

BETTER FASTER CHEAPER
**ALL IN ONE
DIGITAL
PLATFORM**

NETbay

NETBAY PUBLIC COMPANY LIMITED

MISSION, VISION, VALUES

MISSION

To enable and empower everyone to do business better, faster, and cheaper so that they can reach their full potential and thrive. No matter what business they are in.

VISION

To bring innovation and transformation to every business at every level from individual to ecosystem.

VALUES

1. Impact
2. Customer-centric
3. Innovation
4. Excellence
5. Integrity
6. Fairness

1. **Create long-term positive impact** – At Netbay, we are the agency of change and a catalyst for transformation. We want to ensure that our actions have lasting-positive impact to our customers, partners, employees, and everyone in the society. Do the right thing.
2. **Customer-Centric** – Our mission is to enable and empower all businesses. We put our customers first, and at the core of our business. Customer success is our number one priority so we aspire to provide them with the best products and services those meet and exceed their needs.
3. **Innovation** – Innovation starts with the right mindset – a willingness to make things better and do things differently. We strive to empower our employees and partners to act innovatively in every aspect. As an innovative technology company, we aim to deliver innovation to our clients.
4. **Commitment to Excellence** – Great just isn't good enough. Excellence in the little things always adds up to excellence at the bigger thing.
5. **Integrity at every parts of life** – Uphold the highest standard of integrity in every decision we made. Make the right choices over and over again, especially when no one is looking.
6. **Fairness for all** – Be fair to your customers, partners, and teammates. We focus on building a long-lasting trust. At Netbay, we promote an environment where we cherish open, honest, and collaborative environment. Win together.

CONTENTS

02

Message from
the Chairman
and Chief
Executive Officer

04

Company
General
Information

06

Nature of
Business

10

Important
Financial
Information And
Operational
Performance

13

Risk Factors

16

Shareholding
Structure and
Management

43

Remuneration
For Directors And
Management

45

Corporate
Governance

50

Internal Controls
and Risk
Management

50

Dividend Policy

51

Related Party
Transactions

53

Management
Discussion and
Analysis

61

Audit Committee
Report

64

Independent
Auditor's Report

69

Financial
Statement and
Notes to Financial
Statements

MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



In 2020, the economy and businesses will be even more disrupted by new technological advancements and new emerging business models. In the past few years, new technology such as cloud computing, machine learning, artificial intelligence, and distributed ledger technology or blockchain have changed how people live and how companies operate at a global scale. As a result, consumers' behavior has been changing continuously, leading to the changes in how businesses and government agencies serve these consumers. Technological advancements did not only change how consumers behave, but also provided new options and alternatives for consumers to get what they want easier, quicker, and cheaper. This could be as simple as a click of a button.

As a result of the disruption, newspapers, publications, magazines, TV programs are also affected by social media and streaming platforms those allow consumers to access information, news, and entertainment contents more quickly, anytime, and anywhere with minimal or no cost. The consumers can choose what information they would like to consume at their fingertips. For those who couldn't serve the ever-changing needs of the consumers where the needs are now more specific, and immediate, they might lose part of their businesses to their peers or the new emerging contenders.

Nowadays, consumers could buy what they want on mobile phone anytime and anywhere. Modern trades, department stores, and convenience stores must adapt themselves from the impact of e-Commerce which have adverse effect on revenues as it allows consumers to buy products at lower prices, more conveniently, and received products within 24 hours after placing order.

Financial institutions and banks, which used to collect payment fees, are affected by new Financial Technology (FinTech) companies those have developed e-Payment service that allow consumers to make online transactions at any time without fees. Hence, financial institutions and banks are transforming themselves to be more of technology companies.

Securities companies, which provide securities brokerage services to investors in the stock market, are affected by technology such as robot trade (RoboTrade). This service allows investors to automatically submit orders to buy and sell shares faster and more accurate, which adversely affects the incomes of securities companies. Revenue for this transaction has been going toward near-zero fee as top global firms are shifting themselves away from fee-based business. Moreover, there are competitors who offer integrated intelligent platform, which allows investors to make various transactions on the same platform such as RoboTrade, trading platform, functions to purchase IPO shares, funds, risk assessment system, e-KYC (Know Your Customer) system, e-CDD (Customer Due Diligence) system, e-Payment, and adoption of Artificial Intelligence (AI) system to analyze information and business fundamentals, economic situation of the world in matter of seconds. In addition, this platform utilizes AI system that can analyze behavior and moods of investors and the markets, as well as contain researches of securities companies which analyze stocks based on seconds-by-seconds basis, submit specific information about these stock analysis to investors quickly, anytime, anywhere without or with very small fees. AI could also analyze maximum credit/exposure limit for investors to reduce risk and create satisfaction for investors who use the same platform for multiple transaction simultaneously.

This technology adoption has given the competitive edge to those who have already shifted their strategy and integrated new technologies to their services. Those who have already disrupted themselves first have higher tendency to thrive in this ever-changing world.

The above cases are examples of technology disruption which has severe impact on the business due to inability to adapt to this changes, causing loss and lower profits and serious impact to business operations, including the workforce and business processes.

Netbay Public Company Limited realizes the above changes. With more than fifteen years of experience and knowledge accumulated over the years, NETbay commits to create, develop, and integrate various digital services on our Digital Business Platform to serve our customers. In addition, NETbay also work with wide-range of technology and business partners in order to deliver more services to our customers. NETbay has a dedicated research and development team to create new technological innovations continuously and monitor technological trends that are emerging globally. Lastly, NETbay has gained trust and confidence from both the private sector and government agencies to turn various business processes into digital business processes, digitally transforming the ecosystem.

At this time, the Company's R&D team is emphasizing on advanced research on technological innovations such as Big Data analytics, utilization of artificial intelligence (AI) in real business applications, blockchain technology, Internet of Things (IOT), and other emerging technologies. NETbay realizes that technology disruption will become more intense due to improved efficiency of internet communication, 5G system, mobile phone, commoditization of cloud computing, and quantum computing. The company has vision and mission to commit to developing new technological innovations under clear directions and objectives to drive the economy and business of Thailand so that we do not have to bear high investment cost in purchasing or relying on overseas innovation technology alone as well as allow the government and private sectors to be able to compete using innovations that are developed by Thai operators. Hence, NETbay commits to enable and empower everyone to do business better, faster, and cheaper and in accordance with Thailand 4.0 policy to help prepare every sector to prepare for rapid changes and digitally transform their organizations in order to survive and thrive with stability and sustainability.

COMPANY GENERAL INFORMATION

Company Name: Netbay Public Company Limited
Registration Number: 0107557000101
Type of Business: Electronic Transaction Services (e-Business)
Registered Capital: 200,000,000 Baht 200,000,000 Ordinary Shares Par Value : 1 Baht per Share
Paid-Up Capital: 200,000,000 Baht 200,000,000 Ordinary Shares Par Value : 1 Baht per Share
Preferred Stock: none
Company Registration Date: November 19, 2004
Conversion Date to Public Limited Company: April 22, 2014
First Trading Date in MAI: June 16, 2016
Main Office: 719/5, 8-9 Rama 6 Road Wangmai Pathumwan, Bangkok
Telephone Number: 02-620-1800
Fax Number: 02-612-3051
Website: <http://www.netbay.co.th>

Office of the Company Secretary

Telephone Number: 02-620-1800 #1115
Fax Number: 02-612-3051
E-mail Address: corporatesecretary@netbay.co.th

Investor Relations

Telephone Number: 02-620-1800 #1110
Fax Number: 02-612-3514
Email Address: IR@netbay.co.th

References

Registrar: Thailand Securities Depository Company Ltd.
Address: The Stock Exchange of Thailand
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone Number: 02-009-9999
Fax Number: 02-009-9991
Auditor: EY Company Limited
Mr. Sophon Permsirivallop, Certified Public Accountant, License No. 3182 or,
Ms. Rungrapa Lertsuwankul, Certified Public Accountant, License No. 3516 or,
Ms. Pimjai Manitkajohnkit, Certified Public Accountant, License No. 4521 or,
Ms. Rosaporn Decharkom, Certified Public Accountant, License No. 5659 or,
Ms. Sumana Punpongsanon, Certified Public Accountant, License No. 5872
Ms. Orawan Techawatanasirikul, Certified Public Accountant, License No. 4807
Main Office Address: EY Company Limited Floor 33rd Lake Rajada Office Complex
193/136-137 Ratchadaphisek Road, Klong Toei, Bangkok 10110
Telephone Number: 02-264-0777
Fax Number: 02-264-0789-90

General Information of Juristic Persons in which the Company Holds 10% or more Shares (Subsidiary)

Company Name: Cloud Creation Company Limited
Registration Number: 0105554030865
Type of Business: Electronic Service and Development
Registered Capital: 50,000,000 Baht 500,000 Ordinary Shares Par Value: 100 Baht per Share
Paid-Up Capital: 50,000,000 Baht 500,000 Ordinary Shares Par Value: 100 Baht per Share
Preferred Stock: none
Company Registration Date: March 2, 2011
Proportion of Shares Held: Netbay Public Company Limited 100%
Main Office: 719/8-9 Rama 6 Road Wangmai Pathumwan, Bangkok
Telephone Number: 02-219-5558
Fax Number: 02-612-3513

References:

Auditors: EY Company Limited
Mr. Sophon Permsirivallop, Certified Public Accountant, License No. 3182 or,
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Ms. Rosaporn Decharkom, Certified Public Accountant, License No. 5659 or,
Ms. Sumana Punpongsanon, Certified Public Accountant, License No. 5872 or,
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193/136-137 Ratchadaphisek Road, Klong Toei, Bangkok 10110
Telephone Number: 02-264-0777
Fax Number: 02-264-0789-90

Company Name: Fynnet Ventures Company Limited
Registration Number: 0105562201002
Type of Business: Electronic Service and Development
Registered Capital: 15,000,000 Baht 1,500,000 Ordinary Shares Par Value: 10 Baht per Share
Paid-Up Capital: 15,000,000 Baht 1,500,000 Ordinary Shares Par Value: 10 Baht per Share
Preferred Stock: none
Company Registration Date: December 2, 2019
Proportion of Shares Held: Netbay Public Company Limited 60%
Main Office: Floor 14 Royal Navin Tower
56/85 Chuea Phloeng Road Chong Nonsi, Yan Nawa, Bangkok 10120
Telephone Number: 089-221-1233
Fax Number: –

References:

Auditors: EY Company Limited
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THE NATURE OF BUSINESS

Policy and Business Overview

Netbay Public Company Limited (“NETbay”) was established on November 19, 2004 with a registered capital of 10 million Baht, under a joint venture between a group of shareholders and the executives of Software Link Company Limited (“Software Link”), an electronic transactions software development company (e-Business) and Internet Thailand Public Company Limited (“INET”), Thailand’s first internet service provider. NETbay conducts business on inventing, creating and developing various Digital Business Technology Platforms and e-Business Services Applications in order to provide comprehensive e-Business Services between Business-to-Government (B2G) and Business-to-Business (B2B). The Corporate e-Business services are divided into 2 services groups. They are: 1) Digital Business Services and 2) Digital Transformation Project Group.

Since its establishment in 2004 with a registered capital of 10 million Baht, NETbay has continuously increased its capital by utilizing dividends from net profits until the company has paid up capital of 160 million Baht. On April 22, 2014, the Company offered 40,000,000 additional shares and registered in the Market for Alternative Investment (MAI) on June 16, 2016. As a result, the Company has registered capital of 200 million Baht and 200 million Baht paid up capital.

In addition, NETbay also holds Cloud Creation Company Limited’s shares (“Cloud Creation”) at a percentage of 100% of the total registered and paid up shares in order to support the service of e-Business Services group. Cloud Creation engages in the businesses of providing Customer Due Diligence (CDD Gateway) and Electronic Transaction Reporting Gateway (ETR Gateway) and Cloud Creation is the owner of Private Cloud Computing System.

The Company is primarily engaged in the invention, creation and development of various Digital Business Technology Platforms for Digital Business Service transactions and provides comprehensive Software as a Service (SaaS) for Business-to-Government (B2G), Business-to-Business (B2B) and Business-to-Consumer (B2C) Groups. The operators who use the Company’s electronic transaction services will obtain optimum benefits from the Company’s services according to the Company’s vision which is “Better, Faster, Cheaper”. In return, the Company will collect service charges on each transaction or a monthly fee.

The Company offers comprehensive Software as a Service (SaaS) to various agencies. The services cover Data Center, the Disaster Recovery Center, the operating software system that support electronic transaction system (Platform as a Service) which was developed by the Company, electronic transaction systems, networking systems and the protection of information, etc. This is an important part which enables various agencies to access information technology system services without needing a high investment budget (Cheaper), having working systems that can be used quickly (Faster), without wasting time and increasing effectiveness and reducing complications (Better) for agencies to procure, design, develop, install and maintain working systems.

The company's services are important business tools for various industries, including e-Logistics Community group, that enable the customer's corporate working systems to be carried out effectively, quickly, connecting to one another, reducing manpower which bears high cost and subject to human error. It is a service that could reduce the customers' logistical costs and be able to build competitive capabilities for customers and Thailand. The electronic transaction systems that the Company has developed and offered to customers are essential for the effective and legal business operations of the customers. As a result, the Company regularly earns recurring revenue from providing continuous services. In addition to this, the Company does not have to bear Carrying Cost of Inventory and the distribution costs for the Company's products to customers.

The Corporate e-Business services are divided into 2 services groups. They are:

1. Digital Business Services
2. Digital Transformation (Projects)

Digital Business Services

NETbay is a provider of electronic transactions between Business-to-Government (B2G) and Business-to-Business (B2B) groups. The Digital Business Services will provide services to the targeted customer group, starting from the e-Logistics Community, in the form of an optional main service between e-Customs Paperless or e-Express services. The main service users of e-Logistics Community are import-export service providers, shipping companies, freight forwarders, shipping line agents, air transport operators and others, as well as able to use e-Payment service on the same platform. Customs e-Payment will also be provided as an additional service to facilitate the customer. In addition, the Company provides e-Manifest, a paperless report for imports/ exports system. The main users of this are terminal operators, shipping lines operators, shipping line agents and land transport operators who are responsible for reporting inventory to the customs department. This Service Group also offers e-Manifest (marine) paperless report and goods control paperless report through Port Authority of Thailand (Bangkok and Leamchabang) to link data between government and business sectors.

In addition, the company also acts as electronic data interchange provider for electronic transaction reporting and electronic data interchange provider for audit report services, a service that provides customers facts to financial institutions, banks, life insurance companies, non-life insurance companies, securities companies, asset management companies, finance companies, etc. This includes businesses that have a responsibility to comply with the laws and the notifications of the Anti-Money Laundering Office (AMLO) by sending electronic mail to the AMLO Office, as well as the process of verifying the identity of customers who have made transactions. Moreover, company provides electronics bank guarantee data interchange service between banks and Comptroller General's Department (e-GP Portal service).

Digital Transformation (Project) Group and Others

Since the Company offers electronic transaction services to various customers from the two main types of services mentioned above, the Company was entrusted due to its service performances which includes the knowledge and experience of the working team. The Company has been requested by its clients or related entities to develop internal information systems for its clients or entities in the form of special projects. The Company receives revenue from this project development while project development is taking place only. This is in accordance with the dated specified in the contract. This is different from other services which are in the form of providing continuous revenue.

In 2019

In January, Netbay provided Cloud Drive Service for Normal Declaration and e-Express with DHL Express (Thailand) Company Limited (DHL). In the project of developing and connecting Cloud Drive for Normal Declaration and e-Express with the main DHL Logistics system so that DHL customers and partners can view and inspect the export entry information by themselves immediately. Moreover, they can check and print out draft information immediately which can be used anywhere and anytime.

In May, Netbay provided Transit to Air with DHL Express (Thailand) Co., Ltd. (DHL), an automated Air Manifest data transfer system from DHL to Terminal Operator (TMO). TMO also can deliver information as electronic source directly to the Customs department in real time.

In July, Netbay provided an electronic air waybill (e-AWB) system to Thai Airways International Public Company so the supplier can fill in Air Waybill information to through the system themselves. They can also send data to the Thai Airways system in electronic form, and they able to track the status of the data. They also can print out Air Waybill documents.

In August, Netbay provided the Draft on Cloud system with DHL Express (Thailand) Co., Ltd. (DHL), this project to develop and connect ShippingNet, Draft on Cloud and DHL's main logistics system in order to allow DHL customers and partners able to view and check import entry by themselves. Netbay also can confirm the information back to DHL before DHL will forward those information to the Thai Customs Department. Moreover, Netbay can check and print out draft information immediately which can be used anywhere and anytime.

Netbay provides Import entry, Export entry, and License Per Invoice (LPI) and Electronic LPI systems with Siam Nistrans Co., Ltd. , Ltd.) so Siam Nistrans able to send information and do customs clearance for their customers correctly according to the regulations of the Thai Customs Department. This service can be used anywhere, anytime (anywhere, anytime and any devices). In addition, Netbay has also created a connection system with the Honda Group's internal system so that Siam Nistrans can return information based on Thai Customs replied automatically to the Honda Group's internal system.

In September, Netbay expanded the service to support the huge growth of Lazada Express Company Limited (LEL), a part of the Lazada Group. The largest Southeast Asia's online shopping mall which is located in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. They can send information

as “e-express” way to the Thai Customs Department to provide proof of draft as well as paying tax for goods which are imported to Thailand according to the regulations of the Thai Customs. Netbay also able to response data by indicating the date and time of the operation according to the process back to the LEL’s Back-end System automatically. NetBay developed the connection between the express delivery system with the LEL main system, as well as Netbay also provides that LEL uses to send and receive information with the Thai Customs in order to enable the system to support a huge amount of data.

Netbay provided e-Customs System Interface with Back-end System to SCG International Corporation Co., Ltd. (SCGI), a subsidiary of Siam Cement. Cement Group-SCG). This project is a major project of SCGI and is a continuous project from the Bright & Shine Project 2017 of SCG Logistics Management Company Limited (SCG Logistics Management-SCGL.) in order to connect with the SCGI finance system, which Financial department of SCGT can receive information automatically so they can process the data accurately and precisely.

In December, Netbay was selected by Thai Connection Terminal Company Limited (TCT), a private port, to develop a system for linking goods transition information between the port operators of the TCT and the Customs Department so that the TCT can receive the details of the electronic design products from the operators correctly according to the regulations of the Thai Customs Department so they can responses the data as electronic form to operators as well.

Revenue Structure

The Company’s revenue structure categorized by service groups over a period of 3 years and are described as follows (2017-2019).

Revenue Structure	Consolidated Financial Statement						
	2017		2018		2019		Revenue Growth
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	
Digital Business Services	303.54	96.43	356.30	98.53	406.19	98.67	14%
Digital Transformation (Projects)	11.25	3.57	5.31	1.47	5.46	1.33	3%
Total Service Income	314.79	100.00	361.61	100.00	411.65	100.00	14%

IMPORTANT FINANCIAL INFORMATION AND OPERATIONAL PERFORMANCE

Operational Performance of the Consolidated Financial Statement (Unit: million Baht)

Financial Position	2017	2018	2019
Total Assets	533.09	610.66	647.22
Total Liabilities	114.66	138.79	147.52
Shareholders' Equity	418.43	471.87	499.70

Performance	2017	2018	2019
Service Income	314.79	361.61	411.65
Total Revenue	321.40	368.41	422.22
Costs of Services and Service and Administrative Expenses	198.70	212.68	241.17
Gross Profit	243.92	291.04	330.87
Share of loss of associates and joint ventures	–	–	(0.07)
Profit before Finance costs, Income Tax, Depreciation and Amortization	125.95	158.97	191.15
Net Profit	115.80	148.81	179.08

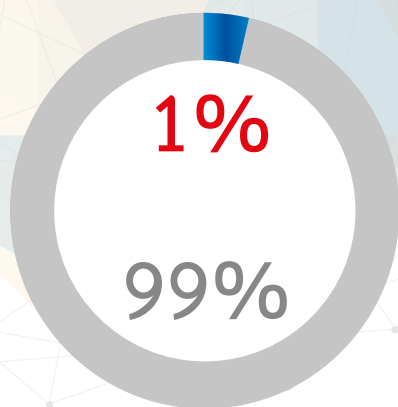
Financial Ratios	2017	2018	2019
Liquidity Ratio (times)	4.55	3.66	3.45
Gross Profit Margin (%)	77.49	80.48	80.38
Net Profit Margin (%)	36.03	40.39	42.41
Return on Assets (%) ⁽¹⁾	23.11	26.02	28.47
Return on Equity (%) ⁽²⁾	30.40	33.43	36.86
Debt to Equity Ratio (times)	0.27	0.29	0.30

Remarks: (1) Calculated by using the average of total assets

(2) Calculated by using the average total shareholders' equity.

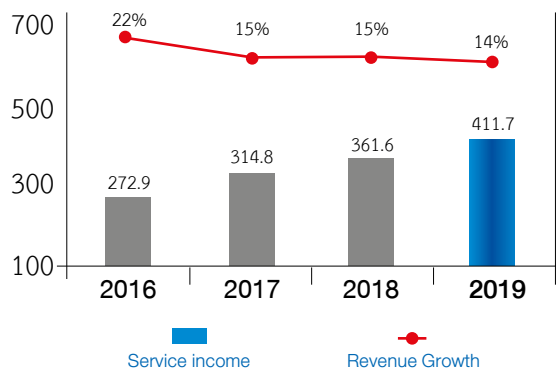
Comparison of Information per Share (Baht)	2017	2018	2019
Basic earnings per share	0.58	0.74	0.90
Weighted average of ordinary shares (shares)	200,000,000	200,000,000	200,000,000
Par value	1	1	1
Issued and paid-up ordinary shares at the end of the year (shares)	200,000,000	200,000,000	200,000,000

Service income breakdown 2019

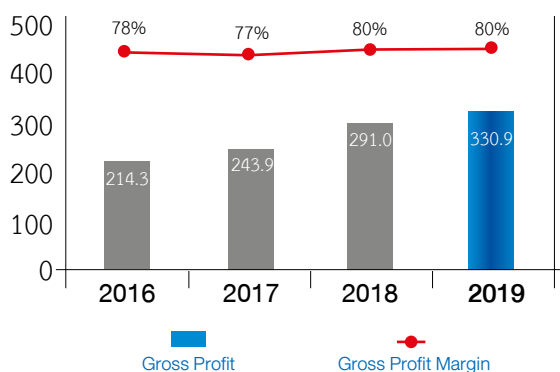


■ Digital Business Services
■ Digital Transformation (Projects)

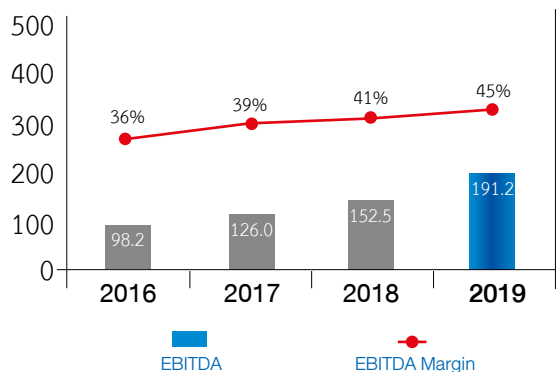
Service income (Million Baht)



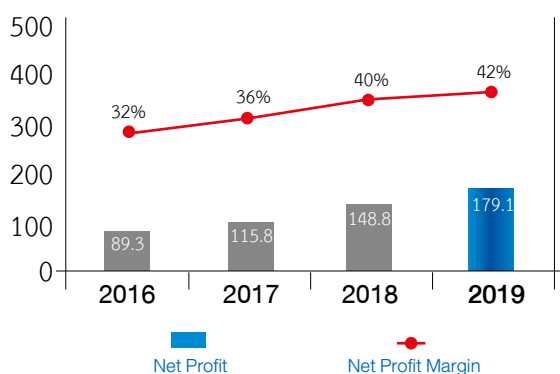
Gross Profit (Million Baht)



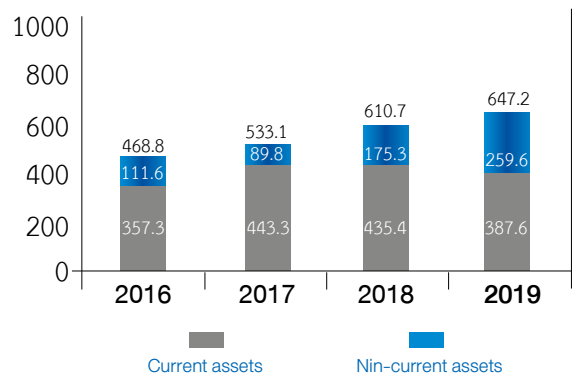
EBITDA (Million Baht)



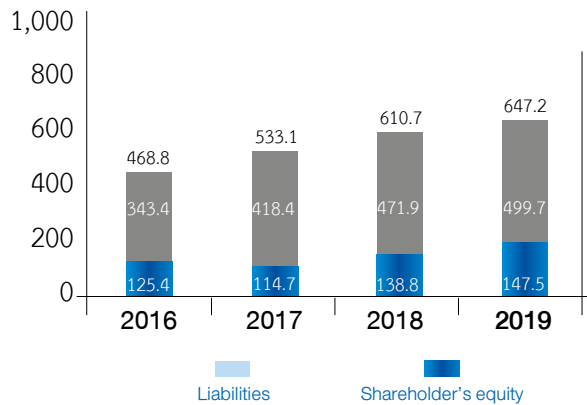
Net Profit (Million Baht)



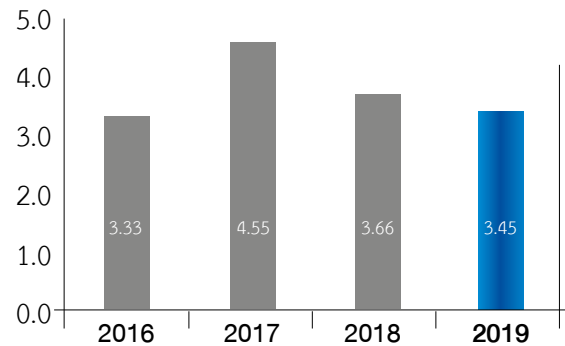
Assets (Unit: Million Baht)



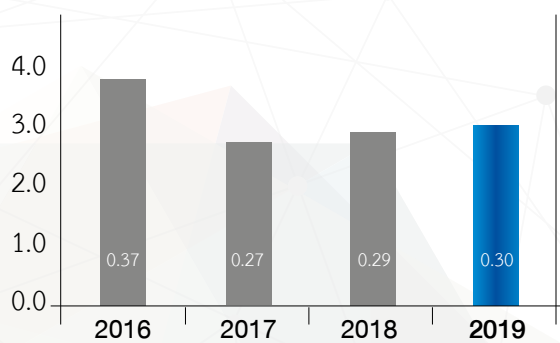
Liabilities and Shareholders' equity (Million Baht)



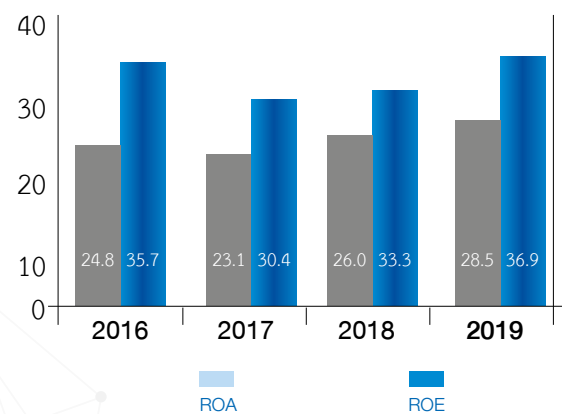
Current ratio (Times)



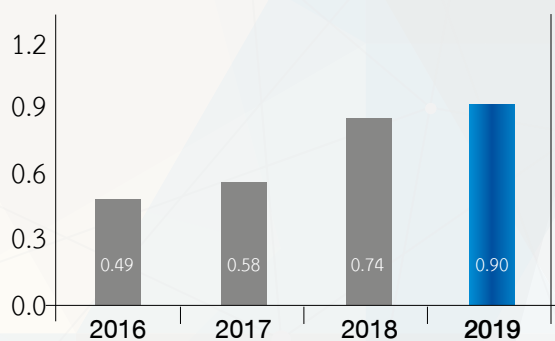
Debt to Equity ratio (Times)



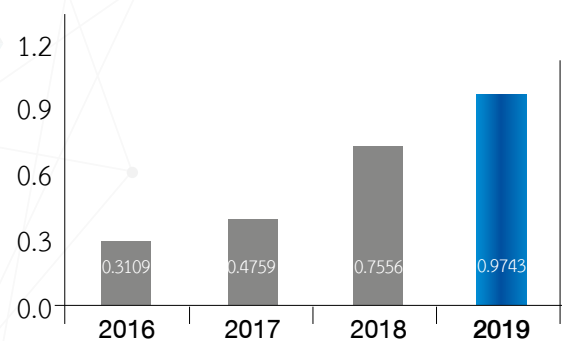
Return on Asset (ROA) / Return on Equity (ROE) (Percent)



Earnings per share (Baht/share)



Dividends per share (Baht/share)



RISK FACTORS

In conducting the Company's business, risk factors that the Company believes may significantly affect the Company's financial status and its performance include :

Risk from the Business of the Company

1. Competition Risk

The Company's main business is providing electronic customs clearance services. As of December 31, 2018, there were 3 service providers connected to the Custom Computer System (Gateway) which offers similar services (refer to the Thailand National Single Window website). Because government agencies do not grant concessions to these service providers, this may affect the future if new service providers were able to meet the requirements of government agencies and render services as a connector to customs' computer system (Gateway) or provide additional electronic data interchange (VANS). This may cause the Company to face a high competitive risk which may lead to price competition.

However, the Company has its strengths as the Company is the only comprehensive service provider that connects to customs' computer system with the Gateway computer system and provides electronic data interchange (VANS) for logistics customers. This gives the Company a competitive edge. Moreover, the Company is the only operator that developed its own Digital Business Technology Platform without having to bear software license or maintenance fees. This platform can be further developed and applied for many other industry groups. In addition, the Company has marketing strategies that aim at maintaining its existing customer base and consistently expands a new customer base. Besides this, the Company has set reasonable pricing, which makes it difficult for new competitors to gain the Company's market share. The Company also focuses on developing products that are easy to use with stable data interchange. The Company continues to develop innovative products and services consistently. Presently, more than 30 Frontend Applications have been developed.

2. Risk from the Company's Revenue Comes from the Provision of Electronic Customs Clearance

Paperless Services

At present, the Company's main revenue comes from various channels and documents such as e-Customs Paperless service. Any change in this revenue will have a significant impact on the financial position and the performance of the Company.

Nonetheless, e-customs clearance services are also likely to grow significantly from Logistics Community group and in the future due to a tendency for rising volume of imports and exports as a result of economic expansion and the opening of the ASEAN Economic Community (AEC). The Company is the leading service provider company rendering e-custom services with policies to maintain existing customers' base and continually expand its customer's base. This can be seen from the market share of the data interchange which indicates the Company to be in leading position. Currently, the Company has policies to significantly increase the proportion of other types of service revenue such as sales revenue from the CDD Gateway service, Digital Business Services, various channels and documents, which

commenced in 2013. This would prevent the potential risk of the majority of revenue coming mainly from e-Customs Paperless services.

3. Risk of Dependence on Personnel

The business of the Company is an information technology business which is based on the knowledge, ability and expertise of personnel who understand the problems and processes of transactions in order to develop systems that meet the demands of the market. The Company also relies on a team of computer engineers, especially those with more than 3 years of experience in developing computer programs. The loss of these individuals will adversely affect the Company's operations and its competitiveness. Due to an awareness of such risks, the Company continually emphasizes the importance of human resources development. The Company's work is a team-based, allowing the team members to be able to fill in for one another.

The Company also organizes training courses to continually educate its personnel. The Company has a policy to provide competitive level of remuneration to its employees and to motivate employees to work with the Company for a long period of time. In addition to this, the Company also has a cooperative program with educational institutions to co-host cooperative education. This allows students to learn through practical work. The Company also provides opportunities for students to join the Company as a trainee and they are eligible for full-time employment after graduation. The Company has recruiting computer engineering team continuously to suit the organization

4. Risk from Changes to Government Policies

The Company's services rely on government policies that support electronic transactions in various forms, such as e-Custom Paperless services for customs and the ETR Gateway, the Electronic Transaction Reporting Gateway for the Anti-Money Laundering Office. As a result, changes in government policies may affect the Company's performance. However, presently, the public and private sectors have a policy to support electronic transactions which are convenient, reduce operating costs, reduce the risk of lost documents, and are secure. The government places an importance on the prevention of money laundering. Moreover, the government will notify of such changes before adopting a new policy. The Company will have time to adjust its operating plans to align with any new government policies.

5. Risk from the Stability of the Service System

The stability of the customer service system is one of the important factors that customers consider when they choose a service provider. The Company's service is an important part of the customer's business system and this requires continuous use all the time. Thus, if the Company's service system does not work properly due to various reasons such as faulty processing, connection failures, hardware failures or the inability of the system to accommodate a large number of concurrent users, this will affect the reliability of the Company's services and will affect its financial position and the results of the Company's operations. The Company has entered into a customer service agreement with a guarantee of system availability. The Company is willing to reimburse service charges with the value not exceeding the customer's credit limit of service usage in case the Company's system was not functioning.

The Company focuses on the importance to these factors and as a result the Company takes concise actions to ensure that the Company's service system is stable and able to support the needs of customers with a backup system ready to work immediately when the main system is not available. The system will be tested to ensure that it works properly before opening for service. There is also a team of engineers that monitor the system 24 hours. The Company's policy has made the Company's system available at least 99.5 percent of the time. The Company is also certified with ISO 27001 and the part of structure of the basic computer system (Cloud Computing) and the service system (Service), which is the latest international standard in providing information technology services, which is the international standard for information technology services.

6. Risk of Technological Change

The information technology business is a fast-changing business because various technologies that are used in product development are always changing. Both programs and electronic devices have changed. At present, the major programs that the Company uses to provide major sales revenue are the Company's own developed programs which were invented by the Company.

If a Company is unable improve its services to keep pace with changing technology, it may cause the Company to lose its ability to compete and that affects its financial position and the Company's operational results. Other than that, the rapid change of technology will also affect different electronic materials of the Company. For example, computer networks may not be able to support new devices. This may result in the Company having to supply various electronic devices.

However, the Company has always focused on keeping up with technology. As a result, the Company has a policy to regularly organize training about programs or other new technologies. The Company also adopts new innovative technology to help with product development in order to meet the need of customers even more. The Company has a team of consultants and external experts who provide knowledge and advice on services and system development to meet the needs of customers under the right technology. In addition to this, in considering the investment in the Company's computer systems and equipment, at present, the Company has a policy to lease Private Cloud Computing and other network systems instead of purchasing. However, in order to maintain quality standards for the Company's services, in some cases, the Company may need to purchase certain equipment or systems if the Company cannot obtain a quality service provider or is unable to deliver services at the standards that the Company requires

7. Risk from the profit uncertainty from new business operations

In order to pay a good reward to partner, the company must expand the business and invest in new technology businesses such as joint ventures, opening companies, innovating blockchain technology, and others. However, the success of new business depends on many factors. Including the market conditions, service behavior, laws, rules, records, political situation and the economy. Some of these factors are out of control.

SHAREHOLDING STRUCTURE AND MANAGEMENT

1. SHAREHOLDERS

Netbay Public Company Limited

As of December 31, 2019, the Company's top 10 shareholders are as follows.

Name of Shareholder	Number of shares	Percentage
1. Mr. Pichit Viwatrujirapong	101,999,990	51.00
2. Bualuang Infrastructure RMF (IN-RMF)	11,045,000	5.52
3. Thai NVDR Company Limited	6,952,279	3.48
4. Mrs. Uraiporn Chaloeamsapyakorn	5,500,000	2.75
5. B Senior Citizen Mixed Fund (B-SENIOR)	4,826,100	2.41
6. Bualuang Infrastructure Open-end Fund (B-INFRA)	4,519,300	2.26
7. B Senior Citizen Mixed Fund Extra (B-SENIOR-X)	3,366,600	1.68
8. STATE STREET EUROPE LIMITED	3,349,200	1.68
9. Mr. Lersak Jongwilaikasem	3,170,000	1.59
10. Mr. Wiroj Piriyathamwong	3,097,700	1.55
Other shareholders	52,173,831	26.08
Total	200,000,000	100.00

The Company's Subsidiary

Cloud Creation Company Limited

As of December 31, 2019, the list of Cloud Creation Company Limited shareholders was summarized below.

Name of Shareholder	Number of shares	Percentage
1. Netbay Public Company Limited	499,998	100
2. Mr. Pichit Viwatrujirapong	1	0
3. Ms. Manie Chantarawaranyoo	1	0

The Company's Associated

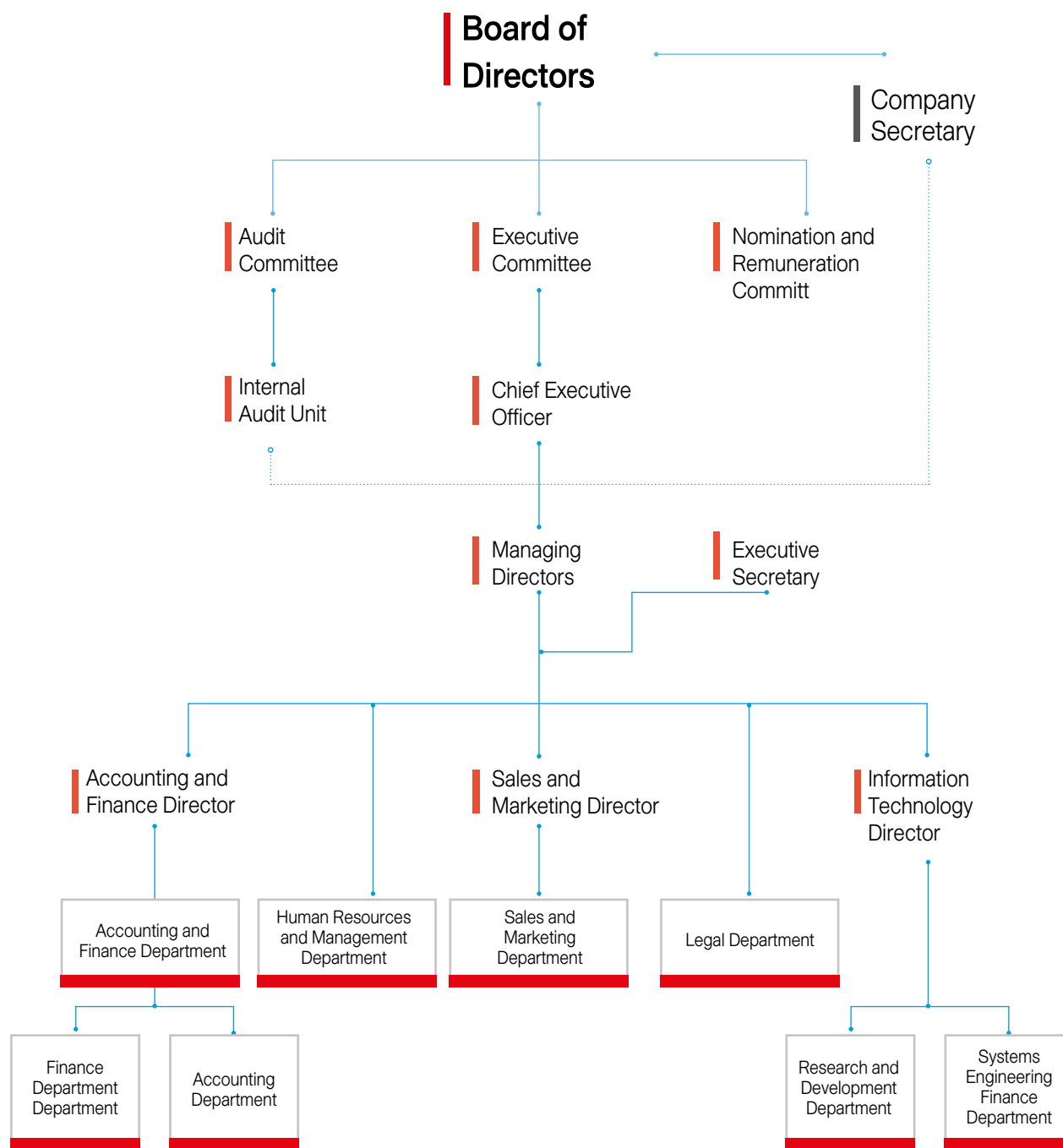
Fynnet venture Company Limited

As of December 31, 2019, the list of Fynnet venture Company Limited shareholders was summarized below.

Name of Shareholder	Number of shares	Percentage
1. Netbay Public Company Limited	900,000	60
2. Fynnovate Company Limited	599,999	40
3. Mr. Pume Viwatrujirapong	1	0

MANAGEMENT STRUCTURE

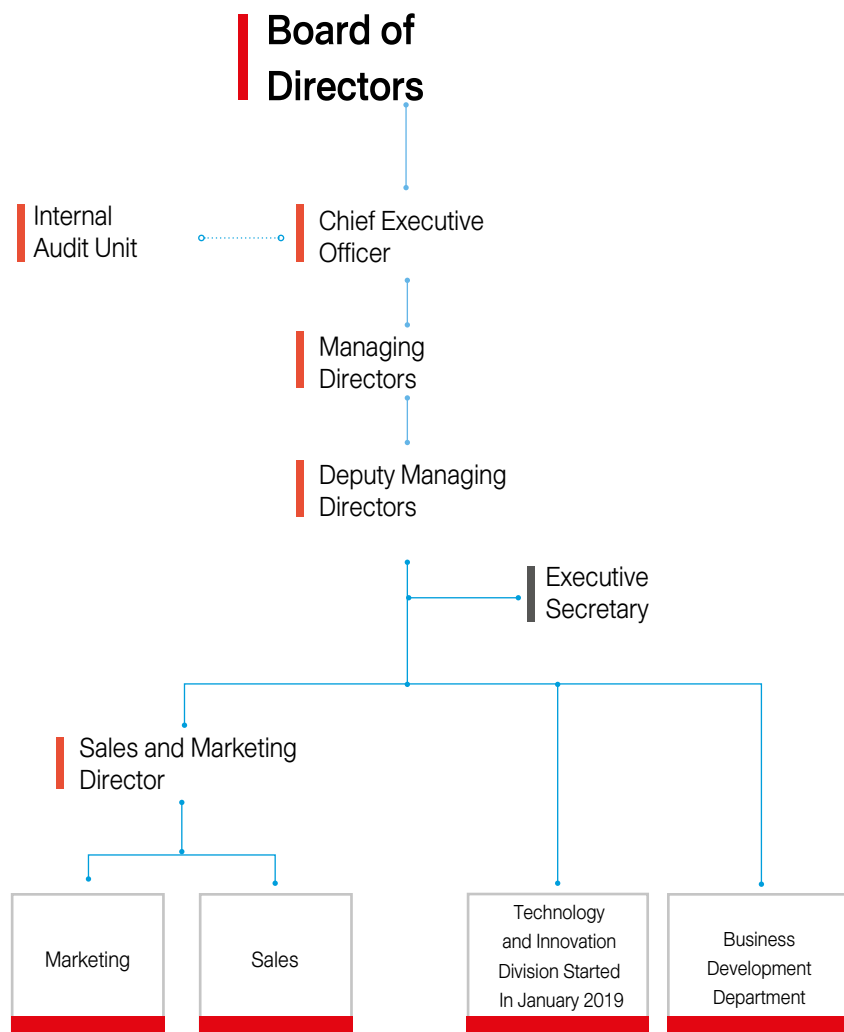
As of December 31, 2019, Netbay Public Company Limited's management structure was comprised of the board of directors and 3 subcommittees. The subcommittees are the audit committee, the nomination and remuneration committee and the executive committee as follows.



Remarks: * The internal Audit Unit will work directly with the Audit Committee by coordinating with the independent internal control appraisal company that the Company signed contract of employment. The internal audit unit will report the operational results and give recommendations to the Chief Executive Officer to acknowledge.

MANAGEMENT STRUCTURE OF THE COMPANY'S SUBSIDIARY

As of December 31, 2019, the management structure of Cloud Creation Company Limited was as follows.



2. THE BOARD OF DIRECTORS

As of December 31, 2019, the board of directors was comprised of the following 7 directors.

Name , Last Name	Position
1. Mr. Pairash Thajchayapong	Chairman
2. Mr. Pichit Viwatrujirapong	Vice Chairman and Chief Executive Officer
3. Mr. Akaradej Rojmeta	Director
4. Mrs. Patama Wongtoythong	Director/ Independent Director/Chairman of the Audit Committee
5. Mr. Vichit Yanamorn	Director/Independent Director/Audit Committee Member/ Nomination and Remuneration Committee Member
6. Mr. Suvit Arunanondchai	Director/Independent Director/Audit Committee Member/ Chairman of the Nomination and Remuneration Committee
7. Mrs. Kobkanjana Veerapongpradit	Director/ Nomination and Remuneration Committee Member

Directors who have Authority to Sign on Behalf of the Company

Mr. Pichit Viwatrujirapong, Mr. Akaradej Rojmeta, and Mrs. Kobkanjana Veerapongpradit are directors who have the authority to sign on behalf of the Company. Two-third of these directors must sign their names and affix it with the Company's seal.

The Company Secretary

Ms. Quanying Wongkasemjit is the Company Secretary.

The Board of Directors' Meeting

Meeting attendance for the board of directors for 2019 is as follows.

Name , Last Name	Position Number of Times Attended/ Total Number of Meetings
1. Mr. Pairash Thajchayapong	3/4
2. Mr. Pichit Viwatrujirapong	4/4
3. Mr. Akaradej Rojmeta	4/4
4. Mrs. Patama Wongtoythong	4/4
5. Mr. Vichit Yanamorn	3/4
6. Mr. Suvit Arunanondchai	4/4
7. Mrs. Kobkanjana Veerapongpradit	4/4

The Scope of Authority, Duties and Responsibilities of the Board of Directors

Duties of the board of directors are as follows.

1. To perform the duties in accordance with laws, objectives and regulations of the Company and the resolutions of the Shareholders' meeting with honesty and to protect the benefits of the Company.
2. Consider the details and approve the vision, business strategy, policies, goals, guidelines, and the Company's operational plans as prepared by management and presented to the board of directors.

3. To oversee the management and performance of management or any person entrusted with such duties in order to comply with the policies set forth by the board of directors.
4. Continually monitor the performance of the Company in order to be in compliance with the operational plans and the Company's budget.
5. To manage management in order to have an accounting system, financial reporting and reliable auditing and to ensure that there was adequate and appropriate internal control systems.
6. Review the risk management process and risk management policies and followup on the results of risk management.
7. To consider the acquisition or disposal of assets, investments and any actions taken in order that they are in compliance with laws, notices, rules and any relevant regulations.
8. To consider and approve the Company's connected transactions in order that they are in accordance with the laws, notices, rules and any relevant regulations.
9. Prevent any conflicts of interest between the Company's stakeholders.
10. Consider various matters by taking into account the interests of the shareholders and stakeholders of the Company fairly. Directors must notify the Company without delay if they have a stake in the contract. For transactions in which directors or any person has any possible conflicts of interest, directors who are stakeholders do not have the right to vote for the approval of that transaction.
11. Provide written policies on good corporate governance in accordance with the corporate governance principle. Review the Company's corporate governance policies to ensure that the Company is responsible to all its stakeholders fairly.
12. If necessary, get professional advice from outside organizations in order to make the correct decision.
13. Consider the appointment of Chief Executive Officer and the subcommittees. For example, the audit committee, the executive committee, etc. To determine the powers and responsibilities of the Chief Executive Officer and the subsidiary's board of directors' in order to monitor management systems and internal control systems as set forth in the policies.
14. Consider the appointment of the Company Secretary in order to ensure that the board of directors and the Company complies with any laws, announcements, rules and regulations.
15. Consider changing the scope of authority and responsibilities of the audit committee, the executive committee, the nomination and remuneration committee and the Chief Executive Officer as deemed appropriate and necessary.
16. Evaluate the performance of the board of directors. The board of directors will evaluate their performance on an annual basis and consider ways to improve the board's performance in order to be more effective.

Therefore, the board of directors must not delegate authority or responsibilities to the board of directors and/or any authorized person to approve transactions in which the board or any individual that may have a conflict of interest (as defined in the notifications of the Securities and Exchange Commission and the notifications of the Capital Market Advisory Board) or may have a stake or any kind of benefit in any way or have any other conflict of interest with the Company, other than the approved transactions that are done in accordance with the policies and regulations of the meeting of shareholders or the board of directors' consideration for approval.

Director Recruitment

When selecting a person to be a director or an executive of the Company, the board of directors that hold the position during that time will select a suitable person by considering the appropriate qualifications and make sure they are aligned with the Company's strategies and operational plans. The person must be qualified in terms of knowledge, ability, experience, dedication, and the person appointed to be a director or executive of the Company must be fully qualified under Section 68, Public Company Act BE 1992 (as amended) and the notifications of the Board of Governors of the Stock Exchange of Thailand and the relevant Capital Market Supervisory Board. The appointment of directors and management of the Company has to be approved by the board of directors and/or the shareholders' meeting (as the case may be).

The Term of the Board of Directors

At every annual General Meeting of Shareholders, one third of the directors shall retire. If the number of directors cannot be divided equally into three parts, then the number of directors that are retiring will be rounded to number nearest onethird in the first year. In the second year, after registering the conversion of a limited company to a public limited company, a lottery method shall be used. In the following years, the longest tenured directors shall leave their office. However, directors who have retired by rotation may be reelected.

The Meeting of the Board of Directors

1. The board of directors shall have a meeting at least once every three months. The board of directors' meeting shall be held in the locality where the Company's head office is located or at any location that chairman or the appointed chairman determines.
2. The board of directors shall elect one director to be the chairman. In the case where the board deems it appropriate to elect one or more directors to be a vice chairman and a managing director, the position shall be held for a period as agreed upon by the board.
3. The meeting of the board of directors will be called when the chairman of the board of directors calls a meeting or if two or more directors request a meeting of the board of directors. The chairman shall appoint the date of the meeting within fourteen days of receiving the request to meet.
4. When calling a meeting of the board of directors, the chairman or the authorized person shall send a notice of the meeting to the directors no less than seven days prior to the meeting date, except in urgent cases to maintain the benefits of the Company. The meeting will be notified through other means and the meeting date may be earlier than that.
5. At the board of directors meetings, at least half of the total number of directors needs to be present at the meeting in order to constitute a quorum.

In the case that the chairman is not present at the meeting or is unable to perform the duty, the vice chairman shall act on behalf of the chairman. If the vice chairman is not present at the meeting or is unable to perform the duty or the vice chairman position is vacant, the board of directors may appoint one of the directors present at the meeting to be chairman of the meeting. Decisions at the meeting shall be taken by a majority of votes.

Each director has one vote except a director who has a stake in that matter. Then he or she has no right to vote on that matter. If there is a tied vote, the chairman of the meeting shall have the deciding vote.

Changes in Securities Held by the Board of Directors of Netbay Public Company Limited as of December 31, 2019

Name , Last Name	Netbay Public Company Limited			
	Number of Shares (Ordinary Shares)			
	Personal Shares	Increase (Decrease) in the Number of Shares during the Year	Spouse Children	Increase (Decrease) in the Number of Shares during the Year
1. Mr. Pairash Thajchayapong	–	–	–	–
2. Mr. Pichit Viwatrujirapong	101,999,990	–	–	–
3. Mr. Akaradej Rojmeta	10	–	–	–
4. Mrs. Patama Wongtoythong	–	–	–	–
5. Mr. Vichit Yanamorn	–	–	–	–
6. Mr. Suvit Arunanondchai	–	–	–	–
7. Mrs. Kobkanjana Veerapongpradit	–	–	–	–

Changes in Securities Held by the Company's Board of Directors' for Subsidiaries as of December 31, 2019

Name , Last Name	Cloud Creation Company Limited			
	Number of Shares (Ordinary Shares)			
	Personal Shares	Increase (Decrease) in the Number of Shares during the Year	Spouse Children	Increase (Decrease) in the Number of Shares during the Year
1. Mr. Pairash Thajchayapong	–	–	–	–
2. Mr. Pichit Viwatrujirapong	1	–	–	–
3. Mr. Akaradej Rojmeta	–	–	–	–
4. Mrs. Patama Wongtoythong	–	–	–	–
5. Mr. Vichit Yanamorn	–	–	–	–
6. Mr. Suvit Arunanondchai	–	–	–	–
7. Mrs. Kobkanjana Veerapongpradit	–	–	–	–

BOARD OF DIRECTORS BIOGRAPHIES



Prof. Dr. Pairash Thajchayapong

Age: 75 years old

Position: Chairman of the Board

Date of Appointment as a Director:

- 27 March 2007

(Directorship tenure as of April 2020 is 13 years and 1 months.)

Education

- Honorary Doctorate Degree in Information and Communication Technology, King Mongkut's Institute of Technology Ladkrabang
- Honorary Doctorate Degree in Engineering, Tokai University, Japan
- Ph. D from Cambridge University, United Kingdom
- Bachelor degree, 1st class honor, in Electrical and Electronic Engineering, Imperial College of Science and Technology, London University, United Kingdom

Training:

- 2009 Director Certification Program, Thai Institute of Directors

Board Member/ Management in other Listed Company :

- Honorary Chairman of the Board of Directors of Internet Thailand Public Company Limited

Position in Other Company/ Organization/ Institution :

- Director of Wisdom Wave Company Limited
- Specialist and Senior Advisor at the National Science and Technology Development Agency

5-Year Past Experience

- Senior Official Advisor to the Prime Minister in Science and Technology

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: none
- Held by spouse or minor children: none

Family Relationship among Directors and Executive: None



Mr. Pichit Viwatrujirapong

Age: 68 Years Old

Position:

- Director
- Vice Chairman
- Chief Executive Officer

Date of Appointment as a Director:

- 19 November 2004
(Directorship tenure as of April 2020 is 15 years and 5 months.)

Education:

- Master of Political Science in Political Management, Faculty of Political Science, Ramkhamhaeng University
- Bachelor of Political Science, Faculty of Political Science, Ramkhamhaeng University

Training:

- 2013 Director Accreditation Program, Thai Institute of Directors

Board Member/ Management in other Listed Company: none

Position in Other Company/ Organization/ Institution:

- December 2019 – Present Director of Fynnnet venture Company Limited
Chief Executive Officer/ President of Cloud Creation Company Limited
- Sine 2011 Creation Company Limited
- Sine 1983 Chief Executive Officer/ President of Creation Group Company Limited

5-Year Past Experience:

- Consultant for the Business Advisory Board of Giga Impact Initiative Program, National Science and Technology Development Agency

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: 101,999,990 shares (51%)
- Held by spouse or minor children: none

Family Relationship among Directors and Executive: None



Mr. Akaradej Rojmeta

Age: 65 Years Old

Position:

- Director

Date of Appointment as a Director:

- 27 March 2007
(Directorship tenure as of April 2020 is 12 years and 11 months.)

Education

- Master Degree in Business Administration, Tarleton State University Texas, U.S.A.
- Bachelor Degree in Business Administration (Accounting), Thammasat University

Training:

- 2004 Director, Accreditation Program (DAP), Thai Institute of Directors

Board Member/ Management in other Listed Company

- Director of Solartron Public Company Limited

Position in Other Company/ Organization/ Institution: none

5-Year Past Experience

- 2004 - Now Director of Netbay Public Company Limited
- 2004 - Now Director of Solartron Public Company Limited

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: 10 shares (0.000005%)
- Held by spouse or minor children: none

Held by spouse or minor children: none



Mrs. Patama Wongtoythong

Age: 60 Years Old

Position:

- Independent Director and Chairman of the Audit Committee

Date of Appointment as a Director:

- 12 March 2014
(Directorship tenure as of April 2020 is 6 years and 1 months.)

Education

- Master Degree in Business Administration, University of Missouri, USA
- Bachelor of Accounting Program, Thammasat University
- Advanced Master of Management, NIDA

Training:

- Director of Accreditation Program, Thai Institute Of Directors (IOD)
- Director Certification Program, Thai Institute of Directors (IOD)
- Financial Restructuring & Corporate Recovery, Organized by World Bank and The Office of Corporate Debt Restructuring Advisory Committee
- Senior Executive Development Program
- Full Scale Internal Auditing and Control Program
- Future and Derivatives for Investor Program

Board Member/ Management in other Listed Company

- Chief Executive Officer of Solartron Public Company Limited

Position in Other Company/ Organization/ Institution:

- 2008 - Present Chief Executive Officer and Vice President of Solartron Public Company Limited
- 2015 - Present Director of Solartron Energy 1-5 Company Limited

5 - Year Past Experience

- Deputy Chief Executive Officer of Solartron Public Company Limited

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: none
- Held by spouse or minor children: (none)

Family Relationship among Directors and Executive: None



Mr. Vichit Yanamorn

Age: 73 Years Old

Position:

- Independent Director
- Audit Committee
- Nomination and Remuneration Committee

Date of Appointment as a Director:

- 12 March 2014
(Directorship tenure as of April 2020 is 6 years and 1 months.)

Education

- Master of Science (Computer Sciences) University Of IOWA, USA
- Bachelor of Commerce in Statistics, Faculty of Commerce and Accounting, Chulalongkorn University.

Training:

- 2015 Role of the Nomination and Governance Committee (RNG) Certificate Class 7/2558
Role of the Compensation Committee (RCC) Certificate Class 20/2558
- 2016 Driving Company Success with IT Governance (ITG) Certificate Class 3/2559
- 2007 Audit Committee Program (ACP) Certificate Class 18, Thai Institute Of Directors (IOD)
- 1997 Director Accreditation Program (DAP) Certificate Class 34, Thai Institute Of Directors (IOD)

Board Member/ Management in other Listed Company

- Independent Director and Chairman of Audit Committee, IT City Public Company Limited
- Non Executive Director, Risk Management Committee, Nomination Remuneration and Corporate Governance Committee Thanachart Capital Public Company Limited

Position in Other Company/ Organization/ Institution

- Director, Navataveep Company Limited
- Director, Amorncheewin Company Limited
- Director, Grand UB Company Limited

5-Year Past Experience

- 2001 – 2002 Deputy Chief Executive Manager, Technology and Operation Group, Siam Commercial Bank Public Company Limited

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: none
- Held by spouse or minor children: none

Family Relationship among Directors and Executive: None



Mr. Suvit Arunanondchai

Age: 70 Years Old

Position:

- Independent Director
- Audit Committee
- Chairman of the Nomination and Remuneration Committee

Date of Appointment as a Director :

- 12 March 2014
(Directorship tenure as of April 2020 is 6 years and 1 months.)

Education

- Bachelor of Economics, Louisiana Tech University, USA
- Program for Management Development (PMD 49) Harvard Business School, Harvard University, USA.

Training:

Thai Institute Of Directors (IOD)

- 2018 Strategic Board Master Class SBM 4/2018
Board Nomination and Compensation Program BNCP 5/2018
- 2017 Board Room Success Through Financing & Investment (BFI) 1/2017
Board Matters&Trend (BMT) 3/2017
- 2015 Successful Formulation and Execution of Strategy (SFE)
- 2014 Role of Compensation Committee (RCP)
Advance Audit Committee Program (AAPC)
- 2006 Quality Financial Reporting Class 2/2006
- 2005 Audit Committee Program (ACP) Class 4/2005
- 2002 Director Certification Program (DCP) Class 14/2002
Director Diploma Examination (Follow Member)

Stock Exchange of Thailand (SET)

- 2009 Capital Market Academy (CMA8) 2009

Board Member/ Management in other Listed Company

- 2016 – present Thai Nippon Rubber Industries Public Company Limited, Independent Director, Audit Committee, Chairman of Nomination and Remuneration Committee
- 2012 – present Rachatani Leasing Public Company Limited

Position in Other Company/ Organization/ Institution: none

5-Year Past Experience

- 1989 – 2009 Independent Director and Audit Committee, Thanachart Bank Public Company Limited

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: none
- Held by spouse or minor children: none

Family Relationship among Directors and Executive: None



Mrs. Kobkanjana Verapongpradit

Age: 51 Years Old

Position:

- Director
- Managing Director
- Chairman of the Nomination and Remuneration Committee

Date of Appointment as a Director :

- 11 May 2017
(Directorship tenure as of April 2020 is 2 years and 11 months.)

Education

- Masters of Business Administration, National University, San Diego USA
- Bachelor's Degree – Faculty of Communication of Arts, Chulalongkorn University

Training:

Thai Institute Of Directors (IOD)

- Successful Formulation & Execution of Strategy Course, Thai Institute of Directors (IOD)
- Preparation for Digital Thailand 4.0 : Technology, Security, Law and Regulation for Medium and High Management, Electronics Transaction Development Agency (ETDA)
- Director Certification Program (DCP) Class 248, Thai Institute of Directors (IOD)
- Preparation for Executive Development Program (EDP) Class 2019, Thai Listed Companies Association (TLCA)
- Chief Transformation Officer (CTO) Market for Alternative Investment – MAI

Board Member/ Management in other Listed Company: none

Position in Other Company/ Organization/ Institution

- Deputy Managing Director/ President of Cloud Creation Company Limited
- Director of Fynnet Ventures Company Limited

5-Year Past Experience

- 2014 - present Managing Director Netbay Public Company Limited
- 2011 - 2014 Deputy Managing Director Netbay Company Limited
- 2008 - 2011 Deputy Managing Director IBM (Thailand) Company Limited
- 2004 - 2008 Enterprise Sales Director Microsoft (Thailand) Company Limited

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: none
- Held by spouse or minor children: none

Family Relationship among Directors and Executive: None

The Audit Committee

The board of audit committee was comprised of 3 independent directors who served on the audit committee as follows.

Name , Last Name	Position
1. Mrs. Patama Wongtoythong	Chairman of the Audit Committee
2. Mr. Vichit Yanamorn	Audit Committee Member
3. Mr. Suvit Arunanondchai	Audit Committee Member

Ms. Patama Wongtoythong is an audit committee member who has sufficient knowledge and experience to review the reliability of the financial statements. Ms. Quanying Wongkasemjit is the secretary of the audit committee.

The Meetings of the Audit Committee

The attendance for meetings of the audit committee for the year 2019 was as follows.

Name , Last Name	Number of Times Attended a Meeting/TotalNumber of Meetings
1. Mrs. Patama Wongtoythong	5/5
2. Mr. Vichit Yanamorn	5/5
3. Mr. Suvit Arunanondchai	5/5

The Scope of Authority and the Responsibilities of the Audit Committee

1. To review the accuracy and adequacy of the Company's financial reports.
2. To review the Company's internal control systems and internal audit systems to ensure that they are suitable and effective. To consider the independence of the internal audit unit. To approve the appointment, transfer or termination of the chief of the internal audit unit or any other unit responsible for the internal audit. This includes the hiring or termination of an internal audit firm or any other entity responsible for internal auditing.
3. To review the Company's compliance to laws regarding securities and the stock exchange and the requirements of the stock exchange and laws relating to the business of the Company.
4. To consider, select and nominate an independent person to be the Company's auditor. To propose the remuneration of that person as well as attend meetings with the auditors without management present at least once a year.
5. To consider connected transactions or transactions that may have conflicts of interest in order to be in compliance with the laws and regulations of the stock exchange and to ensure that these transactions are reasonable and for the greatest benefit of the Company.
6. To prepare the audit committee's report and disclose the report in the Company's annual report. This must be signed by the chairman of the audit committee. The audit committee's report must have at least the following information:
 - 1) Opinions on the accuracy, completeness, reliability and reliability of the Company's financial report.

- 2) Opinions on the adequacy of the Company's internal control systems.
- 3) Opinions regarding the compliance with the Securities and Exchange Act, the Stock Exchange Act or any laws relating to the business of the Company.
- 4) Opinions about the suitability of the auditor.
- 5) Opinions regarding transactions that may have a conflict of interest.
- 6) The amount of audit committee meetings and each audit committee member's meeting attendance.
- 7) Comments or overall observations by the audit committee from their operations.
- 8) Other agendas item that shareholders and general investors should know under the scope of duties and responsibilities assigned by the board of directors.
7. To perform any other act assigned by the board of directors with the approval of the audit committee.
8. In regards to the performance of duties of the audit committee, if the audit committee finds or suspects that the following transactions or actions have occurred which have a significant impact on the Company's financial status and results of operations, the audit committee will report to the board of directors to get corrective actions within the time that the audit committee deems appropriate.
 - 1) Conflicts of Interest
 - 2) Fraud or there is something wrong or there are significant deficiencies in internal controls.
 - 3) Violations of the Securities and Exchange Act and the Stock Exchange Act or any laws relating to the business of the Company.
9. In regards to the performance of duties, the audit committee may seek independent opinions from any other professional advisor if deemed necessary at the expense of the Company.
10. In practice of the scope of authority and responsibilities, the audit committee shall have the power to invite management, executives or any relevant employees to report, give opinions, attend meetings or submit relevant and necessary documents.

Therefore, the board has the power to change the scope of authority and the responsibilities of the audit committee as it deems appropriate and necessary.

Recruitment of the Audit Committee

The board of directors is comprised of at least 3 audit committee members. The board of directors will select independent directors to serve on the audit committee and consideration of approval will be proposed to the board of directors or the shareholders' meeting. Therefore, the audit committee shall have the scope of duties and responsibilities as specified in the notifications of the Stock Exchange of Thailand regarding the qualifications and scope of work for the audit committee.

The Term for Holding a Position on the Audit Committee

Audit committee members shall serve 3 year terms except when stepping down from the position in order to be in compliance with the Company's Articles of Association. An audit committee member who steps down by rotation may be reelected. In the case that a position on the audit committee is vacant for any reason other than for the expiration of the term, the board of directors shall appoint a qualified person to be on the audit committee so that the number of audit committee will be complete as prescribed by the board of directors. The person who replaces the audit committee member will hold the position for the remainder of the term of the audit committee member they replaced.

The Audit Committee Meeting

1. There should be at least 4 meetings per year. Management, executives, relevant employees or auditors may be invited to attend the meeting in order to give opinions or submit documents and information that is relevant or necessary.
2. At every audit committee meeting, a quorum must consist of no less than two thirds of the total number of audit committee members holding a position at that time in order to be considered as a quorum.
3. Audit committee members who have a stake in the consideration of any matter will abstain from voting on such matters. The audit committee has the right to vote. Each member has one vote. Resolutions are made by a majority vote. The secretary of the audit committee does not have the right to vote. In case of a tied vote, the chairman of the meeting shall have the deciding vote.
4. The Company's auditors shall meet at least once a year without management present.

The Recruitment of Independent Directors

The Qualifications of Independent Directors

The board of directors determines the qualifications of independent directors in accordance with the requirements of the Stock Exchange of Thailand. The qualifications of independent directors are as follows.

1. They must not hold more than one percent of the total voting shares of the Company, its parent company, its subsidiaries, affiliated companies, major shareholders or controlling persons of the Company. This includes shareholding of any person involved with the independent director.
2. They must not be or have been a director who was involved with management, staff, employees, consultants who receive a regular salary, or any controlling authority of the Company, its parent company, its subsidiaries, affiliated companies, subsidiaries, major shareholders or a controlling person of the Company unless they have ceased to have such characteristics for no less than two years before the date of requested permission to the Office of the Stock Exchange of Thailand. Such prohibited characteristics do not include the case in which independent directors were former officials or consultants of government agencies which are major shareholders or a controlling authority of the Company.
3. They must not be a person who has blood relations or have a binding legal registration such as a parent, spouse, sibling or child. This includes the spouse of a child of other directors, executives, major shareholders, controlling persons or anyone who is nominated as a director, manager or a controlling person of the Company or its subsidiaries.
4. They must never have or have had any business relationship with the Company, parent company, subsidiaries, associated company, major shareholders or a controlling authority of the Company in such a way as to impede the exercise of independent judgment. This includes neither being nor ever been a significant shareholder or a controlling person who has business relationships with the Company, parent company, subsidiaries, associated companies, major shareholders or a controlling authority of the Company unless those characteristics have ceased for no less than two years before the date of submission for permission to the office, or providing or receiving

financial assistance by accepting or giving loans, being a guarantor, or giving assets as a liability guarantee and includes other similar circumstances that has resulted in the Company or any party owing a debt to another party from three percent of the Company's net tangible assets or valued at twenty million Baht or more, whichever is lower. Therefore, the calculation of such indebtedness shall be in accordance with the calculation method of connected transactions according to the notifications of the Capital Market Supervisory Board regarding connected transaction mutatis mutandis. However, in considering such indebtedness, it shall include the debt incurred during the year prior to the date of having a business relationship with the same person.

5. They must not be or have been the auditor of the Company, its parent company, subsidiaries, associated companies, major shareholders or a controlling person of the Company and not be a significant shareholder or a controlling authority or partner of an auditing company that hold the position of auditors in the Company, its parent company, subsidiaries, associate companies, major shareholders or the controlling person of the Company unless these characteristics have ceased for no less than two years before the date of submission for permission from the Office.
6. They must not be or never have been a professional service provider. This includes serving as a legal or financial advisor which receives service fees greater than two million Baht per year from the Company, its parent company, subsidiaries, associate companies, major shareholders or a controlling authority of the Company and be a significant shareholder, controlling authority or partner of that professional service provider unless these characteristics have ceased for no less than two years before the date of submission for permission from the Office.
7. They must not be a director appointed to represent the Company's directors, major shareholders or shareholders who are related to major shareholders.
8. They do not engage in the same business conditions and are not a significant competitor to the business of the Company or its subsidiaries. They are not a significant partner in partnership or a director who is involved in the management of employees, staff, or consultants who receive a regular salary or hold more than one percent of the total voting shares of other companies that conduct the same business and is a significant competitor to the business of the Company or its subsidiaries.
9. There is no other characteristic that makes it impossible to express independent opinions about the Company's operations.

The Nomination Committee and Consideration of Compensation

The nomination and remuneration committee consisted of the following 3 directors.

Name , Last Name	Position
1. Mr. Suvit Arunanondchai	Chairman of the Nomination and Remuneration Committee
2. Mr. Vichit Yanamorn	Nomination and Remuneration Committee Member
3. Mrs. Kobkanjana Veerapongpradit	Nomination and Remuneration Committee Member

The Meeting of the Board of the Numeration and Remuneration Committee

For 2019, the attendance of meetings for members of the board of the nomination and remuneration committee was as follows.

Name , Last Name	Number of Times Attended a Meeting/ Total Number of Meetings
1. Mr. Suvit Arunanondchai	1/1
2. Mr. Vichit Yanamorn	1/1
3. Mrs. Kobkanjana Veerapongpradit	1/1

The Scope of Authority and Responsibilities of the Nomination and Remuneration Committee

The Recruitment of Directors and Senior Executives

1. Establish regulations and recruitment procedures for the Company's directors, subcommittees or senior executive directors and determine the qualifications needed to hold the position.
2. Consider recruitment and selection of qualified people in order to be the Company's directors, subcommittees, executive directors or senior executives. Consider the recruitment of qualified people who have various skills, experiences, professions, expertise and specific capabilities that are beneficial to the business operations of the Company to be proposes to the board of directors or the shareholders' meeting as the case may be.
3. Consider a succession plan for the Company's senior executives to be proposed for the consideration of the board of directors.
4. Perform other duties assigned by the board of directors.

Consideration and Determination of Remuneration

1. Define regulations, guidelines and methods regarding remuneration payment that are necessary and appropriate for the appointed Company's directors, subcommittees, executive directors or senior executives to be proposed for the consideration of approval by the board of directors or the shareholders' meeting as the case may be.
Therefore, the method of payment may be in different manners or forms such as meeting allowances, salaries, bonuses, or any other monetary or nonmonetary benefit.
2. Determine the remuneration for directors, subcommittees, executive directors or senior executives by considering the appropriate remuneration in accordance with the duties and responsibilities as well as the performance when compared to other companies and industries of the business or a business of similar size in order to be proposed to the board of directors for the approval.
3. Regularly review, study, and followup on changes and trends in the remuneration of the Company's directors, subcommittees, executive directors or senior executives in order to propose a suitable remuneration policy and be able to compete with other companies that conduct the same business or are in the same industry. It can also compete with other listed companies in the Stock Exchange market who conduct the same business.
4. Report the progress and performance to the board of directors as well as clarify and answer question about defining and paying the remuneration of the company directors, subcommittees, executive director or senior executives on behalf of the board of directors to the shareholders'

meeting at the Annual General Meeting of Shareholders or Extraordinary Shareholders' Meeting (if any).

5. Report policies, principles and rationale regarding the determination of remuneration for directors, subcommittees, executive directors or senior executives by disclosing information in the annual disclosure statement (Form 56-1).
6. Review, revise and propose amendments to the nomination and remuneration committee charter to the board of directors (if any) to ensure that the charter is appropriate and always up to date.
7. Perform other duties as assigned by the board of directors.

Recruitment of the Nomination and Remuneration Committee

The nomination and remuneration committee consists of at least three directors. Half of the total number of directors shall be independent directors. The board of directors or shareholders will appoint directors or executives to serve on the nomination and remuneration committee. Therefore, the scope of duties and responsibilities of the nomination and remuneration committee will be in accordance with the charter of the nomination and remuneration committee as approved by the board of directors.

The Term for Holding a Position on the Nomination and Remuneration Committee

The nomination and remuneration Committee has terms in which a person can hold a position for 3 years and retire by rotation of the position of directors. Other than retiring by rotation, the nomination and remuneration committee will be released from their position due to (1) death (2) resignation or termination of employment (3) disqualification or have prohibited characteristics in accordance with the law or charter and (4) the meeting of the board of directors made a resolution to terminate. In the case that the position of the nomination and remuneration committee is vacant because someone stepped down by rotation, the board of directors shall select a qualified person to be the replacement for the retired director. The replacement on the nomination and remuneration committee shall serve for the remainder of the term of the person they replaced.

The Meetings of the Nomination and Remuneration Committee

1. The board shall hold a meeting at least once a year at an appropriate time.
2. The chairman of board shall call for a meeting. If at least half the number of directors requested for a meeting, the chairman of the board shall set a meeting date within 30 days from the date the request was received.
3. In the calling for the meeting of the board, the chairman or the secretary of the board shall send a notice of the meeting to directors no less than 7 days prior to the meeting date unless it is an urgent case in order to protect the benefits of the company. Then the meeting will be notified by other means and the date will be set earlier than that.
4. At the board meetings, at least half of the total number of directors must be present at the meeting in order form a quorum. In the case that the Chairman is absent or unable to attend the meeting, the directors present at the meeting shall elect a director to be chairman of the meeting.
5. Every director shall attend every meeting except in the case that there is a necessary event that must be attended. If directors are not able to attend the meeting, the director will inform the chairman in advance.

6. Any committee member that has a stake concerning the matter being considered by the board, they shall abstain from attending and considering such matter. The resolutions of the board shall be made by a majority vote. Each director has a right to vote and each share has one vote. In case of a tied vote, the Chairman of the meeting shall have the deciding vote.
7. The board can invite, call or order management, supervisors or any relevant employees to give opinions and attend the meeting in order for clarification or submit relevant or necessary documents.

The Executive Committee

The Executive Committee consisted of the following 2 executives.

Name , Last Name	Position
1. Mr. Pichit Viwatrujirapong	Chairman of the Executive Committee
2. Mrs. Kobkanjana Veerapongpradit	Executive Committee Member

Scope of Authority, Duties and Responsibilities of the Executive Committee

1. Manage and operate the business of the Company in accordance with the business objectives of the Company. The operations and the management of the Company must align with the policies, guidelines and operational plans set forth by the board of directors.
2. Define vision, business strategies, policies, goals, and operational plans that are appropriate and consistent with the economic and competitive environment in order to be proposed to the board of directors for approval.
3. Monitor the implementation of policies and the Company's management guidelines which were approved by the board of directors effectively.
4. Consider the approval of operational expenses, transportation expenses, travel expenses, stationery expenses, office supply expenses, repair and maintenance expenses, and other expenses which are normal Company expenses and do not exceed 20 million Baht.
5. Consider negotiations and approval of entering into contracts and/or any action related to business operations that does not exceed 20 million Baht.
6. Consider the approval of investments in fixed assets and investments in securities in the market demand (approved by the board of directors in principle) and does not exceed 20 million Baht.
7. Consider approval of writing off bad debts from balance sheets according to the conditions set by the Company and do not exceed 5 million Baht per transaction.
8. Perform any other actions assigned by the board of directors.

Therefore, the board of directors must not delegate authority or responsibilities to the board of directors and/or any authorized person to approve transactions in which the board or any individual that may have a conflict of interest (as defined in the notifications of the Securities and Exchange Commission and the notifications of the Capital Market Advisory Board) or may have a stake or any kind of benefit in any way or have any other conflict of interest with the Company, other than the approved transactions of normal business activities and ordinary trading conditions.

The Term for Holding a Position on Executive Committee

Executive committee members hold the position for a 3 years term. Retired executive committee members may be reelected. In the case that the position of executive director is vacant due to any reasons other than the expiration of a term, the board of directors shall appoint a qualified person to be executive director in order to complete the amount of executive directors as set by the board of directors. The person who replaced the executive director will be in the position only for the remainder of the term of the executive committee member he or she replaces.

Management

As of December 31, 2019, the Company's management consisted of the following 5 executives.

Name , Last Name	Position
1. Mr. Pichit Viwatrujirapong	Chief Executive Committee
2. Mrs. Kobkanjana Verapongpradit	Managing Director
3. Mrs. Sutarin Wongsongcha	Chief Financial Officer
4. Ms. Nunwaruth Wanitchachokechai	Sales and Marketing Director
5. Ms. Ornrueda Kuumlertluck	Account and Finance Manager

MANAGEMENT BIOGRAPHIES



Mr. Pichit Viwatrujirapong

Age: 68 Years Old

Position:

- Director
- Vice Chairman
- Chief Executive Officer

Date of Appointment as a Director:

- 19 November 2004
(Directorship tenure as of April 2020 is 15 years and 5 months.)

Education:

- Master of Political Science in Political Management, Faculty of Political Science, Ramkhamhaeng University
- Bachelor of Political Science, Faculty of Political Science, Ramkhamhaeng University

Training:

- 2013 Director Accreditation Program, Thai Institute of Directors

Board Member/ Management in other Listed Company: none

Position in Other Company/ Organization/ Institution:

- December 2019 – Present Director of Fynnet venture Company Limited
Chief Executive Officer/ President of Cloud
- Sine 2011 Creation Company Limited
- Sine 1983 Chief Executive Officer/ President of Creation Group Company Limited

5-Year Past Experience:

- Consultant for the Business Advisory Board of Giga Impact Initiative Program, National Science and Technology Development Agency

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: 101,999,990 shares (51%)
- Held by spouse or minor children: none

Family Relationship among Directors and Executive: None



Mrs. Kobkanjana Verapongpradit

Age: 51 Years Old

Position:

- Director
- Managing Director
- Chairman of the Nomination and Remuneration Committee

Date of Appointment as a Director :

- 11 May 2017
(Directorship tenure as of April 2020 is 2 years and 11 months.)

Education

- Masters of Business Administration, National University, San Diego USA
- Bachelor's Degree – Faculty of Communication of Arts, Chulalongkorn University

Training :

Thai Institute Of Directors (IOD)

- Successful Formulation & Execution of Strategy Course, Thai Institute of Directors (IOD)
- Preparation for Digital Thailand 4.0 : Technology, Security, Law and Regulation for Medium and High Management, Electronics Transaction Development Agency (ETDA)
- Director Certification Program (DCP) Class 248, Thai Institute of Directors (IOD)
- Preparation for Executive Development Program (EDP) Class 2019, Thai Listed Companies Association (TLCA)
- Chief Transformation Officer (CTO) Market for Alternative Investment – MAI

Board Member/ Management in other Listed Company: none

Position in Other Company/ Organization/ Institution

- Deputy Managing Director/ President of Cloud Creation Company Limited
- Director of Fynnet Ventures Company Limited

5-Year Past Experience

- 2014 - present Managing Director Netbay Public Company Limited
- 2011 - 2014 Deputy Managing Director Netbay Company Limited
- 2008 - 2011 Deputy Managing Director IBM (Thailand) Company Limited
- 2004 - 2008 Enterprise Sales Director Microsoft (Thailand) Company Limited

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: none
- Held by spouse or minor children: none

Family Relationship among Directors and Executive: None



Mrs. Sutarin Wongsongcha

Age: 44 Years Old

Position:

- Accounting and Finance Director

Education

- Masters of Business Administration, Kasetsart University
- Bachelor's Degree – Commerce and Accounting, Chulalongkorn University

Training :

- 2019 Boardroom Success through Financing & Investment (BFI), Thai Institute Of Directors (IOD)
CFO in Practice certification program, Federation of Accounting Professions
- 2018 Corporate Governance for Executives (CGE), Thai Institute Of Directors (IOD) Refreshment of the role and expectation of a CFO, Federation of Accounting Professions
CFO focus on financial reporting, Federation of Accounting Professions
- 2016 Chief Financial Officer Certification Program, Federation of Accounting Professions
- 2015 Strategic CFO in Capital Markets Program, The Stock Exchange of Thailand
Successful Formulation & Execution of Strategy (SFE), Thai Institute of Directors

Board Member/ Management in other Listed Company: none

Position in Other Company/ Organization/ Institution: none

- Director Of Fynnet Ventures Company Limited

5-Year Past Experience

- 2013 - 2014 Senior Manager, EY Corporate Services Company Limited
- 1996 - 2011 Manager, EY Company Limited

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: none
- Held by spouse or minor children: none

Family Relationship among Directors and Executive: None



Ms. Nunvarath Vanitchachokchai

Age: 48 Years Old

Position:

- Sales and Marketing Director

Education

- Master's Degree – Information Management and Systems, Monash University, Australia
- Bachelor's Degree – Political Science, Chulalongkorn University

Board Member/ Management in other Listed Company/ none

Position in Other Company/ Organization/ Institution/ none

Training:

- June 2019 Essentials For High Impact Leaders, Sasin Graduate Institute of Business Administration of Chulalongkorn University

5-Year Past Experience

- 2009-2013 Senior Retail Store Solution Manager (Brand Manager), IndoChina/Storage & Technology Group, IBM Company Limited (Thailand)

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: none
- Held by spouse or minor children: none

Family Relationship among Directors and Executive: None



Ms. Ornruda Kumlertluck

Age: 31 Years Old

Position:

- Accounting and Finance Manager

Education

- Bachelor's Degree – Faculty of Commerce and Accounting, Chulalongkorn University

Training :

- 2019 TFRS 16 for new lease agreement, Transfer Pricing, The Stock Exchange of Thailand
- 2018 TFRS 9, TAS 32, TFRS 7, TFRIC 16 and TFRIC19
- 2017 The Digital Accountant, Federation of Accounting Practices
TFRS 15 for general business, Federation of Accounting Practices
- 2016 TFRS Workshop (TFRS), Federation of Accounting Practices
- 2015 IFRS Update (In-House Training), EY Company Limited Office
IFRS organized for Thailand, Federation of Accounting Professions
Issues with the application of Pack 5 in operations, Federation of Accounting Practices

Board Member/ Management in other Listed Company: none

Position in Other Company/ Organization/ Institution: none

5-Year Past Experience

- 2011 - April 2015 Senior Auditor Assistant, EY Company Limited Office

Shareholdings (Ordinary Shares) (as at December 31, 2019)

- Held personally: none
- Held by spouse or minor children: none

Family Relationship among Directors and Executive: None

REMUNERATION FOR DIRECTORS AND MANAGEMENT

The Remuneration of Directors

The Company clearly determined the directors' remuneration in accordance with the notifications of the Office of the Securities and Exchange Commission (SEC). The remuneration must be approved by the Annual General Meeting (AGM). At the Annual General Meeting of Shareholders for the year 2019, the Company approved the remuneration of the board of directors, the audit committee, and the nomination and remuneration committee and will use the remuneration rate from the approval of the 2019 Annual General Meeting of Shareholders until the Shareholders' Meeting resolves otherwise. The details are as follows.

1. Meeting Allowance for Directors: In the case of meeting attendance

baht/person/time

Position	The Board of Directors	Meeting Allowance
Chairman	Director/ Audit Committee/ Nomination and Remuneration Committee/ other committee which may appointed in 2019	25,000
Non-Executive Director	Director/ Audit Committee/ Nomination and Remuneration Committee/ other committee which may appointed in 2019	18,000
Chairman/ Executive Director	Director/ Audit Committee/ Nomination and Remuneration Committee/ other committee which may appointed in 2019	none

2. Monthly Remuneration

baht/person/time

Position	Salary
Chairman of the Board	30,000
Chairman of Audit Committee	25,000
Chairman of Nomination and Remuneration Committee/ Chairman of other committee which may appointed in 2019	20,000
Non-Executive Director	20,000
Chairman/ Executive Director	none

The amount of meeting allowances and monthly remuneration will not exceed Baht 3,500,000 Baht.

3. Directors' Bonuses

The Board of Directors shall receive a bonus not exceeding 5% of the dividend payment distributed to shareholders and will be arranged by board of directors.

Monetary remuneration

Details of the remuneration that directors and subcommittees received in 2019 for the fiscal year ended on December 31, 2019 are as follows.

unit: baht

Name , Last Name	Meeting Allowance			Monthly Remuneration	Total
	Director	Audit Committee	Nomination Committee		
1. Mr. Pairash Thajchayapong	75,000	–	–	360,000	435,000
2. Mr. Pichit Viwatrujirapong	–	–	–	–	–
3. Mr. Akaradej Rojmeta	72,000	–	–	240,000	312,000
4. Mrs. Patama Wongtoythong	72,000	125,000	–	300,000	497,000
5. Mr. Vichit Yanamorn ^{1**}	54,000	90,000	18,000	240,000	402,000
6. Mr. Suvit Arunanondchai ^{1**}	72,000	90,000	25,000	240,000	427,000
7. Mrs. Kobkanjana Veerapongpradit ^{**}	–	–	–	–	–
Total	345,000	305,000	43,000		
		693,000		1,380,000	2,073,000

Remarks: ¹ Audit Committee ^{**} Nomination and Remuneration Committee

4. Non-Monetary Remuneration

-None-

In addition, Directors' Bonus will not exceed 4,500,000 and will be paid in the same month as shareholders' dividend.

Management Remuneration

Remuneration for the Company's executives in the form of salaries and bonuses can be summarized as follows.

For the year ended December 31, 2019	
Number (people)	5
Remuneration (million Baht)	43.26

Corporate Governance

Corporate Governance Policy

The Company focused on adopting corporate governance principles as a guideline for its business operations. Therefore, the Company set up the corporate governance policy that have principles and practice guidelines that are in line with the good corporate governance principles for companies listed on the Stock Exchange of Thailand (SET) in 2012.

The corporate governance policies of the Company are divided into the following 5 categories.

Section 1: The Rights of Shareholders

The Company places an importance on shareholders' rights. The Company encourages shareholders to exercise their rights. The fundamental rights of shareholders include the trading or transferring of shares, profit sharing, receiving sufficient information, attending meetings to exercise their right to vote at the shareholders' meeting in order to appoint or remove directors, appoint auditors and other matters that affect the Company such as dividend allocation, determining or amending the Articles of Association and Memorandum of Association, reducing or increasing capital, and the approval of special items, etc. The Company has a policy to carry out various matters in order to encourage and facilitate shareholders to exercise their rights as follows.

- The Company will send a meeting invitation letter and the supporting documents to all shareholders at least 7 days in advance or according to the requirement by the law and the notifications. The meeting invitation letter will specify the date, time, place, including the Company's Articles of Association relating to the meeting of shareholders and the agenda. Each agenda item has indications and reasons along with the opinions of the board of directors, and the proxy form as prescribed by the Ministry of Commerce. The Company offered the names of independent directors which could be authorized to attend the meeting as a proxy on behalf of the shareholder in the case that shareholders unable to attend the meeting in person. In addition to this, the Company will disseminate important information about the shareholders' meeting through the website of the Stock Exchange of Thailand and the Company's website prior to the meeting.
- Before conducting the meeting, the Company will inform the meeting about the criteria for voting and votes counting at the meeting. When information is given according to the meeting's agenda items. The chairman of the meeting will allocate appropriate time for the shareholders to express their opinions and ask the Company questions. The directors and the executives who are involved in the matter attend the meeting in order to answer inquiries and listen to comments and suggestions from shareholders. The Company will give opportunity for shareholders to send their questions in advance prior to the meeting.
- In the case that there are many agenda items such as appointing directors, the Company will make a resolution to each item.
- After the shareholders' meeting, the Company shall prepare the complete and accurate minutes of the meeting. The voting procedures, questions, answers and voting results for each agenda item, including voting agreement, vote for disagreement and abstain votes. Names of directors who attended the meeting and those who are absent will be recorded. Therefore,

the Company will report the resolutions result on the Stock Exchange of Thailand website within the same day of the meeting or at the latest by 9.00 am on the next business day. The Company shall send the minutes of shareholders' meeting to the Stock Exchange of Thailand within 14 days and disseminated the minutes of shareholders' meeting on the Company's website.

Section 2: Equitable Treatment of Shareholders

The Company will treat all shareholders equitably. This includes shareholders that are executives, and non-executive shareholders including foreign shareholders. The Company has the following operational policies.

- The Company will prepare the meeting invitation letter in English, every part, and publish it together with the meeting invitation letter in Thai.
- The Company will conduct the shareholders' meeting according to the order of agenda items specified in the meeting invitation letter. The Company will not add any unnecessary agenda items that were not notified in advance. Especially important agenda items that shareholders require more time to study the information before making any decisions.
- The Company will provide opportunities for minor shareholders to nominate candidates for director positions by submitting information of the nominated person with the letter of consent to the chairman of the board of directors in compliance with the Company's requirements.
- The Company will encourage shareholders to use ballots on every agenda item. The ballots will be collected at the shareholders' meeting for vote counting. The Company will keep the ballot papers in order to be transparent and verifiable.
- The Company emphasizes the importance of accurate, complete and timely disclosure of information to all shareholders equally through the website of the Stock Exchange of Thailand and the Company's website.
- The Company has a preventative policy in the case that directors and executives using inside information for personal gain or give it to the wrongdoer.
- The Company has a policy for directors who have a stake in any agenda items to abstain from the meeting and the consideration for such agenda.

Section 3: Role of Stakeholders

The Company emphasizes the importance of the rights of all stakeholders. This includes customers, employees, business partners, shareholders, investors, creditors and the communities in which the Company located. It also includes other stakeholders, such as competitors and independent auditors, etc. The Company will treat these stakeholders fairly believing that good relationships with all stakeholders will enable the Company to grow sustainably.

Shareholders

1. The Company is responsible for encouraging its shareholders to exercise their rights. The fundamental rights of shareholders include trading or transferring shares, acquiring profit sharing, receiving sufficient information, attending the shareholders' meeting to exercise the right to vote in order to appoint or remove directors, appointing auditors, and other matters that affect the Company such as dividend allocation, determining or amending the Articles of Association and Memorandum of Association, reducing or increasing capital, and approving extraordinary agenda items etc.

2. The Company has a responsibility to encourage shareholders to exercise their rights in various matters at the general meeting of shareholders. This includes the right to nominate persons to be directors and the right to express opinions and ask questions related to the agenda items, etc.
3. The Company must abstain from any act of violation or deprivation of shareholders' rights. This includes not sending information or important documents prior to the meeting of shareholders and adding important agenda items or changing important information without informing shareholders in advance, etc.

Employee

1. The Company provides fair remuneration to its employees based on the performance of the employee. The Company will measure the performance of its employees fairly in accordance with the Company's guidelines.
2. The Company has policies to develop its personnel by organizing training program to employees and executives. The Company also sends its employees and executives to be trained with outside agencies on work related issues.
3. The Company is responsible for maintaining a hygienic working environment, help to work effectively and secure the lives and property of employees.
4. The Company is responsible for maintaining employee's privacy. The Company will not disclose employee personal information such as salaries or medical history to outsiders unless the Company is obligated to disclose such information in accordance with any applicable laws and regulations.

Customers

1. The Company is responsible for building good relationships and longterm cooperation with customers based on the principles of honesty.
2. The Company focuses on creating satisfaction and the utmost confidence to customers. The Company will provide services and quality products that are safe for consumers in accordance with the requirements given to customers and adhere strictly to the terms and conditions given to customers.

Business Partners and Account Payable

1. The Company considers the equality, fairness and faithfulness in conducting business by strictly comply with the laws and the regulations that have been established together.
2. The Company will adhere business code of conduct by not calling, nor receiving, or paying any dishonest benefits in operating business with its business partners.

Business Competitors

1. The Company has a policy to support and promote free and fair trade.
2. The Company will treat its competitors according to the laws and adhere to good business practices. The Company will not destroy the reputation of its competitors by allegation, false accusation without truths or any other acts that are unfair to the competition.

Government Agencies

1. The Company must comply with the regulations and any laws related to the Company's operations.

2. The Company focuses on the importance transparency and honesty in dealing with transactions with officials and government agencies The Company has a policy to combat the various forms of government official bribery in a manner that accommodate or give any benefits to the Company.

The Environment, Society and the Community

1. The Company has a policy to conduct its business with responsibility for the environment and to conserve natural resources. This includes promoting energy efficiency.
2. The Company has a policy to conduct business with regard for the quality of life of society and community. The Company will strictly comply with any regulations and laws. In addition to this, stakeholders can inquire about company information or complaints regarding different matters through the Company's audit committee. Complaints can be made by mail and sent to the office of the company secretary at the Company's address or complaints can be sent by email to corporatesecretary@netbay.co.th. Information regarding complaints will be kept confidential. The audit committee will examine the information and propose solutions report them to the board of directors.

Section 4: Disclosure and Transparency

The Company attaches importance to the disclosure of accurate, complete, timely and transparent information so that shareholders and stakeholders have equal and reliable information. The Company regularly updates its information on the Company's website. The Company has a policy to disclose important information to the public, such as its vision and mission, the nature of business, a list of directors and management, financial statements, financial position reports, risk factors and policies regarding risk management. It also includes the management of various risk, direct and indirect shareholdings of directors, major shareholders and top management, auditor fees and other auditor fees, and the remuneration of the board and management, etc. In addition to this, the Company is in the process of establishing an Investor Relations Unit to provide Company information to its shareholders, investors, securities analysts and the general public.

Section 5: Responsibilities of the Board

As at December 31, 2019, the management structure of the Company consisted of three committees and subcommittees. These committees included the audit committee, the nomination and remuneration committee, and the executive board which oversees the Company for the longterm benefits of the Company and its overall shareholders.

Board structure

The board of directors consists of directors who have knowledge, ability and experience. The board considers important issues related to the management of the Company. All directors are free to express their opinions at the meeting and freedom to vote on various agenda items and to supervise the operations of the Company properly, effectively and transparently. As of December 31, 2019, the board of directors consists of 7 directors and 3 independent directors. At least one third of the directors must be independent directors and have no less than three independent directors. The independent directors should not have any prohibited characteristics that do not follow the announcement of the Capital Market Supervisory Board and the Stock Exchange of Thailand.

Roles, Duties and Responsibilities of the Board

The board of directors is responsible for considering and approving important matters such as the vision and mission, strategies, financial targets, risks, plans and budgets, and supervising and effectively and efficiently managing the operation of the policies and plans by the board of directors. The board of directors uses judgment and prudence in making decisions and acts responsibly and honestly for the longterm benefit of the Company.

Remuneration of the Directors and Executives

The Company has clearly determined the directors' remuneration in accordance with the Notification of the Office of the Securities and Exchange Commission (SEC). The remuneration must be approved by the Annual General Meeting (AGM) every year. In the case that the directors are assigned more duties and responsibilities such as being a member of the Audit Committee, etc., they will receive more compensation for these duties and responsibilities as assigned by the Company. Remuneration of management is linked to the Company's performance and the performance of each individual executive on an annual basis.

Board of Directors' Meetings

The Company's board of directors' meeting emphasized the importance of monitoring and certifying quarterly performance and reports from the audit committee for the consideration of the executive board regarding the greatest benefit to the Company, as well as reporting the Company's operational risk. Each board of directors' meeting will have a secretary to the board of directors organize the meeting's agenda items. The secretary will deliver the meeting's documents to the board of directors at least 7 days prior to the meeting. This includes the meeting records by recording suggestions and comments from each subcommittee, the board of directors, the audit committee and the executive Committee. In regards to the overall picture, the Company has recorded the minutes of the meeting and sent the report to the board of directors on an individual basis as deemed appropriate. The minutes of the board of directors' meetings have been kept in a systematic manner and are available for the board of directors, the Company and any relevant people to check out.

Supervision of the Operations of Subsidiary and Associates

The Company will send qualified, knowledgeable, and experienced persons who are suitable for the business of the subsidiary to be a director or executive in proportion to its shareholding in the subsidiary to ensure that the operations are in the right direction. In addition to this, representatives of the Company are responsible for closely monitoring the business of the subsidiary, the financial status report, and the performance of the subsidiary or associated company to the board of directors.

The Use of Internal Information and Conflicts of Interest

The Company has a policy to prevent directors and executives from using inside information for their own benefit or the benefit of others in the wrong way.

- 1) The Company requires the protection of the Company's information. By requiring information agencies not to disclose information to unrelated entities or individuals.
- 2) Company executives who have been informed of the material information and financial information of the Company who can change the securities price. The information must not be exploited prior to public disclosure. By prohibiting executives from trading securities of the Company for a period of one month before the financial statements or material information is disclosed to the public.

- 3) When the Company's securities are listed on the Stock Exchange of Thailand, the Company requires directors and executives to report their holdings in the Company pursuant to Section 59 in order to comply with the Notification of the Office of the Securities and Exchange Commission regarding the preparation and disclosure of securities holders. The number of securities that the management must report must include the holding of management, spouses and minor children, whether directly or indirectly. Married and underage children are the owners of such securities, such as being held by other persons in the form of a nominee or holding through a private fund
- 4) The Company has imposed disciplinary measures for the benefit of the Company's internal information disclosure which may cause damage to the Company by considering punishment as appropriate for each case, whether verbal admonition, proclamation is a letter of probation or even termination of employment due to dismissal, release or leave. The punishment will be determined by the intent of the action and the seriousness of the offense.

Internal Controls and Risk Management

The Board's Opinion Regarding Internal Controls The Company attaches great importance to having good internal control systems that are in line with the principles of good corporate governance. This includes being transparent, fair, reliable, and having a transparent system of checks and balances that can be verified. This will lead to maximum benefit for shareholders, employees, partners, the community and all parties involved. At the Board of Directors Meeting No. 2/2019 held on May 9, 2019, the audit committee attended the meeting to review the adequacy of the Company's internal control systems in all five aspects. These are organization and environment, risk management, control of management performance, information and communication systems and tracking systems. The board of directors is of the opinion that the Company has adequate internal controls and they are in line with the adequacy model of the internal control system of the Securities and Exchange Commission.

Dividend Policy

Dividend Policy of the Company and its Subsidiaries

The Company and its subsidiaries have a policy to pay dividends at the rate of no less than 40% of the net profit after corporate income tax. However, the rate of dividend payment may vary depending on liquidity, investment plans and business plans, as well as the terms and conditions of contracts. The resolution of the board of directors to approve the dividend payment must be proposed for approval at the shareholders' meeting, except for interim dividend payments. The board of directors is authorized to approve the interim dividend payment and it will be reported to the shareholders' meeting at the next meeting.

RELATED PARTY TRANSACTIONS

Related Party transactions between Netbay Public Company Limited (“The Company”) and its subsidiary, manufacturers or any person that may have had a conflict of interest for the year ended on December 31, 2018 and 2019 are summarized below.

The Necessity and Appropriateness of Related Party Transactions

Important related party transactions between the Company and other companies or people that many have had a conflict of interest are office rental costs and service fees. The audit committee reviewed these related party transactions, which will be disclosed later, and are of the opinion that the price and conditions for these related party transactions are fair, reasonable and these transactions were for the Company’s utmost benefit.

Measures or Steps to Approve Related Party Transaction

The Company’s measures or steps to approve related party transactions are stipulated so that related party transactions regarding any person or juristic person that may have a conflict of interest are transparent and benefit the Company. The Company will operate in accordance with the laws of the Securities and the Stock Exchange in Thailand and operate in accordance with the rules, notices, and regulations of the Office of Securities and Exchange Commission. Therefore, directors, executive directors or stakeholders shall have no part in the approval of transaction items. In the case that the law requires an authorization from the meeting of the board of directors, the Company will require that the audit committee attend the meeting in order to consider and give any necessary opinions for appropriate transactions. The principles for business transactions with ordinary business conditions and business transactions with unordinary business conditions are as follows:

Business Transactions with Ordinary Business Conditions

Ordinary business transactions will first be considered by the board of the audit committee before proposing them to the board of directors for principle approval. The management team can authorize these transactions if the business conditions are of the same manner that any reasonable person would do if their contract parties were facing the same situation without any influence on negotiation from any director, executive committee member, or relevant person.

Therefore, the Company shall prepare a quarterly report on transactions for proposal at the audit committee meeting and the board of directors meeting.

Business Transactions with Unordinary Business Conditions

Generally, Business transactions with unordinary business conditions must be reviewed and considered by the audit committee to be assessed prior to submission for approval from the meeting of the board of directors and/or the shareholder’s meeting. This is in accordance with the laws of Securities and the Stock Exchange of Thailand and the laws, regulations, acts and notices of the Securities and Exchange Commission regarding connected transactions.

In the case that the audit committee is not experienced with the assessment of related party transactions, the Company will appoint an independent expert such as financial advisor, independent expert or property evaluator. They are independent and can give an opinion concerning related party

transactions. The opinion of the audit committee and the expert will be used for the board of directors' and/or the shareholders' consideration in order to ensure that the related party transactions will not be used to allocate or transfer benefits between the Company or the Company's shareholders but for the greatest benefit of all its shareholders.

Therefore, the Company will disclose any related party transactions in the annual registration statement and in notes of the financial statements which was assessed or reviewed by the Company's auditor.

Future Trends in Regards to Policies and Related Party Transactions

The Company projected that the Company would continue to have related party transaction with people that may have a conflict of interest in areas like office rental costs, and services fees. These transactions are still necessary for the Company's operations.

Company/ Person who may have a Conflict of Interest	Relationship	Related Party Transactions	Valued Items (million Baht)		Necessity and Appropriateness of the Transactions Items and Audit Committee's Opinion
			Year Ended Dec 31, 2018	Year Ended Dec 31, 2019	
1. Creation Group Company Limited ("Creation Group")	The Company's 1 affiliated directors are Mr. Pichit Vivatrurirapong,	The Company pays Creation Group for office space rental.	5.03	1.03	Period Jan1, 2019 – Mar 18, 2019 The Company is renting office space from Creation Group. The rental costs and conditions are the same as other office space rentals in the same area. The board of audit commit- tee reviewed these transac- tions and is of the opinion that this transaction is a ordinary business transaction and appropriate.
		Accounts Payable	0.41	–	
2. Creation Group Company Limited ("Creation Group")	The Company's 1 affiliated directors are Mr. Pichit Vivatrurirapong,	Creation Group pays The Company for office space rental.	–	0.06	Period Mar 19, 2019 – Dec 31, 2019 Creation Group is renting office space From The Company. The rental costs and conditions are the same as other office space rentals in the same area. The board of audit commit- tee reviewed these transac- tions and is of the opinion that this transaction is a ordinary business transaction and appropriate.
		Accounts receivable	–	–	

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Result Analysis

Overview of Previous Operating Results

The Company is primarily engaged in the invention and development of various Digital Business Technology Platforms and e-Business Services Applications and provides comprehensive e-Business service. The Corporate e-Business services are divided into 2 services groups, including 1) Digital Business Services and 2) Digital Transformation (Project). In this regard, the Company's main revenues were from Digital Business Services, which were accounting for more than 99% of the total revenues from services.

The Company's revenues from Digital Business Services for the fiscal year ended December 31, 2019 were 406.19 million Baht, increased by 49.89 million Baht or equivalent to 14% from 2018. It was because the Company is able to maintain existing customers' base and continually expand its customer's base and increases variety of services during the year, and the growth of e-commerce businesses in Thailand causes positive impacts on the Company's revenues. Regarding the service revenue of Digital Transformation (Projects) group, the main revenue of this group derives from the development of computer programs for customers. For the fiscal year ended December 31, 2019, it was accounting for 5.46 million Baht, increased by 0.15 million Baht, compared to the year 2018, representing an increase of 3%. In 2018 and 2019, the Company did not focus on project works.

The Company's net profits for the fiscal year ended December 31, 2019 and December 31, 2018 were 179.08 million Baht and 148.81 million Baht, respectively. Net profit for the year 2019 increased by 30.27 million Baht from 2018, representing a growth rate of 20 percent. It was because the company is able to maintain the growth rate of revenues from providing services to all business segments, as well as effectively manage the service costs and expenses and administration.

The Company has been making net profits continuously from business operation, resulting to the good financial position and the regular dividend payout to its shareholders. In addition, the Company has strong capital structure. As at December 31, 2019 and December 31, 2018, the Company's debt to equity ratio equaled to 0.30 times and 0.29 times, respectively.

Structure of Revenues and Operating Results

Revenues from services of the Company Group are as follows:

Consolidated Financial Statements						
	2019		2018		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Digital Business Services	406.19	98.67	356.30	98.53	49.89	14.00
2. Digital Transformation (Projects)	5.46	1.33	5.31	1.47	0.15	2.82
Revenues from services	411.65	100.00	361.61	100.00	50.04	13.84

As at December 31, 2018 and December 31, 2019, the Company's main revenues were from Digital Business Services which were accounting for 99% and 99% of the total revenues from services, respectively.

As at December 31, 2019, the Company generated revenues from Digital Business Services of 406.19 million Baht, increased by 49.89 million Baht or equivalent to 14% from 2018. It was because the Company is able to maintain existing customers' base and continually expand its customer's base and increases variety of services during 2019, and the growth of e-commerce business in Thailand leads to advantages to company's revenue.

Revenues from Digital Transformation (Projects) for the fiscal year ended December 31, 2018 and December 31, 2019, were 5.31 million Baht and 5.46 million Baht respectively, increased by 0.15 million Baht or equivalent to 3% from 2018. The Company earned other incomes from providing services according to the customers' requests as special case in accordance with nature of the project. Usually, the revenues will be recognized after provision of services in each project based on one-time revenue basis. In 2018 and 2019, the revenues were generated by developing computer programs for customers. The recognition of revenue from the program development services were based on percentage of completion basis. In 2018 and 2019, the Company did not focus on project works.

Structure of Expenses

Consolidated Financial Statements						
	2019		2018		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Cost of service	80.78	33.50	70.57	33.18	10.21	14.47
Service expenses	53.81	22.31	48.10	22.62	5.71	11.87
Administrative expenses	106.58	44.19	94.01	44.20	12.57	13.37
Total expenses	241.17	100.00	212.68	100.00	28.49	13.40

Cost of Services

Cost of services of the Company were mainly costs of programmers, cloud computing fees and license fees, which were the cost of licensing for software used by the Company for Digital Business Services. The software license fees were paid to the software owners in overseas countries that were not related to the Company.

For the year ended December 31, 2019, the cost of services of the Company was 80.78 million Baht, increased by 10.21 million Baht, accounting for 14% from the year 2018. The main reason was the increasing depreciation from new network system devices in which the Company additionally invested at the end of the year 2018. The license fee in 2019 increased in line with the increase of revenues from services as it varies based on the increasing number of customers. The cost of programmer was higher than that of the previous year because, in 2019, the Company employed the programmer (outsourced) team to support operations. Cloud service fee decreased due to the relocation of some application of the Cloud system to the Cloud system in which the Company invested in at the end of the year 2018.

Other costs increased because the Company invested in new network system devices which caused the increase of related expenses, such as co-location and lease line fees.

Service Expenses

In 2019, the Company's cost of services was 53.81 million Baht, increased by 5.71 Million Baht or equivalent to 12% from 2018. This was in line with revenue growth rate.

Administrative Expenses

In 2019, the company had administrative expenses of 106.58 million Baht, increased by 12.57 million Baht or equivalent to 13% from the previous year. The expenses slightly increased, compared to the increased proportion of revenues because the Company could manage expenses effectively.

Income Tax

Income taxes of the Company Group for the fiscal year ending December 31, 2018 and December 31, 2019, were 6.92 million Baht and 1.90 million Baht respectively or Effective Tax Rates of 4.45% and 1.05% of earnings before income tax respectively. In this regard, the Company Group was exempted from corporate income tax mainly from service revenue (except income from services that the company does not use its own software for rendering the services but using software from overseas instead, in which the Company has to pay copyright fee of the software as considerations) from the privileges under the investment promotion certificate. The corporate income tax decreased because the Company had higher expenses for the non-promoted business which caused the decrease of taxable profits so the amount of tax decreased. The privileges under the investment promotion certificate of the subsidiary expired in the fourth quarter of the year 2019 and the privileges under the investment promotion certificate of the company will expire in the second quarter of the year 2021.

Net Profit

Net profits of the Company for the fiscal year ending December 31, 2018 and December 31, 2019, were 148.81 million Baht and 179.08 million Baht respectively.

For the year ended December 31, 2019, the Company's net profit increased by 30.27 million Baht or equivalent to 20% from 2018 as the Company could sustain revenue growth in all service groups, as well as maintain the cost-effectiveness and control costs of services and administration appropriately.

(A) Financial Position

Assets consist of

Consolidated Financial Statements						
	2019		2018		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current Asset	387.61	59.89	435.41	71.30	(47.80)	(10.98)
Non-current Asset	259.61	40.11	175.25	28.70	84.36	48.14
Total Assets	647.22	100.00	610.66	100.00	36.56	5.99

Quality of Assets

As the Company mainly engaged business as developer of electronic transactions products, the Company's current assets for business operations mainly consisted of trade receivables from providing services to customers, Hardware equipment that provides services to customers which is recorded in the form of equipment and software which is recorded in the form of intangible assets.

The Company's total assets as at December 31, 2018 and December 31, 2019 amounted to 610.66 million Baht and 647.22 million Baht, respectively, due to increase in cash and cash equivalents, current investments and long-term investments. The increase of trade receivables corresponded to the improved Company's operating results and increase in trade receivable as a result of revenue growth.

Current Investments

As at December 31, 2018 and December 31, 2019, current investments of the Company were 326.53 million Baht and 272.06 million Baht, respectively, the current investments were in accordance with the Company's policy to invest remaining cash from the operation to generate returns at an appropriate level. The Company's excess liquidity management policy requires the company to invest money in bank deposits, Government Bonds, State-Owned Enterprise Bonds and debt securities (up to 10.00% of the value of the invested assets).

Trade and Other Receivables

Trade receivables of the Company As at December 31, 2018 and December 31, 2019 were 55.72 million Baht and 55.73 million Baht respectively.

Average collection periods of the Company in 2018 and 2019 were 52 days and 49 days, respectively, which were in normal level. The Company offered trade credit of about 30 days to 60 days. In the past, the Company has never experienced any problems regarding debt default from customers, which can be observed from the financial statements that there are low level of trade receivables that are over 3 months overdue.

Other receivables of the Company as at December 31, 2018 and December 31, 2019 amounted to 4.18 million Baht and 9.58 million Baht, respectively. Most of other receivables are accrued service income.

Restricted Bank Deposits

As at December 31, 2018 and December 31, 2019, the restricted bank deposits were 10.33 million Baht and 9.56 million Baht, respectively. Restricted bank deposits were bank savings and fixed deposits which the Company and its subsidiaries placed with the bank as securities for issuance of letters of guarantee for services provided to customers.

Inventory

The nature of business of the Company is mainly rendering of services, the Company has no inventories in the form of products for selling to customers. The Company's inventory is the Certificate Authorization

Token which are electronic devices sold by the Company to customers for encryption in electronic data transmission. As at December 31, 2018 and December 31, 2019, the company had inventories of 0.31 million Baht and 0.21 million Baht, respectively.

Other Long-Term Investments

As at December 31, 2018 and December 31, 2019, the Company has other long-term investments equaled to 120.76 million Baht and 198.09 million Baht, respectively. Long-term investments are the Company's investments in both government and private debt instruments according to the Company's policy to invest remaining cash from the operation to generate returns at an appropriate level.

Equipment

List of main equipment of the Company include computer, network equipment.

As of December 31, 2018 and December 31, 2019, the company's equipment was 37.46 million baht and 31.18 million baht respectively. In 2019, the value of the company's equipment decreased by 6.28 million baht (net of depreciation) compared to the previous year.

As at December 31, 2018 and December 31, 2019, the Company reported non-current assets of 175.25 million Baht or equivalent to 28.70% of total assets and 259.61 million Baht or equivalent to 40.11% of total assets, respectively. This indicated that the Company has relatively small proportion of non-current assets compared to total assets because the nature of the business of the Company is mainly development of electronic transactions products and offer of Software as a Service (SaaS).

Sources of Financial Capital

Appropriateness of Financial Capital Structure

As at December 31, 2018 and December 31, 2019, the Company's debt to equity ratio equaled 0.29 times and 0.30 times, respectively. This represented the strength of the Company's financial status. Presently, the Company has no interest-bearing liabilities.

Consolidated Financial Statements						
	2019		2018		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Current liabilities	112.33	76.15	118.92	85.68	(6.59)	(5.54)
Non-current liabilities	35.19	23.85	19.87	14.32	15.32	77.10
Total liabilities	147.52	100.00	138.79	100.00	8.73	6.29

Liabilities

As at December 31, 2018 and December 31, 2019, the Company had total liabilities of 138.79 million Baht and 147.52 million Baht, respectively. Presently, liabilities of the Company are mainly consisting of trade and other payables, accrued expenses and unearned income.

Trade and Other Payables

As at December 31, 2018 and December 31, 2019, trade and other payables were 12.35 million Baht and 7.83 million Baht, respectively. Meanwhile, trade payables were 8.18 million Baht and 3.10 million Baht, respectively.

Accrued Expenses

As at December 31, 2018 and December 31, 2019, accrued expenses were 51.24 million Baht and 51.26 million Baht, respectively, which are accrued employees' bonus and Directors' bonus.

Unearned Income

As at December 31, 2018 and December 31, 2019, unearned income were 42.29 million Baht and 46.24 million Baht, respectively. As unearned income are advance payment of service fees on annual basis, therefore, when there are higher number of customers, unearned income increased at the same time.

As at December 31, 2018 and December 31, 2019, other current liabilities were 13.04 million Baht and 6.99 million Baht, respectively. Other current liabilities are mainly consist of accrued investment in Government Bond, value added tax and other types of taxes which will be due within 1 year.

Shareholders' Equity

Consolidated Financial Statements						
	2019		2018		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Issued and paid-up share capital	200.00	40.02	200.00	42.39	–	–
Share premium	115.34	23.08	115.34	24.44	–	–
Share discount on business combination under common control	(76.85)	(15.38)	(76.85)	(16.29)	–	–
Statutory reserve	25.00	5.00	25.00	5.30	–	–
Unappropriated retained earnings	234.23	46.87	209.21	44.34	25.02	11.96
Other components of shareholders' equity	1.98	0.40	(0.83)	(0.18)	2.81	(338.55)
Total Shareholders' Equity	499.70	100.00	471.87	100.00	27.38	5.90

As at December 31, 2018 and December 31, 2019, shareholders' equity were 471.87 million Baht and 499.70 million Baht, respectively. Shareholders' equity of the Company as of 31 December 2019 increased by 27.83 million Baht, reflecting the increase in unappropriated retained earnings according to improved operating results.

The Company has been making net profits continuously from business operation, resulting to regular dividend payout to its shareholders. The company distributed dividends in the fiscal year ending December 31, 2018 and December 31, 2019, of 95.18 million Baht and 151.12 million Baht, respectively.

Dividend distribution of the Company in the future will be in accordance with policy of the Company and its subsidiary which stipulates that the Company shall pay dividends at the rate of not less than 40% of net profits after deduction of corporate income tax of the separate financial statements and statutory reserve. The rate of dividend distribution may be subject to change depending on liquidity, investment plans and operating plans of the Company.

The company consistently generates good returns to shareholders. In 2018 and 2019, the rate of the return on equity were 33.43% and 36.86%, respectively. The rate of the return on equity is calculated by dividing net income by average shareholders' equity (an average of the shareholders' equity at the beginning of a period and the shareholders' equity at the ending of a period)

Liquidity Analysis

Consolidated Statement of Cash Flow

unit: million baht

Consolidated Financial Statements		
	2019	2018
Net cash flow from operating activities	177.73	153.88
Net cash flow used in investing activities	(24.63)	(54.30)
Net cash flow used in financing activities	(151.12)	(95.18)
Net increase (decrease) in cash and cash equivalents	1.98	4.40
Cash and cash equivalents at the beginning of the year	37.25	32.85
Cash and cash equivalents at the end of the year	39.23	37.25

Cash Flow from Operating Activities

As at December 31, 2018 and December 31, 2019, the Company obtained cash flow from operating activities of 153.88 million Baht and 177.73 million Baht, respectively and the cash flow to profit ratios were 98.81% and 98.20%, respectively. This reflected the strength of the Company's financial status on cash flow from operating activities.

Cash Flow from Investing Activities

The Company manages cash flow of the Company by investing excess cash in current investments which provide higher yields than deposits with commercial banks. As at December 31, 2018 and December 31, 2019, cash flow from investing activities were 54.30 million Baht and 24.63 million Baht, respectively.

For the year 2018, the Company's cash flow used in investing activities was 54.30 million Baht, consisting of the decrease of temporary investments in the amount of 48.31 million Baht, the decrease of bank deposits with guarantee obligation in the amount of 0.17 million Baht, the increase of receivables from disposal of accrued securities receivable in the amount of 4.21 million Baht, the increase of investments in accrued bond payable in the amount of 4.36 million Baht, the purchase of other

long-term investments in the amount of 135.80 million Baht, the cash paid to purchase equipment in the amount of Baht 32.28 million Baht, cash paid for the acquisition of intangible assets in the amount of 0.96 million Baht, cash flow received from the sale of long-term investment in the amount of 61.50 million Baht, and interest received of 4.60 million Baht.

For the year 2019, the Company's cash flow used in investing activities was 24.63 million Baht, consisting of the decrease of temporary investments in the amount of 97.48 million Baht, the decrease of bank deposits with guarantee obligation in the amount of 0.78 million Baht, the purchase of other long-term investments in the amount of 333.57 million Baht, the cash paid to purchase equipment of 2.97 million Baht, cash paid for the acquisition of intangible assets in the amount of 4.08 million Baht, cash paid for investment in a joint venture in the amount of 9.0 million Baht, cash flow received from the sale of long-term investments in the amount of 220.52 million Baht, and interest received of 6.21 million Baht.

Cash Flow from Financing Activities

In 2018 and 2019, the Company reported cash flow used in financing activities of 95.18 million Baht and 151.12 million Baht, respectively, which were dividend distribution to shareholders.

Significant Financial Ratio Analysis

Liquidity Ratio

As at December 31, 2018 and December 31, 2019, the Company's liquidity ratio equaled to 3.66 times and 3.45 times, respectively. Since the liquidity ratio of the Company was higher than 1.00 times, it revealed that the Company had a high level of liquidity.

Profitability Margin Ratio

In 2018 and 2019, the Company's gross profit margin were 80.48% and 80.38% respectively. This showed that the Company has the abilities to set pricing for its services according to the cost of services as the Company is able to maintain gross profit margin at a level of higher than 80% on continuous basis.

In 2018 and 2019, the Company reported net profit margin of 40.39% and 42.41%, respectively. Net profit margin increased as the Company is able to maintain revenue growth and able to effectively control costs and expenses.

Efficiency Ratio

In 2018 and 2019, the Company's return on assets ratio was 26.02% and 28.47%, respectively. The change of the return on assets in each period fluctuated with net profits and the amount of total asset.

Financial Ratio

In 2018 and 2019, the Company's debt to equity ratio equaled 0.29 and 0.30 times, respectively, which was at a low level. The result of this ratio revealed that the Company's financial status is strong. In 2019 and 2018, the Company has no interest-bearing debts.

THE AUDIT COMMITTEE REPORT

The audit committee of Netbay Company Limited consists of 3 independent directors that are qualified and experienced in accounting, finance, law, science and organizational administration. They performed the duties as assigned by the board of directors and according to the regulations of Netbay Company Limited regarding the principles and guidelines of the audit committee which are in accordance with the requirements of the Stock Exchange of Thailand. The policies emphasize the principles of good corporate governance and have a good internal control system.

In 2019, the audit committee held 5 meetings that consulted with the audit committee, the internal auditors and auditors of relevant subject matters. The following is a summary of their duties.

1. Review of the Financial Statements

The audit committee reviewed the quarterly financial statements and the financial statements for the year 2019 for Netbay Company Limited. This included transactions that may have potential conflicts of interest with the executives. Auditors were invited to attend quarterly and annual meeting to consider financial statements. The audit committee discussed the accuracy and completeness of the financial statements with the auditor, significant adjustments to accounting transactions that affect the financial statements, the suitability and appropriateness of accounting records and audit scope, the complete and sufficient disclosure of information and the independence of the auditor to ensure that the preparation of the financial statements complies with the requirements of law and accounting standards in accordance with generally accepted accounting principles that are reliable and timely. The disclosures in the financial statements were adequate in order to benefit the investors or users of the financial statements.

2. Review of Risk Management

The audit committee reviewed the risk management results of the Company to ensure that management had conducted appropriate risk management activities at appropriate operational levels. The identified risk factors were complete and sufficient and recommendations were given to make improvements. In 2019, there were no issues or problems that needed to be improved on these matters.

3. Review of the Effectiveness of the Internal Control Systems

In 2019, apart from the review of the internal control systems regarding operations, the Company recognized the importance of good corporate governance. The Company then set up an internal control system for information technology (IT), which was audited by auditors that were competent and independent to the extent prescribed.

The Company's IT internal control audit found that the overall internal control of information technology (IT) that the company has operated on was consistent with the standards for maintaining the security of information systems and met the relevant requirements for the BOT's non-bank financial institutions. This included requirements related to the internal control of information technology (IT) for the public companies listed on the Stock Exchange of Thailand.

However, the Company's internal control of information technology (IT) was at a standard level which could be developed to correspond to and in time of changes to Financial Technology. This included the Security Awareness Training of staff and be able to implement procedures effectively and procure network protection (IPS, DDoS Protection) and/or website protection (Web Application Firewall) to be applied to more applications, etc.

4. Review of Good Corporate Governance

The audit committee reviewed the performance of the assigned work systems. The Company conducted business with morality, complied with the Securities and Exchange Act Terms of the Stock Exchange of Thailand as well as other laws that are related to the business operations of the Company, especially in relation to connected transactions which ensured that the Company has reasonable business conditions. In addition to this, the audit committee evaluated the performance of the audit committee as a whole. The self-assessment was in accordance with good practices of the Stock Exchange of Thailand to ensure the confidence of all related parties.

Moreover, to comply with Corporate Governance code and develops as practice principles for the board of directors, as the leader and governing body of a listed company. It's delineated as the board's roles and responsibilities for the company's long-term sustainable value creation. In this regard, the value created should not only be good for the company but also for its shareholders, stakeholders, the capital market and the society at large. The Company arrange self assessment for Board of Directors, Sub-Committee, and Individual Directors, therefore the company will disclose criteria, procedure, and assessment result and this would be use for further development.

5. The Appointment of Auditors for the Year 2020

The audit committee approved the appointment of EY office Limited as Netbay Public Company Limited's auditor for the year 2020. This was proposed to the board of directors for consideration and approval at the Annual General Meeting of Shareholders for the year 2020. Consideration was made regarding appointments, the approval of auditors and the audit fees.

6. Compliance with Applicable Requirements, Regulations and Laws

The audit committee, in cooperation with the Internal Audit Department, reviewed the business operations so that the Company regularly complied with the Securities and Exchange Act and terms of the Stock Exchange of Thailand and any relevant laws. The audit committee is of the opinion that the Company has legitimate business operations and complies with the terms and conditions set forth.

Based on the self-assessment of the audit committee for the year 2019, the audit committee performed the duties and responsibilities set forth in the Audit Committee Charter approved by the board of directors. The overall performance regarding the financial report review, the risk management review, the review of the effectiveness of the internal control systems, the review of good corporate governance, consideration regarding the appointment of auditors and compliance with relevant regulations, requirements and laws by using knowledge, caution and sufficient independent for the equal benefit of the stakeholders.

The audit committee is of the opinion that the Company's financial information was accurate, reliable and in line with generally accepted accounting standards. The Company has adequate risk management, has proper internal control systems, has consistent operations in accordance with good corporate governance, and abides by the law and strict business requirements.



Yours Sincerely,

(Mrs. Patama Wongtoythong)

Chairman of the Audit Committee



REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

NETBAY PUBLIC COMPANY LIMITED AND ITS

SUBSIDIARY

31 DECEMBER 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Netbay Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Netbay Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Netbay Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Netbay Public Company Limited and its subsidiary and of Netbay Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Key audit matter and how audit procedures respond are described below.

Service revenue recognition

I identified service revenue recognition to be an area of significant risk, as service revenue that the Group recognise in each period forms a significant portion of the Group's total revenue. For the year ended 31 December 2019, service revenue represented 99% of the Group's total revenue. I have therefore focused on the audit of the occurrence and timing of revenue recognition.

I have examined on the Group's revenue recognition as follows:

- Assessing and tested of the Group's IT system and its significant internal controls with respect to the revenue cycle by making inquiries of responsible persons, gaining an understanding of the controls and selecting representation samples to test the operation of the designed controls.
- On a sampling basis, examining supporting documents for actual service transactions occurring during the year and near the end of the accounting period.
- Reviewing of credit notes that the Group issued after the period-end.
- Performing analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 27 February 2020

STATEMENT OF FINANCIAL POSITION

Netbay Public Company Limited and its Subsidiary

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	6	39,228,713	37,246,379	23,665,049	24,839,112
Current investments	7	272,056,672	326,533,093	204,010,794	237,596,204
Trade and other receivables	8, 9	65,302,574	59,904,344	64,723,701	53,736,113
Inventories		209,219	313,077	209,219	313,077
Prepaid expenses		6,688,680	4,773,057	4,125,683	1,303,560
Prepaid corporate income tax		1,988,844	138,713	356,906	138,713
Other current assets		2,137,455	6,500,436	1,219,111	4,998,882
Total current assets		387,612,157	435,409,099	298,310,463	322,925,661
Non-current assets					
Restricted bank deposits	10	9,556,016	10,334,923	3,388,384	4,227,900
Investment in subsidiary	11	-	-	49,999,800	49,999,800
Investment in joint venture	12	8,934,744	-	9,000,000	-
Other long-term investments	13	198,093,263	120,756,926	158,182,868	95,642,494
Equipment	14	31,179,627	37,456,673	29,221,125	34,795,119
Intangible assets	15	4,467,274	1,318,433	4,405,603	1,088,057
Deferred tax assets	22	6,359,661	4,018,086	5,502,638	3,536,951
Other non-current assets		1,019,198	1,360,972	864,201	1,315,972
Total non-current assets		259,609,783	175,246,013	260,564,619	190,606,293
Total assets		647,221,940	610,655,112	558,875,082	513,531,954

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

Mr. Pichit Viwatrujirapong

(Director)

Mrs. Kobkanjana Veerapongpradit

(Director)

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Netbay Public Company Limited and its Subsidiary

As at 31 December 2019

					(Unit: Baht)
		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	8, 16	7,833,398	12,349,791	3,854,036	8,338,711
Accrued expenses		51,259,770	51,239,957	41,093,648	44,411,334
Unearned income		46,240,535	42,294,581	629,870	477,092
Other current liabilities	17	6,995,447	13,038,867	5,373,282	8,566,827
Total current liabilities		112,329,150	118,923,196	50,950,836	61,793,964
Non-current liabilities					
Provision for long-term employee benefits	18	34,265,872	19,044,751	29,487,636	16,856,605
Other non-current liabilities		929,427	823,304	181,000	-
Total non-current liabilities		35,195,299	19,868,055	29,668,636	16,856,605
Total liabilities		147,524,449	138,791,251	80,619,472	78,650,569
Shareholders' equity					
Share capital					
Registered					
200,000,000 ordinary shares of Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Issued and paid up					
200,000,000 ordinary shares of Baht 1 each		200,000,000	200,000,000	200,000,000	200,000,000
Share premium		115,341,500	115,341,500	115,341,500	115,341,500
Share discount on business combination					
under common control		(76,851,515)	(76,851,515)	(54,000,000)	(54,000,000)
Retained earnings					
Appropriated - statutory reserve					
- The Company	19	20,000,000	20,000,000	20,000,000	20,000,000
- Subsidiary		5,000,000	5,000,000	-	-
Unappropriated		234,233,454	209,210,420	195,334,553	154,202,403
Other components of shareholders' equity		1,974,052	(836,544)	1,579,557	(662,518)
Total shareholders' equity		499,697,491	471,863,861	478,255,610	434,881,385
Total liabilities and shareholders' equity		647,221,940	610,655,112	558,875,082	513,531,954

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

Mr. Pichit Viwatrujirapong
(Director)

Mrs. Kobkanjana Veerapongpradit
(Director)

STATEMENT OF COMPREHENSIVE INCOME

Netbay Public Company Limited and its Subsidiary

For the year ended 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Profit or loss:					
Revenue from contracts with customers	8, 20, 23	411,647,168	361,610,888	308,282,167	264,946,619
Cost of services	8	(80,780,709)	(70,567,836)	(39,206,985)	(32,577,581)
Gross profit		330,866,459	291,043,052	269,075,182	232,369,038
Dividend income	8	-	-	32,153,871	34,937,360
Other income	8	10,571,577	6,800,334	19,887,082	8,351,794
Profit before operating expenses		341,438,036	297,843,386	321,116,135	275,658,192
Servicing expenses		(53,814,597)	(48,104,254)	(40,857,301)	(38,425,975)
Administrative expenses	8	(106,578,214)	(94,005,776)	(87,250,908)	(86,721,463)
Profit before share of loss from investment in joint venture and income tax expenses		181,045,225	155,733,356	193,007,926	150,510,754
Share of loss from investment in joint venture	12	(65,256)	-	-	-
Profit before income tax expenses		180,979,969	155,733,356	193,007,926	150,510,754
Income tax revenue (expenses)	22	(1,902,544)	(6,923,083)	1,869,704	612,962
Profit for the year		179,077,425	148,810,273	194,877,630	151,123,716
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of available-for-sale investments - net of income tax	7, 13, 22	2,810,596	(1,152,739)	2,242,075	(878,854)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		2,810,596	(1,152,739)	2,242,075	(878,854)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gains (losses) - net of income taxes	18, 22	(2,934,919)	955,797	(2,626,008)	1,425,534
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(2,934,919)	955,797	(2,626,008)	1,425,534
Other comprehensive income for the year		(124,323)	(196,942)	(383,933)	546,680
Total comprehensive income for the year		178,953,102	148,613,331	194,493,697	151,670,396
Earnings per share					
24					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.90	0.74	0.97	0.76
Weighted average number of ordinary shares (shares)					
		200,000,000	200,000,000	200,000,000	200,000,000

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

Mr. Pichit Viwatrujirapong
(Director)

Mrs. Kobkanjana Veerapongpradit
(Director)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Netbay Public Company Limited and its Subsidiary

For the year ended 31 December 2019

Consolidated financial statements										(Unit: Baht)
	Note	Issued and paid-up share capital	Share premium	Share discount on business combination under common control	Retained earnings		Share surplus (discount) on change in value of available-for-sale investments	Total other components of shareholder's equity	Total shareholders' equity	
					Appropriated	Subsidiary				
										The Company
Balance as at 1 January 2018		200,000,000	115,341,500	(76,851,515)	20,000,000	5,000,000	154,624,350	316,195	418,430,530	
Profit for the year		-	-	-	-	-	148,810,273	-	148,810,273	
Other comprehensive income for the year		-	-	-	-	-	955,797	(1,152,739)	(196,942)	
Total comprehensive income for the year		-	-	-	-	-	149,766,070	(1,152,739)	148,613,331	
Dividends paid	27	-	-	-	-	-	(95,180,000)	-	(95,180,000)	
Balance as at 31 December 2018		200,000,000	115,341,500	(76,851,515)	20,000,000	5,000,000	209,210,420	(836,544)	471,863,861	
Balance as at 1 January 2019		200,000,000	115,341,500	(76,851,515)	20,000,000	5,000,000	209,210,420	(836,544)	471,863,861	
Profit for the year		-	-	-	-	-	179,077,425	-	179,077,425	
Other comprehensive income for the year		-	-	-	-	-	(2,934,919)	2,810,596	(124,323)	
Total comprehensive income for the year		-	-	-	-	-	176,142,506	2,810,596	178,953,102	
Dividends paid	27	-	-	-	-	-	(151,119,472)	-	(151,119,472)	
Balance as at 31 December 2019		200,000,000	115,341,500	(76,851,515)	20,000,000	5,000,000	234,233,454	1,974,052	499,697,491	
		-	-	-	-	-	-	-	-	

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

Mr. Pichit Vivatujirapong
(Director)

Mrs. Kobkanjana Veerapongpradit
(Director)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

Netbay Public Company Limited and its Subsidiary

For the year ended 31 December 2019

Separate financial statements										(Unit: Baht)
Note	Issued and paid-up share capital	Share premium	Share discount on business combination under common control	Retained earnings		Share surplus (discount) on change in value of available-for-sale investments	Other components of shareholders' equity		Total	
				Appropriated	Unappropriated		Share surplus (discount) on change in value of available-for-sale investments	Total other components of shareholder's equity		
Balance as at 1 January 2018	200,000,000	115,341,500	(54,000,000)	20,000,000	96,833,153	216,336	216,336	216,336	378,390,989	
Profit for the year	-	-	-	-	151,123,716	-	-	-	151,123,716	
Other comprehensive income for the year	-	-	-	-	1,425,534	(878,854)	(878,854)	(878,854)	546,680	
Total comprehensive income for the year	-	-	-	-	152,549,250	(878,854)	(878,854)	(878,854)	151,670,396	
Dividends paid	-	-	-	-	(95,180,000)	-	-	-	(95,180,000)	
Balance as at 31 December 2018	200,000,000	115,341,500	(54,000,000)	20,000,000	154,202,403	(662,518)	(662,518)	(662,518)	434,881,385	
Balance as at 1 January 2019	200,000,000	115,341,500	(54,000,000)	20,000,000	154,202,403	(662,518)	(662,518)	(662,518)	434,881,385	
Profit for the year	-	-	-	-	194,877,630	-	-	-	194,877,630	
Other comprehensive income for the year	-	-	-	-	(2,626,008)	2,242,075	2,242,075	2,242,075	(383,933)	
Total comprehensive income for the year	-	-	-	-	192,251,622	2,242,075	2,242,075	2,242,075	194,493,697	
Dividends paid	-	-	-	-	(151,119,472)	-	-	-	(151,119,472)	
Balance as at 31 December 2019	200,000,000	115,341,500	(54,000,000)	20,000,000	195,334,553	1,579,557	1,579,557	1,579,557	478,255,610	
	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	

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

Mr. Pichit Vivatrujirapong
(Director)

Mrs. Kobkanjana Veerapongpradit
(Director)

STATEMENT OF CASH FLOWS

Netbay Public Company Limited and its Subsidiary
For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	180,979,969	155,733,356	193,007,926	150,510,754
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Interest income	(6,148,379)	(4,947,894)	(4,852,705)	(3,907,620)
Gain on sales of investments	(2,921,216)	(966,649)	(2,294,534)	(544,825)
Dividend income	-	-	(32,153,871)	(34,937,360)
Unrealised gain on change in value of investments	(985,461)	(318,146)	(496,523)	(262,727)
Amortisation of discount (premium) on debt securities	134,945	(206,715)	109,034	(149,327)
Share of loss from investment in joint venture	65,256	-	-	-
Depreciation and amortisation	10,170,092	3,236,127	8,328,211	1,180,324
Loss from write-off equipment	939	-	939	-
Write-off withholding tax	138,713	115,896	138,713	115,896
Provision for long-term employee benefits	11,552,472	3,529,997	9,348,521	3,064,811
Profit from operating activities before changes in operating assets and liabilities	192,987,330	156,175,972	171,135,711	115,069,926
Operating assets (increase) decrease				
Trade and other receivables	(5,398,230)	(8,854,203)	(10,987,588)	(7,034,107)
Inventories	103,858	72,625	103,858	72,625
Prepaid expenses	(1,915,623)	(920,961)	(2,822,123)	(346,463)
Other current assets	4,124,462	(150,314)	3,600,838	(40,396)
Other non-current assets	341,774	(385,000)	451,771	(385,000)
Operating liabilities increase (decrease)				
Trade and other payables	(4,516,393)	1,532,877	(4,484,675)	1,043,597
Accrued expenses	19,813	12,576,541	(3,317,686)	8,403,578
Unearned income	3,945,954	1,427,565	152,778	360,318
Other current liabilities	(3,960,976)	489,909	(3,193,545)	826,615
Other non-current liabilities	106,123	344,908	181,000	-
Cash flows from operating activities	185,838,092	162,309,919	150,820,339	117,970,693
Cash received from interest	175,970	167,795	83,305	72,678
Cash paid for income tax	(8,284,299)	(8,601,369)	(356,905)	(138,713)
Net cash flows from operating activities	177,729,763	153,876,345	150,546,739	117,904,658

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

Mr. Pichit Viwatirapong
(Director)

Mrs. Kobkanjana Veerapongpradit
(Director)

STATEMENT OF CASH FLOWS (CONTINUED)

Netbay Public Company Limited and its Subsidiary

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Decrease in current investments	97,482,845	48,314,576	67,647,582	38,787,969
Decrease in restricted bank deposits	778,907	173,165	839,516	233,179
Increase in payable from purchase of treasury bill investment	-	4,357,281	-	3,485,825
Increase in receivable from selling of securities	-	(4,208,957)	-	(3,377,445)
Cash received from interest income	6,210,902	4,599,058	4,948,332	3,699,025
Cash paid for purchase of other long-term investments	(333,574,557)	(135,797,038)	(265,795,409)	(108,773,227)
Cash received from sales of other long-term investments	220,516,772	61,503,959	174,677,479	47,437,953
Dividend received from subsidiary	-	-	32,153,871	34,937,360
Cash paid for investment in joint venture	(9,000,000)	-	(9,000,000)	-
Cash paid for acquisitions of equipment	(2,966,809)	(32,280,237)	(1,996,684)	(32,263,040)
Proceeds from sales of equipment	-	-	-	75,799
Cash paid for purchase of intangible assets	(4,076,017)	(959,595)	(4,076,017)	(959,595)
Net cash flows used in investing activities	(24,627,957)	(54,297,788)	(601,330)	(16,716,197)
Cash flows from financing activities				
Dividends paid	(151,119,472)	(95,180,000)	(151,119,472)	(95,180,000)
Net cash flows used in financing activities	(151,119,472)	(95,180,000)	(151,119,472)	(95,180,000)
Net increase (decrease) in cash and cash equivalents	1,982,334	4,398,557	(1,174,063)	6,008,461
Cash and cash equivalents at beginning of the year	37,246,379	32,847,822	24,839,112	18,830,651
Cash and cash equivalents at end of the year (Note 6)	39,228,713	37,246,379	23,665,049	24,839,112
	-	-	-	-
Supplemental cash flows information				
Non-cash items consists of				
Gain (loss) on changes in value of available-for-sale investments				
- net of income tax	2,810,596	(1,152,739)	2,242,075	(878,854)
Actuarial gains (losses) - net of income tax	(2,934,919)	955,797	(2,626,008)	1,425,534
Transfer of other long-term investments to current investments	39,228,336	22,000,000	31,382,669	17,000,000
Purchase of equipment by recording as liabilities	-	1,904,600	-	1,904,600

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

Mr. Pichit Viwatrujirapong
(Director)

Mrs. Kobkanjana Veerapongpradit
(Director)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Netbay Public Company Limited and its Subsidiary

For the year ended 31 December 2019

1. General information

Netbay Public Company Limited (“the Company”) is incorporated and domiciled in Thailand. It has been engaging in the provision and development of computer software used in transmission of information electronically. The Company’s registered office is located at No. 719/5, 8-9 Rama 6 Road, Wangmai Sub-district, Pathumwan District, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Netbay Public Company Limited (“the Company”) and the following subsidiary company (“the subsidiary”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			%	%
Cloud Creation Company Limited	Cloud computing provider	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

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Mr. Pichit Viwatrujirapong
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(Director)

1

- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group company have been eliminated from the consolidated financial statements.

2.3 The separate financial statements of the Company present investments in subsidiary and joint ventures, under the cost method.

3. New financial reporting standards

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Group believes that adoption of these standards will not have significant impact on the Group's financial statements.

TFRS 16 Leases

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

Rendering of services

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

System development service revenue is recognised as income on the basis of percentage of completion. The percentage of completion is based on cost of services rendered to date as a percentage of total cost of services to be rendered as assessed and certified by the Company's and its subsidiary's specialist. Allowance for foreseeable loss on projects is recognised in the accounts when the possibility of loss is ascertained.

Maintenance service revenue is recognised as monthly basis on the straight-line method over the term of the contracts.

The recognised revenue which is not yet due per the contracts has been presented under the caption of “Other receivables” in the statement of financial position. The amounts recognised as other receivables are reclassified to trade receivables when the Group’s right to consideration is unconditional such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) under the caption of “Unearned income” in the statement of financial position. Unearned income is recognised as revenue when the Group performs under the contracts.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade and other receivables

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

4.4 Inventories

Inventories are valued at the lower of cost (under the weighted average method) or net realisable value.

4.5 Investments

- a) Short-term investment included promissory notes, term deposit with banks with maturity period of longer than 3 months but not longer than 1 year or term deposits with banks with an original maturity of 3 months or less, which the Group intends to roll-over or reinvest when due.
- b) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- c) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- d) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- e) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- f) Investment in joint venture is accounted for in the consolidated financial statements using the equity method.
- g) Investment in subsidiary and joint venture is accounted for in the separate financial statements using the cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

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

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

4.6 Equipment and Depreciation

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

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(Director)

6

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

Office equipment	5 years
Computer equipment and signal system and communication equipment	3 and 5 years

Depreciation is included in determining income.

4.7 Intangible assets

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 and 5 years
Patents, copyrights or other rights	Not over 10 years

4.8 Related party transactions

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

In addition, related parties include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them a significant influence over the Company, key management personnel, and directors and officers, with authority in the planning and direction of the Company's operations.

4.9 Long-term leases

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

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.10 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the investments, the equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carry out annual impairment reviews in respect of intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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Mrs. Kobkanjana Veerapongpradit
(Director)

8

An impairment loss is recognised in profit or loss.

4.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognised restructuring - related costs.

4.13 Provisions

Provisions are recognised when the Group have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Fair value measurement

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

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

Level 1 - Use of quoted market prices in an 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 determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Bank deposits	39,229	37,246	23,665	24,839
Total	39,229	37,246	23,665	24,839

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.10% and 0.40% per annum (2018: between 0.10% and 0.50% per annum).

7. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Investments in securities held for trading				
Investments in open-end fund - Cost	198,529	187,197	145,749	125,726
Add: Unrealised gains on changes in value of investments	1,934	948	1,110	614
Fair value	200,463	188,145	146,859	126,340
Investment in debt securities, both due within one year and expected to be held to maturity	-	22,000	-	17,000
Investments in available-for-sale securities				
Government bonds - Cost	-	39,256	-	32,585
Corporate debt securities - Cost	48,112	59,667	38,490	47,634
Equity securities - Cost	23,175	18,855	18,417	15,143
Add: Unrealised gains (losses) on changes in value of investments	307	(1,390)	245	(1,106)
Fair value	71,594	116,388	57,152	94,256
Total	272,057	326,533	204,011	237,956

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Mr. Pichit Viwatirujirapong
(Director)

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Mrs. Kobkanjana Veerapongpradit
(Director)

8. Related party transactions

During the years, the Group had significant business transactions with its related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiary and those related parties, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2019	2018	2019	2018	
<u>Transaction with subsidiary company</u>					
(eliminated from the consolidated financial statements)					
Management fee	-	-	11,760	3,200	On the basis agreed upon by both parties
Software development fee	-	-	27,589	7,087	On the basis agreed upon by both parties
Office rental revenue	-	-	365	-	On the basis agreed upon by both parties
Dividend income	-	-	32,154	-	As declared
<u>Transactions with related companies</u>					
Communication					
system rental fee	509	5,889	-	-	Market price
Office rental fee	840	3,904	801	3,724	On the basis agreed upon by both parties
Office rental revenue	61	-	61	-	On the basis agreed upon by both parties

As at 31 December 2019 and 2018, the outstanding balances of the transactions between the Company, its subsidiary and its related parties and persons can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade and other receivables - related party (Note 9)				
Subsidiary	-	-	7,896	2,397
Accrued income - related party (Note 9)				
Subsidiary	-	-	3,711	-
Trade and other payables - related party (Note 16)				
Related party	-	2,124	-	398

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13

Directors and management's remuneration

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	48,329	47,423	48,329	47,423
Post-employment benefits	4,133	1,709	4,133	1,709
Total	52,462	49,132	52,462	49,132

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Trade accounts receivable - related party</u>				
Aged on the basis of due dates				
Not yet due	-	-	4,205	1,370
Past due				
Up to 3 months	-	-	3,691	1,027
Total trade accounts receivable - related party	-	-	7,896	2,397
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	36,306	41,015	31,059	34,213
Past due				
Up to 3 months	19,248	14,508	16,522	12,881
3 - 6 months	172	201	172	201
Total trade accounts receivable - unrelated parties	55,726	55,724	47,753	47,295
Total trade accounts receivable	55,726	55,724	55,649	49,692

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.....
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(Director)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Other receivables				
Accrued income - related parties	-	-	3,711	-
Accrued income - unrelated parties	9,560	4,180	5,347	4,044
Other receivables	17	-	17	-
Total other receivables	9,577	4,180	9,075	4,044
Total trade and other receivables	65,303	59,904	64,724	53,736

10. Restricted bank deposits

These restricted bank deposits represent saving and fixed deposits pledged with banks to secure the issuance of bank guarantees to guarantee services rendered to the customers as already described in Note 28.2.

11. Investment in subsidiary

Detail of investment in subsidiary as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		(Unit: Thousand Baht) Cost	
	2019	2018	2019	2018	2019	2018
			(%)	(%)		
Cloud Creation Company Limited	50,000	50,000	100	100	50,000	50,000

12. Investment in joint venture

12.1 Details of investment in joint venture:

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment is as follows:

Joint venture	Nature of business	(Unit: Thousand Baht)					
		Consolidated financial statements				Carrying amounts based on equity method	
		Shareholding percentage		Cost			
		2019	2018	2019	2018	2019	2018
		(%)	(%)				
Fynnet Ventures Company Limited	Blockchain Facilitating Global Trade Value Chain	60	-	9,000	-	8,935	-

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15

(Unit: Thousand Baht)

Joint venture	Nature of business	Separate financial statements							
		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(%)	(%)						
Fynnet Ventures Company Limited	Blockchain Facilitating Global Trade Value Chain	60	-	9,000	-	-	-	9,000	-

12.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income from investment in the joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

Joint venture	Consolidated financial statements				Separate financial statements	
	Share of profit/loss from investments in joint ventures during the year		Share of other comprehensive income from investments in joint ventures during the year		Dividend received during the year	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Fynnet Ventures Company Limited	(65)	-	-	-	-	-

12.3 Summarised financial information about material joint venture

Summarised information about financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	Fynnet Ventures Company Limited	
	<u>2019</u>	<u>2018</u>
Cash and cash equivalent	14,991	-
Other current liabilities	100	-
Net assets	14,891	-
Shareholding percentage (%)	60%	-
Share of net assets	8,935	-
Elimination entries	-	-
Carrying amounts of joint ventures based on equity method	8,935	-

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(Director)

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the year ended 31 December	
	Fynnet Ventures Company Limited	
	2019	2018
Revenue	-	-
Loss	(109)	-
Other comprehensive income	-	-
Total comprehensive income	(109)	-

13. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Investments in available-for-sale securities				
Government bond - Cost	85,775	33,020	68,112	26,396
Corporate debt securities - Cost	109,581	86,815	87,764	68,392
Add: Unrealised gain on changes in value of investments	2,160	345	1,730	278
Fair value	197,516	120,180	157,606	95,066
Investments in other company	577	577	577	577
Total	198,093	120,757	158,183	95,643

14. Equipment

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Office equipment and computer equipment	Signal system and communication equipment	Total
Cost			
1 January 2018	9,983	65,307	75,290
Additions	435	33,750	34,185
31 December 2018	10,418	99,057	109,475
Additions	1,607	1,360	2,967
Written off	(1,231)	-	(1,231)
31 December 2019	10,794	100,417	111,211

Mr. Pichit Viwatrujirapong
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Mrs. Kobkanjana Veerapongpradit
(Director)

17

(Unit: Thousand Baht)

Consolidated financial statements			
	Office equipment and computer equipment	Signal system and communication equipment	Total
Accumulated depreciation			
1 January 2018	8,587	61,231	69,818
Depreciation for the year	598	1,602	2,200
31 December 2018	9,185	62,833	72,018
Depreciation for the year	779	8,464	9,243
Accumulated depreciation for written off assets	(1,230)	-	(1,230)
31 December 2019	8,734	71,297	80,031
Net book value			
31 December 2018	1,233	36,224	37,457
31 December 2019	2,060	29,120	31,180
Depreciation for the years			
2018 (Baht 1.8 million included in cost of services, and the balance in administrative expenses)			2,200
2019 (Baht 8.7 million included in cost of services, and the balance in administrative expenses)			9,243

(Unit: Thousand Baht)

Separate financial statements			
	Office equipment and computer equipment	Signal system and communication equipment	Total
Cost			
1 January 2018	9,762	6,645	16,407
Additions	418	33,750	34,168
Disposals	(86)	-	(86)
31 December 2018	10,094	40,395	50,489
Additions	1,427	570	1,997
Written off	(1,231)	-	(1,231)
31 December 2019	10,290	40,965	51,255

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18

(Unit: Thousand Baht)

	Separate financial statements		
	Office equipment and computer equipment	Signal system and communication equipment	Total
Accumulated depreciation			
1 January 2018	8,481	6,423	14,904
Depreciation for the year	542	258	800
Accumulated depreciation on disposals	(10)	-	(10)
31 December 2018	9,013	6,681	15,694
Depreciation for the year	679	6,891	7,570
Accumulated depreciation for written off assets	(1,230)	-	(1,230)
31 December 2019	8,462	13,572	22,034
Net book value			
31 December 2018	1,081	33,714	34,795
31 December 2019	1,828	27,393	29,221
Depreciation for the years			
2018 (Baht 0.5 million included in cost of services, and the balance in administrative expenses)			800
2019 (Baht 7.1 million included in cost of services, and the balance in administrative expenses)			7,570

As at 31 December 2019, certain equipment items have been but fully depreciated are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 65 million (the Company only: Baht 13 million) (2018: Baht 66 million, the Company only: Baht 14 million).

15. Intangible assets

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Computer software - cost	6,316	5,356	3,969	3,009
Additions	4,076	960	4,076	960
<u>Less: Accumulated</u>				
amortisation	(5,925)	(4,998)	(3,639)	(2,881)
Net book value	4,467	1,318	4,406	1,088

Mr. Pichit Viwatrujirapong
(Director)

Mrs. Kobkanjana Veerapongpradit
(Director)

19

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	1,318	1,395	1,088	509
Additions	4,076	960	4,076	960
Amortisation	(927)	(1,037)	(758)	(381)
Net book value at end of year	4,467	1,318	4,406	1,088

16. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade accounts payable - related parties	-	2,124	-	398
Trade accounts payable - unrelated parties	3,096	6,054	167	4,236
Accrued expenses	4,737	4,172	3,687	3,705
Total trade and other payables	7,833	12,350	3,854	8,339

17. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payable from purchase of treasury bill investment	-	4,357	-	3,486
Other current liabilities	6,995	8,682	5,373	5,081
Total other current liabilities	6,995	13,039	5,373	8,567

18. Provision for long-term employee benefits

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Provision for long-term employee benefits				
at beginning of year	19,045	16,710	16,857	15,574
Included in profit or loss:				
Current service cost	5,630	3,069	4,340	2,664
Interest cost	445	461	389	401
Past service cost	5,478	-	4,620	-
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
Demographic assumptions changes	733	(3,665)	871	(4,083)
Financial assumptions changes	4,414	741	3,414	715
Experience adjustments	(1,479)	1,729	(1,003)	1,586
Provision for long-term employee benefits				
at end of year	<u>34,266</u>	<u>19,045</u>	<u>29,488</u>	<u>16,857</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 4.5 million (the Company only: Baht 3.8 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the period.

As at 31 December 2019 and 2018, the Group expect not to pay of long-term employee benefits during the next year.

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 13.32 - 18.36 years (the Company only: 13.32 years) (2018: 12.47 - 20.15 years, the Company only: 12.47 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit: % per annum) Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	1.57 - 1.65	2.91 - 3.47	1.57	2.91
Salary increase rate	6 or 10	6 or 10	6 or 10	6 or 10
Turnover rate	0 - 25	0 - 17	0 - 11	0 - 8

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

	(Unit: million Baht) As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(3.91)	4.78	(3.11)	3.78
Salary increase rate	4.64	(3.89)	3.67	(3.09)
Turnover rate	(4.07)	1.91	(3.25)	1.79

	(Unit: million Baht) As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1.95)	2.37	(1.58)	1.91
Salary increase rate	2.34	(1.97)	1.88	(1.59)
Turnover rate	(2.06)	0.87	(1.68)	0.87

19. Statutory reserve

The Company

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

Subsidiary

According to the Thai Civil and Commercial Code, the subsidiary is required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the subsidiary pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be ended for dividend payment. At present, the statutory reserve has fully been set aside.

20. Revenue from contracts with customers

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Type of goods or service:				
Revenues from Digital business service	406,186	356,301	302,821	259,637
Revenues from Digital transformation	5,461	5,310	5,461	5,310
Total revenue from contracts with customers	<u>411,647</u>	<u>361,611</u>	<u>308,282</u>	<u>264,947</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Timing of revenue recognition:				
Revenue recognised at a point in time	179,571	178,276	179,571	178,276
Revenue recognised over time	232,076	183,335	128,711	86,671
Total revenue from contracts with customers	<u>411,647</u>	<u>361,611</u>	<u>308,282</u>	<u>264,947</u>

.....
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(Director)

.....
Mrs. Kobkanjana Veerapongpradit
(Director)

23

21. Expenses by nature

Expenses by nature consist of significant expenses as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Salary, wages and other employee benefits	153,317	128,889	124,782	115,744
Depreciation and amortisation	10,170	3,236	8,328	1,180
Rental expenses	16,808	24,348	8,263	15,879

22. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge	4,213	7,629	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,310)	(706)	(1,870)	(613)
Income tax expense (revenue) reported in the statement of comprehensive income	1,903	6,923	(1,870)	(613)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax on share surplus (discount) on change in value of available-for-sale investments	703	(288)	561	(219)
Deferred tax on actuarial gains (losses)	(734)	239	(657)	356
	(31)	(49)	(96)	137

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	2019	2018	2019	2018
Accounting profit before tax	180,980	155,733	193,008	150,511
Applicable tax rate	20%, 0%	20%, 0%	20%,0%	20%,0%
Accounting profit before tax multiplied by applicable tax rate	36,196	31,147	38,602	30,102
Effects of:				
Promotional privileges (Note 23)	(32,826)	(23,690)	(32,198)	(22,880)
Non-deductible expenses	1,031	736	570	355
Share of loss from investment in joint venture	13	-	-	-
Additional expense deductions allowed	(2,511)	(1,270)	(8,844)	(8,190)
Total	(34,293)	(24,224)	(40,472)	(30,715)
Income tax expenses (revenue) reported in the statement of comprehensive income	1,903	6,923	(1,870)	(613)

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	2019	2018	2019	2018
Deferred tax assets (liabilities)				
(Surplus) discount on changes in value of investments	(493)	209	(395)	166
Provision for long-term employee benefits	6,853	3,809	5,898	3,371
Total	6,360	4,018	5,503	3,537

As at 31 December 2019, the Company has unused tax losses totaling Baht 19 million (2018: Baht 25 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

23. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the software business, pursuant to the promotion certificate No. 1423(7)/2556 issued on 22 March 2013. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues.

The subsidiary has received promotional privileges from the Board of Investment for software development, pursuant to the promotion certificate No. 2351(7)/2554 issued on 17 November 2011. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues

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

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2019	2018	2019	2018	2019	2018
Service income	307,856	264,706	426	241	308,282	264,947

24. Earnings per share

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

The following table sets forth the computation of basic earnings per share:

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit for the year (Thousand Baht)	179,077	148,810	194,878	151,124
Weighted average number of ordinary shares (Thousand shares)	200,000	200,000	200,000	200,000
Basic earnings per share (Baht per share)	0.90	0.74	0.97	0.76

25. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

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

- The e-Business segment, which develops an e-Business product and presented to the user in the form of services (SaaS: Software As A Service).
- The e-Service segment, which rendered an e-Business service for Business segment to Government (B2G) transaction, and Business segment to Business segment (B2B) transaction.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

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

The following tables present revenue, profit and total assets information regarding the Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

(Unit: Thousand Baht)

For the year ended 31 December 2019					
	e-Businesses segment	e-Service segment	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	280,690	130,957	411,647	-	411,647
Inter-segment revenue	71,877	-	71,877	(71,877)	-
Interest revenue	4,853	1,296	6,148	-	6,148
Depreciation and amortisation	(8,328)	(1,842)	(10,170)	-	(10,170)
Income tax expense or income	1,870	(3,772)	(1,903)	-	(1,903)
Segment profit	194,878	16,418	211,296	(32,219)	179,077
Segment total assets	558,875	150,019	708,894	(61,672)	647,222
Increase (decrease) of non-current assets other than financial instruments and deferred tax assets	6,292	(762)	5,530	(65)	5,465

(Unit: Thousand Baht)

For the year ended 31 December 2018					
	e-Businesses segment	e-Service segment	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	257,860	103,751	361,611	-	361,611
Inter-segment revenue	10,287	-	10,287	(10,287)	-
Interest revenue	3,908	1,040	4,948	-	4,948
Depreciation and amortisation	(1,180)	(2,056)	(3,236)	-	(3,236)
Income tax expense or income	613	(7,536)	(6,923)	-	(6,923)
Segment profit	151,124	32,623	183,747	(34,937)	148,810
Segment total assets	513,532	150,000	663,532	(52,877)	610,655
Increase (decrease) of non-current assets other than financial instruments and deferred tax assets	34,023	(1,903)	32,120	-	32,120

Geographic information

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

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28

Major customers information

For the years 2019 and 2018, the Group have no major customer with revenue of 10% or more of an entity's revenues.

26. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rates of 3% to 15% of basic salary. The fund, which is managed by TISCO Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for year 2019 amounting to approximately Baht 3.2 million (2018: Baht 2.6 million) were recognised as expenses.

27. Dividends paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for 2018	Annual General Meeting of the shareholders on 23 April 2019	151,119	0.7556
Dividends for 2017	Annual General Meeting of the shareholders on 27 April 2018	95,180	0.4759

28. Commitments

28.1 Operating lease commitments

The Group have entered into lease agreement in respect of the lease of office building space and co-location space. The term of the agreement is generally 3 years.

The Group have future minimum lease payments required under operating lease contracts were as follows.

	(Unit: Million Baht)	
	As at 31 December	
	2019	2018
Payable:		
In up to 1 year	4.61	0.6
In over 1 and up to 3 years	0.43	-

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29

28.2 Guarantees

As at 31 December 2019, there were outstanding bank guarantees for service rendered the customers of approximately Baht 5.1 million (the Company only: Baht 2.9 million) (2018: Baht 3.2 million, the Company only: Baht 2.2 million) issued by banks on behalf of the Group. The letters of guarantee was pledged by the Company's saving account and term deposit account of the subsidiary.

29. Fair value hierarchy

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

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	201	-	201
Available-for-sale investments				
Equity securities	23	-	-	23
Government bonds	-	86	-	86
Corporate debt securities	-	160	-	160

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2019				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	147	-	147
Available-for-sale investments				
Equity securities	19	-	-	19
Government bonds	-	69	-	69
Corporate debt securities	-	128	-	128

.....
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.....
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(Director)

30

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	188	-	188
Available-for-sale investments				
Equity securities	17	-	-	17
Government bonds	-	72	-	72
Corporate debt securities	-	147	-	147

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investment				
Investments in open-end fund	-	126	-	126
Available-for-sale investments				
Equity securities	14	-	-	14
Government bonds	-	59	-	59
Corporate debt securities	-	116	-	116

30. Financial instruments

30.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current and long-term investments, trade and other receivables, trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

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31

Credit risk

The Group are exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and other receivables as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at financial institutions. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date of this occurs before the maturing date.

(Units: Million Baht)

	As at 31 December 2019					
	Fixed interest rates					
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalent	1	-	22	16	39	0.10 - 0.40
Current investments	48	-	201	23	272	1.93 - 2.71
Trade and other receivables	-	-	-	65	65	-
Deposits at bank with restrictions	6	-	4	-	10	1.00
Other long-term investments	-	197	-	1	198	1.20 - 5.40
Total	55	197	227	105	584	
<u>Financial liability</u>						
Trade and other payables	-	-	-	8	8	

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(Director)

32

(Units: Million Baht)

As at 31 December 2018						
	Fixed interest rates					
	Within		Floating	Non-interest		Effective
	1 year	1 - 5 years	interest rate	bearing	Total	interest rate
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalent	1	-	25	11	37	0.10 - 0.50
Current investments	100	-	188	39	327	1.49 - 4.35
Trade and other receivables	-	-	-	60	60	-
Deposits at bank with restrictions	6	-	4	-	10	1.00
Other long-term investments	-	120	-	1	121	1.20 - 5.35
Total	107	120	217	111	555	
<u>Financial liability</u>						
Trade and other payables	-	-	-	12	12	-

30.2 Fair values of financial instruments

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

31. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the debt-to-equity ratio of the Group was 0.30:1 (the Company only: 0.17:1) (2018: 0.29:1, the Company only: 0.18:1).

32. Events after the reporting period

On 27 February 2020, the meeting of the Company's Board of Directors passed resolutions to propose to the Annual General Meeting of the Company's shareholders for the year 2020 to approve a dividend payment from operating results of the year 2019 from the activities that receives the promotional privileges from the Board of Investment. The dividend will be paid by cash at the rate of Baht 0.9743 per share or in the total amount not exceeding Baht 194.86 million. The payment of cash dividend shall be made within 21 May 2020.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2020.

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Mr. Pichit Viwatirujirapong
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Mrs. Kobkanjana Veerapongpradit
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33



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