,838</b>	<b>6,303</b>	<b>-</b>	<b>122,993</b>

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020



(Unit : Thousand Baht)

	Separate					Total
	Land and improvement	Buildings and improvement	Office equipment	Tools	Vehicles	Assets under construction and installation
<b>Net book value</b>						
<b>As at December 31, 2019</b>						
Owned assets	357,441	49,764	2,823	2,119	2,064	275
Assets under finance leases	-	-	-	-	820	-
	<b>357,441</b>	<b>49,764</b>	<b>2,823</b>	<b>2,119</b>	<b>2,884</b>	<b>275</b>
						<b>415,306</b>
<b>As at December 31, 2020</b>						
Owned assets	356,457	45,339	2,111	1,574	3,062	275
	<b>356,457</b>	<b>45,339</b>	<b>2,111</b>	<b>1,574</b>	<b>3,062</b>	<b>275</b>
						<b>408,818</b>

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

As at December 31, 2020 and 2019, the property cost of the Group and the Company before amortize accumulated depreciation of buildings and equipment which has been fully depreciated, but still using amount of Baht 76.10 million and Baht 41.4 million, respectively.

During the year 2020, the Group and the Company sold assets to unrelated persons at net book value of Baht 0.35 million and Baht 0.28 million, respectively, with profit from asset disposal amount of Baht 0.24 million and Baht 0.23 million. It is recorded in the consolidated and separate comprehensive income statement.

As at December 31, 2020, the Group and the Company recorded land at revalued prices. (Land at the office location) According to the appraisal report of the independent appraiser in 2019, the appraisal of land is based on the market value approach. There was a surplus from land revaluation according to the consolidated financial statements of Baht 155.54 million, separate financial statements of Baht 155.54 million. (2019 : Baht 155.54 million and Baht 155.54 million, respectively.) Has been listed in the account “Land revaluation surplus” under “equity” in the statement of financial position, this land revaluation surplus is not available for dividend distribution. This is the fair value level 2 of the fair value hierarchy.

Measurement of fair value

Fair value hierarchy

The fair value of land was appraised on January 1, 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 2 fair value based on the inputs to the valuation technique used which Market Comparison Approach Valuation technique.

## 16. RIGHT - OF - USE ASSETS

Movement in right - of - use assets for the year ended December 31, 2020 as follow :

	(Unit : Thousand Baht)	
	Consolidated	Separate
Net book value as at January 1, 2020	-	-
Adjustment from adoption of TFRS 16 on		
January 1, 2020 (Note 3)	3,112	-
Contract changes	(615)	-
Depreciation for the year	(807)	-
<b>Net book value as at December 31, 2020</b>	<b>1,690</b>	<b>-</b>



# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

## 17. CONTRACT COST ASSETS

(Unit : Thousand Baht)

	Consolidated			
	Mobile top-up machine and electronic payments kiosk from business combination	Mobile top-up machine and electronic payments kiosk	Mobile top-up machine and electronic payments kiosk under installation	Total
<b>Cost</b>				
As at January 1, 2020	11,697	19,206	3,260	34,163
Additions	-	23,950	-	23,950
Transfer in (Transfer out)	-	3,260	(3,260)	-
<b>As at December 31, 2020</b>	<b>11,697</b>	<b>46,416</b>	<b>-</b>	<b>58,113</b>
<b>Accumulated amortization</b>				
As at January 1, 2020	(696)	(458)	-	(1,154)
Amortization charge for the year	(1,671)	(5,371)	-	(7,042)
<b>As at December 31, 2020</b>	<b>(2,367)</b>	<b>(5,829)</b>	<b>-</b>	<b>(8,196)</b>
<b>Net book value</b>				
<b>As at December 31, 2019</b>	<b>11,001</b>	<b>18,748</b>	<b>3,260</b>	<b>33,009</b>
<b>As at December 31, 2020</b>	<b>9,330</b>	<b>40,587</b>	<b>-</b>	<b>49,917</b>

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries  
December 31, 2020

## 18. OTHER INTANGIBLE ASSETS OTHER THAN GOODWILL

	Consolidated					(Unit : Thousand Baht)
Computer software and others	Music copyright	Software copyright	Long-term service agreements	Computer software under installation	Total	
<b>Cost</b>						
As at January 1, 2019	1,291	-	-	-	9,984	
Acquisitions through business combinations (Note 14)	-	16,258	4,053	-	20,311	
Additions	41,020	-	-	64	41,584	
Loss of control (Note 12)	-	-	-	-	(195)	
<b>As at December 31, 2019</b>	<b>42,311</b>	<b>16,258</b>	<b>4,053</b>	<b>64</b>	<b>71,684</b>	
Additions	-	-	-	-	18	
Disposals	(24,000)	(1,223)	(1,904)	-	(27,127)	
<b>As at December 31, 2020</b>	<b>18,311</b>	<b>15,035</b>	<b>2,149</b>	<b>64</b>	<b>44,575</b>	

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries  
December 31, 2020



(Unit : Thousand Baht)

	Consolidated				
	Computer software and others	Music copyright	Software copyright	Long-term service agreements	Computer software under installation
<b>Accumulated amortization</b>					Total
As at January 1, 2019	7,757	295	-	-	8,052
Amortization for the year	401	5,531	682	340	6,954
Loss of control (Note 12)	(85)	-	-	-	(85)
<b>As at December 31, 2019</b>	<b>8,073</b>	<b>5,826</b>	<b>682</b>	<b>340</b>	<b>14,921</b>
Amortization for the year	235	129	1,452	270	2,086
<b>As at December 31, 2020</b>	<b>8,308</b>	<b>5,955</b>	<b>2,134</b>	<b>610</b>	<b>17,007</b>
<b>Allowance for impairment</b>					
As at January 1, 2019	-	-	-	-	-
Loss on impairment	-	15,559	-	-	15,559
<b>As at December 31, 2019</b>	<b>-</b>	<b>15,559</b>	<b>-</b>	<b>-</b>	<b>15,559</b>
Reversal of impairment	-	(4,000)	-	-	(4,000)
<b>As at December 31, 2020</b>	<b>-</b>	<b>11,559</b>	<b>-</b>	<b>-</b>	<b>11,559</b>
<b>Net book value</b>					
As at December 31, 2019	925	20,926	15,576	3,713	64
<b>As at December 31, 2020</b>	<b>708</b>	<b>797</b>	<b>12,901</b>	<b>1,539</b>	<b>64</b>

During the year 2019, the Group and the Company purchased music copyrights from companies in the amount of Baht 41,200 million with the duration of 2 - 3 years.

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

(Unit : Thousand Baht)

	Separate			Total
	Computer software and others	Music copyright	Computer software under installation	
<b>Cost</b>				
As at January 1, 2019	7,681	-	-	7,681
Additions	51	41,020	64	41,135
<b>As at December 31, 2019</b>	<b>7,732</b>	<b>41,020</b>	<b>64</b>	<b>48,816</b>
Additions	18	-	-	18
Disposals	-	(24,000)	-	(24,000)
<b>As at December 31, 2020</b>	<b>7,750</b>	<b>17,020</b>	<b>64</b>	<b>24,834</b>
<b>Accumulated amortization</b>				
As at January 1, 2019	7,175	-	-	7,175
Amortization for the year	302	5,461	-	5,763
<b>As at December 31, 2019</b>	<b>7,477</b>	<b>5,461</b>	<b>-</b>	<b>12,938</b>
Amortization for the year	132	-	-	132
<b>As at December 31, 2020</b>	<b>7,609</b>	<b>5,461</b>	<b>-</b>	<b>13,070</b>
<b>Allowance for impairment</b>				
As at January 1, 2019	-	-	-	-
Loss on impairment	-	15,559	-	15,559
<b>As at December 31, 2019</b>	<b>-</b>	<b>15,559</b>	<b>-</b>	<b>15,559</b>
Reversal of impairment	-	(4,000)	-	(4,000)
<b>As at December 31, 2020</b>	<b>-</b>	<b>11,559</b>	<b>-</b>	<b>11,559</b>
<b>Net book value</b>				
<b>As at December 31, 2019</b>	<b>255</b>	<b>20,000</b>	<b>64</b>	<b>20,319</b>
<b>As at December 31, 2020</b>	<b>141</b>	<b>-</b>	<b>64</b>	<b>205</b>

During the year 2020, the Company has reversed the impairment of music copyright amount of Baht 4.00 million and eliminated the music copyright accounts that have been purchased during the year 2019 without affecting the Company expenses. As a result, set-off between balance of payable and music copyright of Baht 24.00 million.

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

## Impairment

During the year 2019, the Company recorded a loss from impairment of music copyrights amount of Baht 15.60 million, as the Company expects that the Company may not benefit from music copyrights for service to members when using the Karaoke application of company.

## 19. TRADE AND OTHER CURRENT PAYABLES

(Unit : Thousand Baht)

	Consolidated		Separate	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
<b>Trade payables</b>				
Related parties	-	-	668	-
Other parties	46,778	50,682	17,755	40,328
<b>Total trade payables</b>	<b>46,778</b>	<b>50,682</b>	<b>18,423</b>	<b>40,328</b>
<b>Other payables</b>				
Related parties	-	-	242	82
Other parties				
Copyright payables	574	31,069	574	31,069
Accrued operating expenses	33,721	61,413	25,824	28,085
Other payables from business combination	9,700	27,100	-	-
Others	6,864	4,586	2,183	1,899
<b>Total other payables</b>	<b>50,859</b>	<b>124,168</b>	<b>28,823</b>	<b>61,135</b>
<b>Total trade and other current payables</b>	<b>97,637</b>	<b>174,850</b>	<b>47,246</b>	<b>101,463</b>



# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

## 20. CONTRACT LIABILITIES

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

	(Unit : Thousand Baht)		
	Consolidated		Total
	Advance received from business combination	Advance received after acquired business	
As at January 1, 2020	11,001	26,043	37,044
Advance received from mobile top-up and electronic payments business	-	40,100	40,100
Recognised as revenue during the year	(1,671)	(6,760)	(8,431)
<b>As at December 31, 2020</b>	<b>9,330</b>	<b>59,383</b>	<b>68,713</b>

## 21. INTEREST - BEARING LIABILITIES

As at December 31, 2020 and 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 :

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	For the year ended December 31,		For the year ended December 31,	
	2020	2019	2020	2019
Fixed deposits at financial institutions	1,898	2,842	1,462	1,662
<b>Total</b>	<b>1,898</b>	<b>2,842</b>	<b>1,462</b>	<b>1,662</b>

As at December 31, 2020, the Group and the Company had unutilised credit facilities amount of Baht 5.0 million and Baht 5.0 million, respectively. (2019 : Baht 5.0 million and Baht 5.0 million, respectively.)

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

## 22. OTHER CURRENT LIABILITIES

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
Provision for sales returns	10,832	8,592	10,832	8,592
Others	1,269	1,444	552	705
<b>Total</b>	<b>12,101</b>	<b>10,036</b>	<b>11,384</b>	<b>9,297</b>

The movement of provision for sales returns for the year ended December 31, 2020 is as follows:

	(Unit : Thousand Baht)	
	Consolidated/ Separate	
	Provision for sales returns	
<b>As at January 1, 2019</b>		<b>5,088</b>
Increase		3,504
<b>As at December 31, 2019</b>		<b>8,592</b>
Increase		2,240
<b>As at December 31, 2020</b>		<b>10,832</b>

## 23. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
<b>Statement of financial position</b>				
Non-current provisions for Post-employment benefits	5,990	4,797	5,137	4,092

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	For the year ended December 31,		For the year ended December 31,	
	2020	2019	2020	2019
<b>Statement of comprehensive income</b>				
<b>Recognised in profit or loss</b>				
Post-employment benefits	1,193	2,678	1,045	1,962
<b>Recognised in other comprehensive income</b>				
Actuarial gains recognised during the year	-	(3,117)	-	(2,830)

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.

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	2020		2019	
	2020	2019	2020	2019
<b>Present value of the defined benefit obligations</b>				
As at January 1,	4,797	5,387	4,092	5,045
<b>Recognised in profit or loss</b>				
Current service costs	1,115	1,680	979	990
Past service cost	-	828	-	812
Interest on obligation	78	170	66	160
	1,193	2,678	1,045	1,962
<b>Recognised in other comprehensive income</b>				
<b>Actuarial (gain) loss</b>				
- Experience adjustment	-	(2,612)	-	(2,406)
- Financial assumptions	-	(432)	-	(372)
- Demographic assumptions	-	(73)	-	(52)
	-	(3,117)	-	(2,830)

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
<b>Other</b>				
Benefit paid	-	(85)	-	(85)
Loss of control (Note 12)	-	(66)	-	-
<b>As at December 31,</b>	<b>5,990</b>	<b>4,797</b>	<b>5,137</b>	<b>4,092</b>

On April 5, 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.

	(Unit : Percent)			
	Consolidated		Separate	
	2020	2019	2020	2019
<b>Principal actuarial assumptions</b>				
Discount rate	1.8	1.8	1.8	1.8
Future salary increases	4.0	4.0	4.0	4.0
Turnover rate	10 - 35	10 - 35	10 - 35	10 - 35

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 :

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	Increase	Decrease	Increase	Decrease
<b>Effect to the defined benefit obligation</b>				
<b>As at December 31, 2020</b>				
Discount rate (1 percent movement)	(677)	780	(496)	571
Future salary increases (1 percent movement)	826	(728)	607	(535)
Turnover rate (20 percent movement)	(971)	1,250	(713)	911

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	Increase	Decrease	Increase	Decrease
<b>As at December 31, 2019</b>				
Discount rate (1 percent movement)	(509)	591	(428)	497
Future salary increases (1 percent movement)	571	(503)	481	(423)
Turnover rate (20 percent movement)	(683)	882	(570)	731

## 24. SHARE CAPITAL

		(Unit : Thousand shares / Thousand Baht)			
	Par value per	As at December 31, 2020		As at December 31, 2019	
	share (Baht)	Number	Baht	Number	Baht
<b>Authorised</b>					
<b>Beginning ordinary shares</b>	0.10	<b>5,269,250</b>	<b>526,925</b>	<b>5,269,250</b>	<b>526,925</b>
<u>Less</u> Decreased ordinary shares		(1,028,955)	(102,895)	-	-
<b>Ending ordinary shares</b>	0.10	<b>4,240,295</b>	<b>424,030</b>	<b>5,269,250</b>	<b>526,925</b>
<b>Issued and paid-up</b>					
<b>Beginning ordinary shares</b>	0.10	<b>4,240,295</b>	<b>424,030</b>	<b>4,240,295</b>	<b>424,030</b>
<b>Ending ordinary shares</b>	0.10	<b>4,240,295</b>	<b>424,030</b>	<b>4,240,295</b>	<b>424,030</b>

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.

On Annual General Meeting of Shareholder for year 2020 held on July 24, 2020, a resolution approved the reduction of the Company's registered capital by cancelling the Company's unissued ordinary shares which reserved for the exercise of warrants ("AJA-W1"). The Company's registered capital will reduce from Baht 526,925,023.00 to Baht 424,029,474.40.

### Warrants AJD-W1

On December 26, 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 (November 20, 2014).

On October 19, 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



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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

	(Unit : Unit)	
	Number	
	2020	2019
Warrants issued at January 1,	-	749,963,976
Deduct: Expired during the year	-	(749,963,976)
<b>Warrants issued at December 31,</b>	<b>-</b>	<b>-</b>

During 2019, all remaining AJD-W1 warrants have expired. At the 2020 Annual General Meeting of Shareholders on July 24, 2020, it was resolved to approve the reduction of the Company's registered capital by eliminating the remaining ordinary shares from the exercise of warrants to purchase ordinary shares of the Company No. 1. ("AJA-W1") in which the company will reduce its registered capital from the original 526,925,023.00 baht to be registered capital 424,029,474.40 Baht.

## 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.

## 25. 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.

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

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## 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.

## 26. DISTRIBUTION COSTS

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	For the year ended December 31,		For the year ended December 31,	
	2020	2019	2020	2019
Employee benefit expenses	31,753	56,440	16,822	32,847
Commission	8,250	10,358	7,726	10,076
Sales promotion expenses	26,414	26,409	16,944	18,393
Shipping cost	7,790	6,705	7,288	5,685
Other	1,570	3,860	102	171
<b>Total</b>	<b>75,777</b>	<b>103,772</b>	<b>48,882</b>	<b>67,171</b>

## 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
- 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), before segment's income tax expense 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.

(Unit : Thousand Baht)

## 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

December 31, 2020

(Unit : Thousand Baht)

	Consolidated													
	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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019		
Total assets for reportable segments	763,198	913,597	43,304	123,333	169,180	173,936	-	-	68,219	70,381	(146,721)	(213,826)	897,108	1,067,421
Unallocated amounts														
Other current financial assets													25,917	33,803
Investments in associates and joint venture													8,423	11,136
Other non-current financial assets													-	2,842
<b>Total assets</b>													<b>931,448</b>	<b>1,115,202</b>
Total liability for reportable segments	118,094	153,135	43,359	4,175	104,599	101,092	-	-	3,281	8,065	(33,336)	(549)	235,997	265,918

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

## 28. EMPLOYEE BENEFIT EXPENSES

		(Unit : Thousand Baht)			
		Consolidated		Separate	
	Note	2020	2019	2020	2019
Wages and salaries		75,192	91,985	48,684	66,844
Post-employment benefits	23	1,193	2,678	1,045	1,962
Others		25,370	44,726	16,035	29,844
<b>Total</b>		<b>101,755</b>	<b>139,389</b>	<b>65,764</b>	<b>98,650</b>

### 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 percent of their basic salaries and by the Group at rate 2 percent 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.

## 29. EXPENSE 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 :

		(Unit : Thousand Baht)			
		Consolidated		Separate	
	Note	2020	2019	2020	2019
Purchases of merchandised goods and consumables used		251,051	315,350	175,201	286,648
Employee benefit expenses	28	101,755	139,389	65,764	98,650
Changes in inventories		(12,765)	(2,145)	(14,126)	55,193
Cost of service		40,350	31,579	513	8,008
Sales promotional expenses		26,414	21,796	16,944	15,406
Depreciation and amortization		20,258	29,788	9,729	19,809
Impairment loss on intangible assets (reversal)	18	(4,000)	15,559	(4,000)	15,559
Freight charges		7,790	9,600	7,288	8,662
Doubtful debts expense (reversal)		19,514	(4,477)	(484)	(715)
Loss from diminution in value (reversal)	10	740	(26,762)	(6,797)	(26,762)



# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

## 30. INCOME TAX (EXPENSE)

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
<b>Income tax recognised in profit or loss</b>				
<b>Current tax expense</b>				
Current year	(2,097)	357	-	-
<b>Deferred tax expense</b>				
Movements in temporary differences	1,939	3,220	(214)	4,734
<b>Total</b>	<b>(158)</b>	<b>3,577</b>	<b>(214)</b>	<b>4,734</b>

	(Unit : Thousand Baht)					
	Consolidated					
	2020			2019		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
<b>Income tax recognised in other comprehensive income</b>						
Gain from revaluation of property	-	-	-	194,425	(38,885)	155,540
Defined benefit plan actuarial gains	-	-	-	3,117	(623)	2,494
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197,542</b>	<b>(39,508)</b>	<b>158,034</b>

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

(Unit : Thousand Baht)

	Separate					
	2020			2019		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
<b>Income tax recognised in</b>						
<b>other comprehensive</b>						
<b>income</b>						
Gain from revaluation of						
property	-	-	-	194,425	(38,885)	155,540
Defined benefit plan						
actuarial gains	-	-	-	2,830	(566)	2,264
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197,255</b>	<b>(39,451)</b>	<b>157,804</b>

## Reconciliation of effective tax rate

	Consolidated			
	2020		2019	
	Rate (%)	(in Thousand Baht)	Rate (%)	(in Thousand Baht)
Loss before income tax expense from continuing operations		(154,482)		(378,619)
Income tax using the Thai corporation tax rate	20.00	(30,896)	20.00	(75,724)
Additional deductible expenses for tax purposes		(196)		(309)
Current year losses for which no deferred tax asset was recognised		21,446		36,871
Deferred tax asset which no benefit for tax purposes		-		4,864
Expenses not deductible for tax purposes		2,183		872
Elimination - taxable profit items		-		(10,739)
Share of loss of investments in associates and joint venture		542		7,560
Expenses not recognised as deferred tax asset		7,079		40,182
<b>Total</b>	<b>(0.10)</b>	<b>(158)</b>	<b>(0.94)</b>	<b>3,577</b>

# Notes to Financial Statements

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	Separate			
	2020		2019	
	Rate (%)	(in Thousand Baht)	Rate (%)	(in Thousand Baht)
Loss before income tax expense from continuing operations		(119,011)		(356,540)
Income tax using the Thai corporation tax rate	20.00	(23,802)	20.00	(71,308)
Additional deductible expenses for tax purposes		(196)		(309)
Current year losses for which no deferred tax asset was recognised		16,681		31,126
Deferred tax asset which no benefit for tax purposes		-		4,864
Expenses not deductible for tax purposes		1,975		844
Expenses not recognised as deferred tax asset		5,128		39,517
<b>Total</b>	<b>(0.18)</b>	<b>(214)</b>	<b>(1.33)</b>	<b>4,734</b>

(Unit : Thousand Baht)

	Consolidated			
	Assets		Liabilities	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
<b>Deferred tax</b>				
Total	4,086	2,588	(43,322)	(38,885)
Set off of tax	(1,059)	(845)	1,059	845
<b>Total</b>	<b>3,027</b>	<b>1,743</b>	<b>(42,263)</b>	<b>(38,040)</b>

(Unit : Thousand Baht)

	Separate			
	Assets		Liabilities	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
<b>Deferred tax</b>				
Total	1,059	845	(38,885)	(38,885)
Set off of tax	(1,059)	(845)	1,059	845
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(37,826)</b>	<b>(38,040)</b>

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

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Movement in total deferred tax assets and liabilities during the year ended December 31, 2020 and 2019 were as follows:

	(Unit : Thousand Baht)			
	Consolidated			
	(Charged) / Credited to			
	As at January 1, 2020	Profit or loss	Other comprehensive income	As at December 31, 2020
<b>Deferred tax assets</b>				
Other current liabilities (provisions)	22	5	-	27
Non-current provisions for employee benefit	973	209	-	1,182
Difference from recognition revenue and cost of sales	5	-	-	5
Unrealised intercompany profit on inventories	577	-	-	577
Gap from recognition revenue	1,011	1,284	-	2,295
<b>Total</b>	<b>2,588</b>	<b>1,498</b>	<b>-</b>	<b>4,086</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(38,885)	-	-	(38,885)
Amortization difference	-	(3,437)	-	(3,437)
<b>Total</b>	<b>(38,885)</b>	<b>(3,437)</b>	<b>-</b>	<b>(42,322)</b>
<b>Net</b>	<b>(36,297)</b>	<b>(1,939)</b>	<b>-</b>	<b>(38,236)</b>

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

(Unit : Thousand Baht)

	Consolidated		
	(Charged) / Credited to		
	As at January 1, 2019	Profit or loss	Other comprehensive income
	As at December 31, 2019		
<b>Deferred tax assets</b>			
Accounts receivable (allowance doubtful accounts)	4,864	(4,864)	-
Other current liabilities (provisions)	47	(25)	-
Non-current provisions for employee benefit	1,078	518	(623)
Difference from recognition revenue and cost of sales	224	(219)	-
Unrealised intercompany profit on inventories	218	359	-
Gap from recognition revenue	-	1,011	-
<b>Total</b>	<b>6,431</b>	<b>(3,220)</b>	<b>(623)</b>
<b>Deferred tax liabilities</b>			
Property, plant and equipment	-	-	(38,885)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(38,885)</b>
<b>Net</b>	<b>6,431</b>	<b>(3,220)</b>	<b>(39,508)</b>
			<b>(36,297)</b>



# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

(Unit : Thousand Baht)

	Separate		
	(Charged) / Credited to		As at December 31, 2020
	As at January 1, 2020	Profit or loss Other comprehensive income	
<b>Deferred tax assets</b>			
Accounts receivable (allowance doubtful accounts)	-	-	-
Other current liabilities (provisions)	22	5	27
Non-current provisions for employee benefit	818	209	1,027
Difference from recognition revenue and cost of sales	5	-	5
<b>Total</b>	<b>845</b>	<b>214</b>	<b>1,059</b>
<b>Deferred tax liabilities</b>			
Property, plant and equipment	(38,885)	-	(38,885)
<b>Total</b>	<b>(38,885)</b>	<b>-</b>	<b>(38,885)</b>
<b>Net</b>	<b>(38,040)</b>	<b>214</b>	<b>(37,826)</b>

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

(Unit : Thousand Baht)

	Separate			
		(Charged) / Credited to		
	As at		Other	As at
	January 1,		comprehensive	December 31,
	2019	Profit or loss	income	2019
<b>Deferred tax assets</b>				
Accounts receivable (allowance doubtful accounts)	4,864	(4,864)	-	-
Other current liabilities (provisions)	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
<b>Total</b>	<b>6,145</b>	<b>(4,734)</b>	<b>(566)</b>	<b>845</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	-	-	(38,885)	(38,885)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(38,885)</b>	<b>(38,885)</b>
<b>Net</b>	<b>6,145</b>	<b>(4,734)</b>	<b>(39,451)</b>	<b>(38,040)</b>

# Notes to Financial Statements

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

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	2020	2019	2020	2019
<b>Statement of income</b>				
Current investment (allowance for impairment)	54,169	52,592	54,169	52,592
Inventories (allowance for decline in value)	19,724	19,576	18,217	19,576
Investment in associates (allowance for impairment)	-	-	8,093	8,093
Trade accounts receivable (allowance for doubtful accounts)	8,775	4,786	4,023	4,120
Other intangible assets (allowance for impairment)	2,312	3,112	2,312	3,112
Other current liabilities (provisions)	3,639	1,718	3,639	1,718
Investment in joint ventures (allowance for impairment)	-	-	1,888	1,300
Investment in subsidiaries (allowance for impairment)	-	-	5,412	-
Non-current provisions for employee benefit	144	-	-	-
Loss carry forward	94,615	67,808	79,369	62,687
<b>Total</b>	<b>183,378</b>	<b>149,592</b>	<b>177,122</b>	<b>153,198</b>

The tax losses expire in 2021 and 2025. The deductible temporary differences are not expired under current tax legislation. The Group has not yet recognized this as a deferred tax asset because it is not quite likely that the Group will have sufficient taxable profit to utilize the said tax benefit.

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

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## 31. BASIC EARNINGS (LOSS) PER SHARE

Loss per share for the year ended December 31, 2020 and 2019 were based on the profit (loss) for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year.

	Consolidated		Separate	
	For the year ended		For the year ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Profit (loss) attributable to ordinary shareholders of the company (Basic) (Thousand Baht)	(132,076)	(370,244)	(118,797)	(361,273)
Number of ordinary shares by weighted average method (Basic) (Thousand share)	4,240,295	4,240,295	4,240,295	4,240,295
Earnings (loss) per share (Basic) (Thousand Baht)	(0.031)	(0.087)	(0.028)	(0.085)

## 32. 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.

# Notes to Financial Statements

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## Interest rate risk

Interest rate risk is the risk that future changes in market interest rates will affect the Group's operations and cash flows. The Group is exposed to significant interest rates related to cash at financial institutions, trade and other current receivables and other non-current financial assets. Therefore, the Group is exposed to the risk of future interest rate fluctuations.

As at December 31, 2020 and 2019, significant financial assets and liabilities can be classified by interest rate type in the material areas as follows:

(Unit : Thousand Baht)											
Consolidated											
	Floating interest rate		Fixed interest rate		Non-interest bearing		Total		Interest rate per annum (%)		
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	
<b>Financial assets</b>											
Cash and cash equivalents	43	136	-	-	5	15	48	151	0.12 – 0.25	0.12 – 0.50	
Trade and other current receivables	-	-	-	-	106	157	106	157	-	-	
Other current financial assets	-	-	-	-	26	33	26	33	-	-	
Other non-current financial assets	2	3	-	-	-	-	2	3	0.25 – 0.50	0.50 – 0.90	
<b>Financial liabilities</b>											
Trade and other current payables	-	-	-	-	98	175	98	175	-	-	
Financial lease liabilities	-	-	1	-	-	-	1	-	5.25	-	



# Notes to Financial Statements

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## Foreign currency risk

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

As at December 31, 2020 and 2019, the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies :

	(Unit : Million Baht)			
	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
<b>United States Dollars</b>				
Current investment	26	34	26	34
Trade accounts payable	(33)	(27)	(12)	(27)
<b>Gross statement of financial position exposure</b>	<b>(7)</b>	<b>7</b>	<b>14</b>	<b>7</b>
<b>Net exposure</b>	<b>(7)</b>	<b>7</b>	<b>14</b>	<b>7</b>

## 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 when it 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.

## Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

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The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, bank overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities - available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

(Unit : Thousand Baht)

Consolidated							
Level 1		Level 2		Level 3		Total	
2020	2019	2020	2019	2020	2019	2020	2019

## The fair value of asset disclosure

Other current financial assets	-	-	25,917	33,803	-	-	25,917	33,803
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(Unit : Thousand Baht)

Separate							
Level 1		Level 2		Level 3		Total	
2020	2019	2020	2019	2020	2019	2020	2019

## The fair value of asset disclosure

Other current financial assets	-	-	25,917	33,803	-	-	25,917	33,803
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# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

## 33. COMMITMENTS WITH NON-RELATED PARTIES

(Unit : Thousand Baht)

	Consolidated		Separate	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
<b>Capital commitments</b>				
Copyright	-	55	-	55
<b>Total</b>	<b>-</b>	<b>55</b>	<b>-</b>	<b>55</b>
<b>Future minimum lease payments under non-cancellable operating leases</b>				
Within one year	2,523	1,134	164	164
After one year but within five years	646	1,934	285	448
<b>Total</b>	<b>3,169</b>	<b>3,068</b>	<b>449</b>	<b>612</b>
<b>Other commitments</b>				
Purchase orders for goods	12,698	34,678	12,758	32,411
Develop and maintenance contract	-	1,612	-	1,612
<b>Total</b>	<b>12,698</b>	<b>36,290</b>	<b>12,758</b>	<b>34,023</b>

### 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.

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AJ Advance Technology Public Company Limited and its subsidiaries

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## 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.

## Agent appointment agreement

The Company entered into an appointment agreement with a company. Under the said contract The agent company is responsible for recruiting members and providing services to members in trading through the website. That the Company has contracted as an agent for memberships and provides services to members The Company has an obligation to pay commission as stipulated in the agreement. The agent appointment contract has a period of 12 months.

## 34. RECLASSIFICATION OF ITEMS

Certain accounts in the separate financial statements as at December 31, 2019, for comparative purposes To comply with the announcement of the Department of Business Development dated December 26, 2019 regarding the determination of the summary items that must be included in the 2019 financial statements as follows :

(Unit : Thousand Baht)

Account	Consolidated	Separate	Original list display	New listing
Account receivable - Revenue Department	17,779	5,950	Other current assets	Trade and other current receivables
Current investment in foreign funds	33,803	33,803	Current investment	Current financial assets
Restricted deposits at financial institutions	2,842	1,662	Other long-term investments	Non-current financial assets
Withholding tax	497	296	Other current liabilities	Trade and other current payables

# Notes to Financial Statements

AJ Advance Technology Public Company Limited and its subsidiaries

December 31, 2020

## 35. SUBSEQUENT EVENT

At the Board of Directors' meeting 1/2021 on January 13, 2021, the Board of Directors approving to increase in the registered capital of Siam Advance Electronic Company Limited, a subsidiary. With details as follows :

List of shareholders	Value per share (Baht)	Before the transaction			After the transaction		
		Number of shares	Value (Baht)	%	Number of shares	Value (Baht)	%
AJ Advance Technology Public Company Limited	100	255,000	25,500,000	51%	357,000	35,700,000	51%
Mr. Sao Guo Wang	100	170,000	17,000,000	34%	238,000	23,800,000	34%
Mr. Jun Sin Luo	100	75,000	7,500,000	15%	105,000	10,500,000	15%
<b>Total</b>		<b>500,000</b>	<b>50,000,000</b>	<b>100%</b>	<b>700,000</b>	<b>70,000,000</b>	<b>100%</b>

This capital increase of a subsidiary, the Company uses funds from the company's working capital. The objective is to increase capital to use as working capital and to increase liquidity of subsidiaries.

## 36. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of Director's on February 25, 2021.





**AJ Advance Technology Public Company Limited**



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