



# Annual Report 2017

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THE MOST RELIABLE INFORMATION  
TECHNOLOGY ENGINEERING COMPANY

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Information and Communication Networks  
Public Company Limited



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Established in September 2007, Information and Communication Networks Public Company Limited (“ICN”), is one of Thailand’s leading telecommunication system integrator. ICN was launched by the group of telecom veterans who have decades of experience in Thai’s telecommunication arena, to provide quality solutions for the increasing demand of telecommunication services in Thailand. ICN has strong partnership with world class telecommunication suppliers, for local supply and services.



On September 15, 2017 the opening ceremony of “First trading day of the Market for Alternative Investment (mai)”, at Sukree Kaewcharoen Auditorium, 3<sup>rd</sup> floor, The Stock Exchange of Thailand (SET)





## BUSINESS OPERATION

### Business Operation Determination

The Company has strong determination to run the business direction through moral, ethical, merit principle and corporate governance code of conduct. Telecommunication innovation and solutions are developed for the highest customers' satisfaction in both of our products and services. Moreover, the Company also takes responsibility to all stakeholders equally, together with community, society and environment.





## Vision

To become the leader in engineering and digital technology, with the advancement of innovative products and excellent services guaranteed with the highest customer satisfaction under the principles of good corporate governance.

## Mission

- Develop all employees with enhanced knowledge and expertise to keep pace with changes in technology consistently and appropriately.
- Ensure the highest satisfaction of customers by providing products and services to effectively meet all consumers' demands.
- Foster organizational ethics and take into account the importance of sustainable environment, community, and society.

## Shared Values

We are strongly committed to encouraging all employees to raise awareness of "Entrepreneurship", consisting of three key factors including

- Partnership
- Employee Value
- Customer Focus.

The three key factors can be developed based on the knowledge and expertise of each individual.

# Vision Mission

# THAILAND TOP SME AWARDS 2017



On September 6, 2017 Mr. Monchai Manepairoj, Chief Executive Officer of Information and Communication Networks Public Company Limited (ICN) received “Thailand Top SME Awards 2017” award for the company with outstanding performance from Mr. Somchai Harnhirun, the Permanent Secretary of Ministry of Industry.

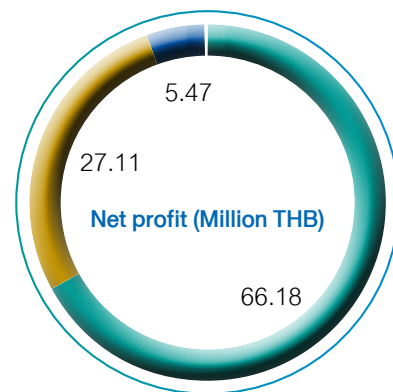
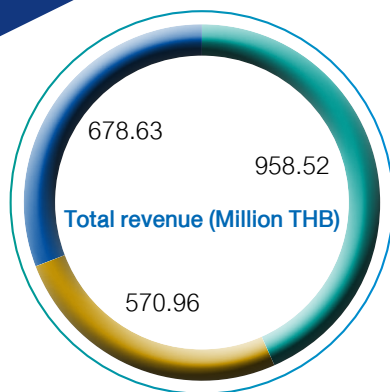




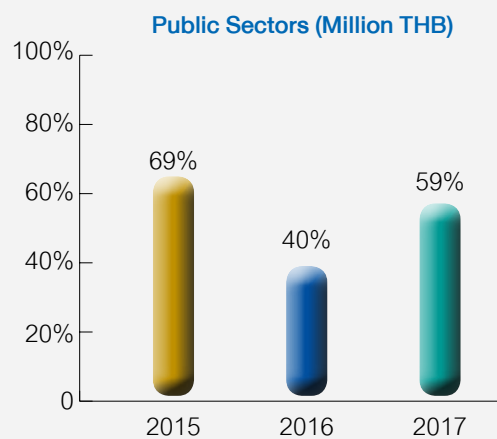
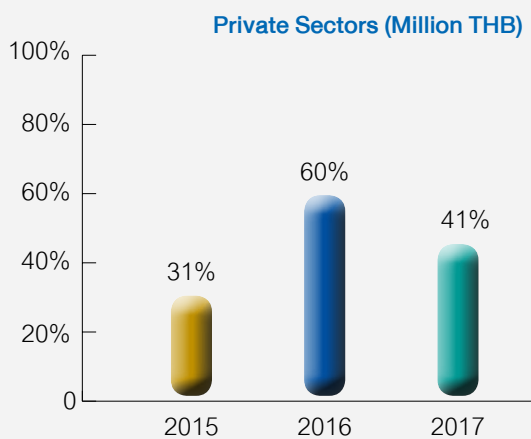
## Financial Highlights

(Unit: MB)			
At the End of Period	2017	2016	2015
<b>Financial Status</b>			
Total Assets	971.26	480.00	438.68
Total Liabilities	474.92	314.89	300.69
Total Shareholders' Equity	496.34	165.10	137.99
<b>Business Performance</b>			
Sales and Services Income	956.85	569.77	677.79
Total Revenue	958.52	570.96	678.63
Cost of Sales and services and SG&A	872.86	534.80	662.71
Net Profit (Loss)	66.18	27.11	5.47
<b>Financial Ratio</b>			
Gross Margin (%)	15.18%	15.03%	11.68%
Net Profit (%)	6.90%	4.75%	0.81%
RoE (%)	20.01%	17.89%	4.05%
Earnings per Share (Baht)*	0.20	0.12	0.02
D/E Ratio	0.96	1.91	2.18
Book Value (Baht/Share)*	1.48	0.72	0.60

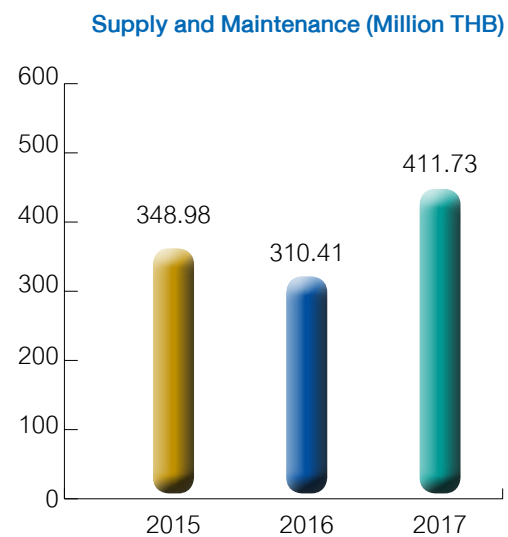
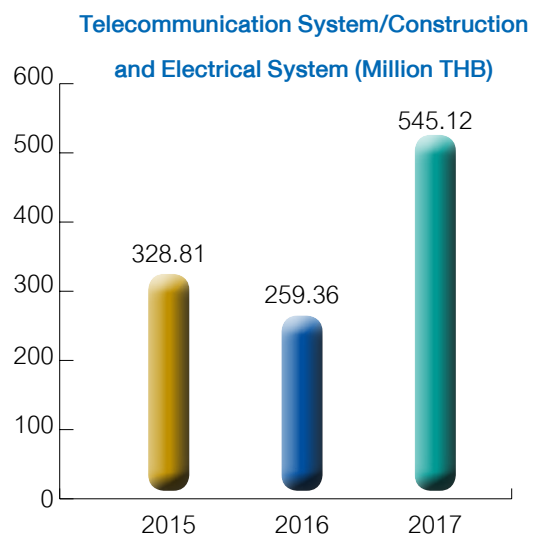
\*Weighted average number of ordinary shares in issue during the year and number of shares in proportion at the par value of 0.50 Baht each



Revenue in Proportion



Revenue Classified by Business Type





## Message from the Chairman and Chief Executive Officer



The year 2017 was an important year of the Company, regarding the fact that it was the year when the Company increased its capital and was listed on the Stock Exchange of Thailand. The Company's securities were first traded on September 15, 2017 under mai. Such listing of securities on the stock exchange serves as a means to enhance the Company's competency in accessing the source of capital, which is one of the most significant factors for business expansion. Likewise, it also reflects high standards of the Company in conducting its businesses with reliability at the national level.

With regards to Thailand 4.0 policy that aims to promote economic development and competitiveness of the country, the expansion of ICT is considered as the key to success in driving the country towards achieving its goals; wherein the government, state enterprises, and private sectors have been actively striving to stimulate such development. As a result, in 2017, the Company recorded 958.52 million THB in sales revenue and 66.18 million THB in net profit with the growth rates of 67.88% and 144.12%, respectively, when compared to 2016. The Company also had the revenue backlog of 672.16 million THB.

As of present, the importance of and the responsiveness to the emergence of the digital era continue to play a significant role. The Internet of Things (IoT), artificial intelligence (AI), and other technological advancements continue to progress and become increasingly more important. Accordingly, it serves as a good opportunity for the Company to strengthen the competency of employees in responding to technological development and customers' needs, as well as collaborate with business partners to create sustainable growth for customers. In 2018, the Company plans to focus on achieving solid growth in telecommunication and electrical systems through deliberate contemplation of new technologies. Likewise, the Company aims to implement a policy to expand its customer base by taking into consideration the proportion of projects and maintenance work, which generate regular revenues to the Company in order to maintain a healthy balance regarding the revenue structure. In addition, the Company plans to emphasize on developing its employees to be infused with sophisticated knowledge and expertise, as well as emphasize on the standards of internal audit to embrace efficiency. Another primary focus of the Company for 2018 encompasses corporate social and environmental responsibilities in order to attain sustainable growth, which is a significant foundation of the sufficiency economy – a philosophy developed by His Majesty King Bhumibol Adulyadej for Thai people to adhere to as guidance for the way of life.

On behalf of the Company's Board of Directors, executives, and employees, Information and Communication Networks Public Company Limited would like to express our gratitude to all shareholders, business partners, customers, suppliers, financial institutions, and stakeholders for your continuous support to and confidence in our business operations. The vision, strategies, and competency, under continuous development, will certainly enable Information and Communication Networks Public Company Limited to create successive and sustainable growth.

(Mr. Segsan Roylapcharoenporn)  
Chairman

(Mr. Monchai Manepairoj)  
Chief Executive Officer

## Board of Directors



1 Mr.Segsan Roylapcharoenporn<sup>2</sup>  
Chairman, Audit Committee Chairman  
and Independent Director

2 Ms.Prapharat Tangkawattana  
Vice Chairman

3 Mr.Monchai Manepairoj  
Director and Chief Executive Officer

4 Mr.Ronapoom Rungruangpol<sup>1</sup>  
Director (Authorized Director)

5 Mr.Pira Laohasomboon  
Director (Authorized Director)

6 Mr.Anuwat Luengtaweekul  
Audit Committee and Independent Director

7 Mr. Chanachai Kulnoppaleark  
Audit Committee and Independent Director

Remark : <sup>1</sup> is the director who was appointed by the Meeting of the Board of Directors No. 6/2016 on 30 November 2016.

<sup>2</sup> is the director who was appointed by Annual General Meeting of the Shareholders for 2017 on 18 April 2017 and appointed as Chairman of the Board by the Meeting of the Board of Directors No. 3/2017 on 28 June 2017.

Ms. Patnarin Maliwal is the Company Secretary. Appointed by the Board of Directors' Meeting No. 2/2016 on March 31, 2016.





Mr. Segsan Roylapcharoenporn

Chairman, Audit Committee Chairman and  
Independent Director

Age : 73 years

#### Education

- Bachelor of Engineering (Telecommunication Engineering), King Mongkut's Institute of Technology Ladkrabang
- Directors Certification Program (DCP) 107/2008

#### Working experience in the past 5 years

- 29 Jun 2017 - Present Chairman, Audit Committee Chairman and Independent Director Information and Communication Networks Public Company Limited.
- 19 Apr 2017 - 28 Jun 2017 Audit Committee Chairman and Independent Director Information and Communication Networks Public Company Limited.
- 2016 - Present Council Councilor Suan Dusit University
- 2009 Advisor of Chairman CAT Telecom Public Company Limited
- 2006-2008 Director CAT Telecom Public Company Limited

#### Shareholding (8/1/2018)

-

#### Relationship Directors and Executives

-



Ms.Prapharat Tangkawattana

**Vice Chairman**

(Authorized Director)

Age : 49 years

**Education**

- Master Degree in Business Administration at Franklin University, U.S.A.
- Bachelor of Economics ,Chulalongkorn University
- Audit Committee Program (ACP) 41/2012
- Directors Certification Program (DCP) 150/2011
- Monitoring Fraud Risk Management (MFM) 8/2012
- Monitoring the Quality of Financial Reporting (MFR) 16/2012
- Monitoring the Internal Audit Function (MIA) 13/2012
- Role of the Nomination and Governance Committee 2/2012
- Internal Control and Risk Management (MIR) 13/2012
- Role of Chairman Program (RCP) 39/2016

**Working experience in the past 5 years**

- 29 Jun 2017 - Present Vice Chairman  
Information and Communication Networks Public Company Limited.
- 2014 - 28 Jun 2017 Chairman  
Information and Communication Networks Public Company Limited.
- 2017 - Present Director Nortis CCSI Company Limited
- 2016 - Present Director Jesda Absolute Company Limited
- 2016 - Present Director SK-1
- 2016 - Present Director JS Solar Company Limited
- 2016 - Present Director Nortis Rise Company Limited

- 2016 - Present Director Nortis International Company Limited
- 2016 - Present Director Sitron Power Company Limited
- 2016 - Present Director Amuno Renewable Company Limited
- 2016 - Present Director AR Green Company Limited
- 2016 - Present Director AR Power Company Limited
- 2015 - Present Director and Chief Executive Officer  
Nortis Energy Company Limited
- 2012 - Present Director PATR LIFE Company Limited
- 2015 - 2016 Director Mineral Consulting Group  
Company Limited
- 2014 - 2015 Chief Executive Officer  
Impact Electrons Siam Company Limited
- 2010 - 2012 Chief Financial Officer  
Thai Solar Energy Public Company Limited
- 2005 - 2010 Senior Finance Director  
Minor International Public Company Limited

**Shareholding (8/1/2018)**

-

**Relationship Directors and Executives**

-





Mr. Monchai Manepairoj  
 Director and Chief Executive Officer  
 (Authorized Director)

Age : 55 years

#### Education

- Master of Information Systems, City University, U.S.A.
- Bachelor of Science, Kasetsart University
- Director Accreditation Program (DAP) 103/2013

#### Working experience in the past 5 years

- 2014 - Present Director and Chief Executive Officer Information and Communication Networks Public Company Limited.
- 2010 - 2013 Deputy Managing Director Loxley Wireless Public Company Limited

#### Shareholding (8/1/2018)

19.42

#### Relationship Directors and Executives

-



Mr. Ronapoom Rungruangpol  
 Director  
 (Authorized Director)

Age : 67 years

#### Education

- Master of Industrial Education, Texas Southern University, U.S.A.
- Bachelor of Construction Technology, Texas Southern University, U.S.A.
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Director Accreditation Program (DAP) 133/2017

#### Working experience in the past 5 years

- 2016 - Present Director Information and Communication Networks Public Company Limited.
- 2014 - 2015 Director Information and Communication Networks Company Limited.
- 2000 - Present Director IDA Parcel post Company Limited.
- 1996 - Present Director Wang Pra Doo Company Limited.

#### Shareholding (8/1/2018)

0.07

#### Relationship Directors and Executives

-



Mr.Pira Laohasomboon

**Director***(Authorized Director)*

Age : 50 years

**Education**

- Master of Telecom Management, Asian Institute of Technology.
- Bachelor of Solid State Electronics, King Mongkut's Institute of Technology Ladkrabang.
- Director Accreditation Program (DAP) 131/2016

**Working experience in the past 5 years**

- 2007 - Present Director Information and Communication Networks Public Company Limited.
- 2007- Apr-2014 Chief Executive Officer Information and Communication Networks Company Limited.

**Shareholding (8/1/2018)**

7.77

**Relationship Directors and Executives**

-



Mr.Anuwat Luengtaweekul

**Audit Committee and Independent Director**

Age : 54 years

**Education**

- Master of Business Administration, Rangsit University
- Bachelor of Science (Accounting), Kasetsart University
- Directors Certification Program (DCP) 24/2002
- Successful Formulation & Evaluation of Strategy (SFE) 3/2009
- How to Measure the Success of Corporate strategy (HMS) 4/2014
- Roll of Compensation Committee (RCC) 21/2016

**Working experience in the past 5 years**

- 2016 - Present Audit Committee and Independent Director Information and Communication Networks Public Company Limited.
- 2012 - Present Nomination and Compensation Committee Ratchathani Leasing Public Company Limited
- 2000 - Present Director Ratchathani Leasing Public Company Limited
- 2009 - Present Vice President Thanachart Bank

**Shareholding (8/1/2018)**

0.07

**Relationship Directors and Executives**

-



Mr. Chanachai Kulnoppaleark

Audit Committee and Independent Director

Age : 54 years

#### Education

- Master of Business Administration, University of the Thai Chamber of Commerce.
- Bachelor of Accounting, Thammasat University
- Director Accreditation Program (DAP) 133/2017

#### Working experience in the past 5 years

- 2016 - Present Audit Committee and Independent Director Information and Communication Networks Public Company Limited.
- 2014 - Present Director Kulthorn Materials and Controls Co., Ltd.
- 2008 - Present Asst.Vice President / Company Secretary Kulthorn Kirby Public Company Limited.

#### Shareholding (8/1/2018)

0.07

#### Relationship Directors and Executives

-



## Management Team



- 1 Mr. Monchai Manepairoj  
Director and Chief Executive Officer
- 2 Mr. Thammawat Uchupaiboonwong  
Chief Operating Officer
- 3 Ms. Patnarin Maliwal  
Chief Financial Officer and  
Company Secretary

- 4 Mr. Surasak Kongjantra  
Vice President
- 5 Mr. Suwat Youcharoen  
Vice President Project Management
- 6 Mr. Akekapot Boonyarattapun  
Vice President Service and Maintenance
- 7 Ms. Wanlapa Luangdilok  
Asst. Vice President Accounting



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Mr. Monchai Manepairoj

Director and Chief Executive Officer

(Authorized Director)

Age : 55 years

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#### Education

- Master of Information Systems, City University, U.S.A.
- Bachelor of Science, Kasetsart University
- Director Accreditation Program (DAP) 103/2013

#### Working experience in the past 5 years

- 2014 - Present Director and Chief Executive Officer  
Information and Communication Networks Public Company Limited.
- 2010 - 2013 Deputy Managing Director  
Loxley Wireless Public Company Limited

#### Shareholding (8/1/2018)

19.42

#### Relationship Directors and Executives

-



Mr. Thammawat Uchupaiboonwong  
Chief Operating Officer

Age : 48 years

#### Education

- Bachelor of Engineering (Electrical Engineering), King Mongkut's University of Technology Thonburi

#### Working experience in the past 5 years

- 2015 - Present Chief Operating Officer Information and Communication Networks Public Company Limited.
- 2010 - 2015 Senior Vice President Loxley Wireless Public Company Limited.

#### Shareholding (8/1/2018)

0.14

#### Relationship Directors and Executives

-



Ms. Patnarin Maliwal  
Chief Financial Officer  
and Company Secretary

Age : 42 years

#### Education

- Master of Business Administration , Assumption University
- Bachelor of Arts, Chulalongkorn University
- Company Secretary Training, Thai Institute of Director 73/2016

#### Working experience in the past 5 years

- 2014 - Present  
Chief Financial Officer and Company Secretary  
Information and Communication Networks Public Company Limited.
- 2013 - 2014  
Chief Operating Officer  
Lawton Asia Insurance Broker Ltd.
- 2012 - 2014  
Head-Corporate Strategy  
S&P Syndicate Public Company Limited.
- 2008 - 2011  
VP-Commercial Head/Chief Financial Officer  
Siemens IT Solutions and Services Ltd.

#### Shareholding (8/1/2018)

0.14

#### Relationship Directors and Executives

-





Mr. Surasak Kongjantra  
Vice President

Age : 48 years

#### Education

- Master of Economics (Business Economics), Kasetsart University
- Bachelor of Engineering (Electronics Engineering), King Mongkut's Institute of Technology Ladkrabang

#### Working experience in the past 5 years

- 2014 - Present Vice President - Sales Special Project Information and Communication Networks Public Company Limited.
- 2011 - 2015 Vice President Loxley Wireless Public Company Limited.

#### Shareholding (8/1/2018)

0.32

#### Relationship Directors and Executives

-



Mr. Suwat Youcharoen  
Vice President Project Management

Age : 45 years

#### Education

- Master of Telecommunications Asian Institute of Technology
- Bachelor of Engineering (Electrical Engineering), Chulalongkorn University

#### Working experience in the past 5 years

- 2015 - Present Vice President - Project Management Information and Communication Networks Public Company Limited.
- 2011 - 2015 Asst. Vice President Loxley Wireless Public Company Limited.

#### Shareholding (8/1/2018)

0.04

#### Relationship Directors and Executives

-



Mr. Akeapot Boonyarattapun  
Vice President Service and Maintenance

Age : 45 years

#### Education

- Bachelor of Engineering (Electronics Engineering), King Mongkut's Institute of Technology Ladkrabang

#### Working experience in the past 5 years

- 2015 - Present Vice President Service and Maintenance Information and Communication Networks Public Company Limited.
- 2013 - 2015 Senior Manager Loxley Wireless Public Company Limited.
- 1996 - 2013 Project Manager Siemens Ltd.

#### Shareholding (8/1/2018)

0.09

#### Relationship Directors and Executives

-



Ms. Wanlapa Luangdilok  
Asst. Vice President Accounting

Age : 46 years

#### Education

- Master of Business Administration (Accounting), Thammasat University.
- Bachelor of Commerce and Accountancy, Thammasat University.

#### Working experience in the past 5 years

- 2017 - Present AVP - Finance and Accounting Information and Communication Networks Public Company Limited.
- 2007 - Present Director SingThai.com Company Limited.
- 2015 - 2016 Senior F&A Manager Information and Communication Networks Company Limited.
- 2014 - 2015 Accounting and Tax Manager PTT Retail Management Company Limited.
- 2014 Accounting Manager GeTeCe Company Limited.
- 2000 - 2013 Accounting Manager Yeenin Frozen Foods Company Limited.

#### Shareholding (8/1/2018)

0.03

#### Relationship Directors and Executives

-

## Policy and Business Overview

Information and Communication Networks Public Company Limited (ICN) has been officially established on September 13, 2007. In 2014, ICN had reorganized its business strategies and placed a greater emphasis on service efficiency. The company successfully increased its registered capital by 65 million Baht resulting in the total registered capital of 115 million Baht. ICN announced the appointment of Mr. Monchai Manepairoj as Chief Executive Officer, who possesses excellent knowledge and expertise, with a proven track record of success and more than 25 years of experience in the telecommunication industry. With efficient management and network-centric operations evolved by over 40 highly professional and experienced senior executives and employees, ICN is strongly proficient in providing the complete turnkey telecommunication business (Turnkey), covering a broad scope of consultancy, design, installation, testing, system integration, and after-sales services. As part of the goal to demonstrate the leadership of the telecommunication and communication market, ICN always has confidence and trust in a complete selection of revolutionary products provided by world-class telecommunication suppliers such as Nokia Alcatel-Lucent (Nokia finalized its acquisition of Alcatel-Lucent in 2016), Huawei, Coriant, Oscilloquartz, and Gemalto. To keep providing customers with a comprehensive range of quality products and services, ICN also focuses on distributing high-end communication equipment used as spare parts (Supply) and offering efficient maintenance services (Maintenance) to various telecommunication networks. In 2016, ICN had commenced its brand-new business line, emphasizing on the installation and design of construction and electrical systems, with the establishment of a data center for a leading telecommunication company in the country.

On April 18, 2017, the Annual General Meeting of Shareholders 2017 approved to transform the Company into a public company. The Company was renamed into "Information and Communication Networks Public Company Limited", increasing its registered capital by 110 million Baht from the original amount of 115 million Baht, which came to a total of 225 million Baht. On April 27, 2017, the Company achieved 165 million Baht of its paid-up capital. On September 15, 2017, the Company was listed on the Thai Market for Alternative Investment (MAI), while successfully introducing its Initial Public Offering (IPO), totaling 120,000,000 shares valued at 1.84 Baht per share, to the public for the first time.

### SUPPLIER





## Vision, Mission, Goals and Shared Values

### Vision

To become the leader in engineering and digital technology, with the advancement of innovative products and excellent services guaranteed with the highest customer satisfaction under the principles of good corporate governance.

### Mission

- Develop all employees with enhanced knowledge and expertise to keep pace with changes in technology consistently and appropriately.
- Ensure the highest satisfaction of customers by providing products and services to effectively meet all consumers' demands.
- Foster organizational ethics and take into account the importance of sustainable environment, community, and society.

### Goals

- To generate business sustainability and continuing growth, with the expectation to maximize the Company's recurring income derived from the network maintenance service business to over 50% of total revenue, while being able to expand the Company's potential to both public and private sectors.
- To maximize customer satisfaction by offering a comprehensive range of high-quality products and professional services that genuinely meet all customers' needs.
- To ensure economic security to employees and their families by fostering the development of skill, ability, expertise, and innovation on a regular basis.
- To offer excellent social services to the public via various activities, for instance, the supports of scholarships and tools for needy schools and hospitals in the remote areas.

### Shared Values

We are strongly committed to encouraging all employees to raise awareness of "Entrepreneurship", consisting of three key factors including Partnership, Employee Value, and Customer Focus. The three key factors can be developed based on the knowledge and expertise of each individual.

## Significant Business Development

Our significant business development can be explained below:

### 2007

- Registered as “JRW Network Solutions Company Limited”, with an initial registered capital of 20 million Baht.
- Awarded the telecommunication installation projects from JRW Utility Company Limited, an authorized dealer of Nokia Siemens Networks (Thailand) Company Limited to provide a comprehensive range of telecommunication and communication services for public customers.

### 2009

- Decreased the registered capital by 10 million Baht from the original amount of 20 million Baht by reducing the number of common shares totaling 1,000,000 shares valued at 10 Baht per share.
- Changed the Company's name from “JRW Network Solutions Company Limited” to “Information and Communication Networks Company Limited”.
- Increased the registered capital by 10 million Baht from the amount of 10 million Baht, coming to a total of 20 million Baht, with the issuance of 1,000,000 new common shares valued at 10 Baht per share for the Company's working capital.

### 2012

- Increased the registered capital by 30 million Baht from the amount of 20 million Baht, coming to a total of 50 million Baht, with the issuance of 3,000,000 new common shares valued at 10 Baht per share for the Company's working capital.

### 2014

- Increased the registered capital by 65 million Baht from the amount of 50 million Baht, coming to a total of 115 million Baht, with the issuance of 6,500,000 new common shares valued at 10 Baht per share for the Company's working capital.
- Appointed as an authorized reseller to be responsible for the distribution of telecommunication products and services under the Alcatel-Lucent brand provided by Alcatel-Lucent (Thailand) Company Limited.
- Appointed as an authorized reseller to be responsible for the distribution of telecommunication products and services under the Coriant brand provided by Coriant GmbH from Germany.
- Started the business model as a main contractor to proceed with the design and installation of the integrated telecommunication system for CAT Telecom Public Company Limited and TOT Public Company Limited.
- Started a new business line in distributing telecommunication equipment as well as providing maintenance services for telecommunication systems.

**2015**

- Appointed as an authorized channel partner to be responsible for the distribution of telecommunication products and services under the Huawei brand provided by Huawei International Private Company Limited from Singapore.

**2016**

- Appointed as an authorized partner to be responsible for the distribution of telecommunication products and services under the Nokia brand provided by Nokia Solution and Networks (Thailand) Company Limited.
- Appointed as a value added reseller to be responsible for the distribution of telecommunication products and services under the Oscilloquartz brand provided by Oscilloquartz SA from Switzerland.
- Appointed as a value added reseller to be responsible for the distribution of hardware and software products under the Gemalto brand provided by Gemalto (Thailand) Ltd.
- Started a new business line in the construction and design of electrical systems, with the establishment of modern data centers for renowned telecommunication providers in Thailand.

**2017**

- The Annual General Meeting of Shareholders 2017 on April 18, 2017 approved the following resolutions: Transformed into a public company.
  - Revised the value of common share from 10 Baht to 0.50 Baht per share.
  - Increased the registered capital by 110 million Baht from the amount of 115 million Baht, coming to a total of 225 million Baht, with the issuance of 220,000,000 new common shares valued at 0.50 Baht per share to be allocated as follows:
    - (1) 100,000,000 of newly issued ordinary shares to be allocated to original shareholders, resulting in the Company's paid-up capital of 165 million Baht.
    - (2) 108,000,000 of newly issued ordinary shares to be allocated to the public.
    - (3) 12,000,000 million of newly issued ordinary shares to be allocated to the Company's Board of Directors, executives, and employees at the similar price offering to the public.
- The Company was listed on the Thai Market for Alternative Investment (MAI) on September 15, 2017.
  - Introduced the Initial Public Offering (IPO), totaling 120,000,000 shares valued at 1.84 Baht per share.
- Appointed as value added reseller to be responsible for the distribution of products, software, documentation and services provided by ZTE (Thailand) Co., Ltd.
- Appointed as value added reseller to be responsible for the distribution of products, software and services under the HP brand provided by HP Inc (Thailand) Ltd.

## Nature of Business

ICN has been recognized as Thailand's leading telecommunication system integrator. ICN specializes in providing excellent products and services related to the design and installation of telecommunication systems, empowered by extensive knowledge and professional expertise of executives and employees. ICN has also expanded its business line to the design and installation of construction and electrical systems, together with the distribution of supplies and maintenance services.

### Revenue Structure

With regards to nature of business, the revenue can be categorized into 2 major groups i.e. (1) sales revenue from turnkey business encompassing telecommunication and construction and electrical system and (2) sales revenue from supply of telecommunication system and maintenance of telecommunication system whereby the revenue in the year 2015 – 2017 are as follows:

Type	2015		2016		2017	
	MB	%	MB	%	MB	%
<b>Sales Revenue</b>						
<b>Sales Revenue from Turnkey Business</b>						
- Sales Revenue from Telecommunication System	328.81	48.45	207.74	36.38	456.34	47.61
- Sales Revenue from Construction and Electrical System	-	-	51.62	9.04	88.78	9.26
<b>Sales Revenue from Supply and Maintenance</b>						
- Sales Revenue from Supply of Telecommunication System	132.76	19.56	80.11	15.89	109.4	11.42
- Sales Revenue from Maintenance of Telecommunication System	216.22	31.86	230.30	38.48	302.33	31.54
<b>Total Sales Revenue</b>	<b>677.79</b>	<b>99.88</b>	<b>569.77</b>	<b>99.79</b>	<b>956.85</b>	<b>99.83</b>
Other Income*	0.85	0.12	1.19	0.21	1.67	0.17
<b>Total Revenue</b>	<b>678.63</b>	<b>100.00</b>	<b>570.96</b>	<b>100.00</b>	<b>958.52</b>	<b>100.00</b>

Remark \* Other income consists of interest income and gain from foreign exchange



## Product and Service Details

Details of telecommunication products and services can be categorized according to the revenue structures as described below:

### Turnkey Project

ICN offers a comprehensive range of products and services for turnkey telecommunication projects. As a project contract is signed, the Company will present the project master plan to the customer for common understanding in every work step. Once the master plan is approved, the Company shall proceed with the inspection, design, and procurement of required equipment and materials, installation and commissioning where each completed work will be submitted to a customer according to the scheduled phases. Meanwhile, ICN has divided its service systems into two major categories as follows:

### Telecommunication System

ICN is specialized and experienced in providing the telecommunication services where the required data can be transmitted uninterruptedly from one place to another via electronic systems. Basically, it takes about 3-6 months to achieve a normal project or up to 1-2 years for a large-scale and complicated project depending on the requirements specified in an agreement. The Company is able to proceed with design, transparent procurement, and successful installation of the required telecommunication equipment and systems for both wired and wireless telecommunication networks as follows:

#### 1. Wired Network

Wired network is a communication system where the required information is transmitted through a wired medium, which can be coaxial cable, unshielded twisted pair (UTP), or fiber optic cable. As a turnkey project, ICN has adopted the following supplies:

##### 1. Transport Network

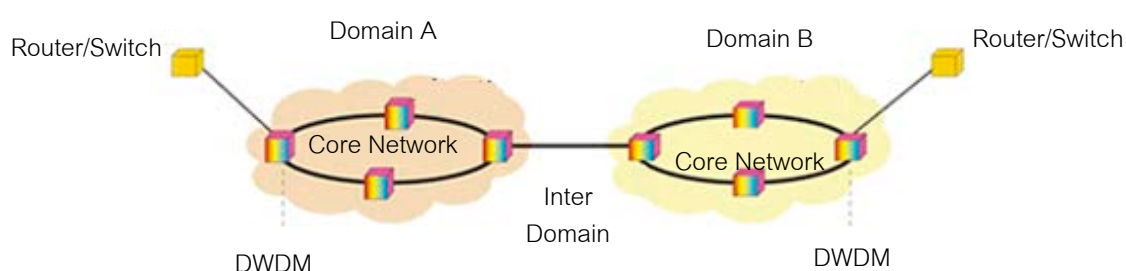
Transport Network is a fundamental communication device used to transmit the data remotely by using various transmission techniques. The transport network equipment, which is required to be installed in the core network to ensure effective transmission of big data. ICN is specialized in design and perform the system implementation by using the equipment listed below:

##### (1) IP Router / Carrier Switch

IP Router or Carrier Switch has been developed for the transfer of data, using IP, Ethernet, and Multi-Protocol Label Switching (MPLS), where the routing of information and priority arrangement of data can be managed specifically according to a user's requirement for data transmission efficiency. Normally, the device is mostly used at a distance of up to 40 kilometer and can support data transmission at 100 Gbps. For the installation of IP Router or Carrier Switch, ICN has exposed to the products provided by Nokia, Alcatel-Lucent, and Huawei, which are the world top 3 well-known brands.

## (2) Next-Generation Dense Wavelength Division Multiplexing (DWDM)

With the adoption of Dense Wavelength Division Multiplexing (DWDM) technology, the information can be transmitted on multiple levels of wavelength via fiber optic cable. This ensures the enhanced effectiveness of multi-data transmission of up to 3200 Gbps at the maximum distance of 200 kilometers. Supported by the Generalized Multi-Protocol Label Switching/Automatically Switched Optical Network (GMPLS/ASON) technology, Next-Generation DWDM also helps facilitate the automatic searching of a new protection path, particularly when a working path is out of service or damaged to maintain the consistency for the users. ICN always relies on innovative supplies provided by Nokia, Alcatel-Lucent, and Huawei, which are the world top 3 well-known brands.



Sample Picture of Optical Transport Network

## (3) Mobile Backhaul Router

ICN offers design and installation services of Mobile Backhaul Router used to connect the terrestrial mobile network and the base station control system together. The Company uses the products provided by Huawei and Alcatel-Lucent.

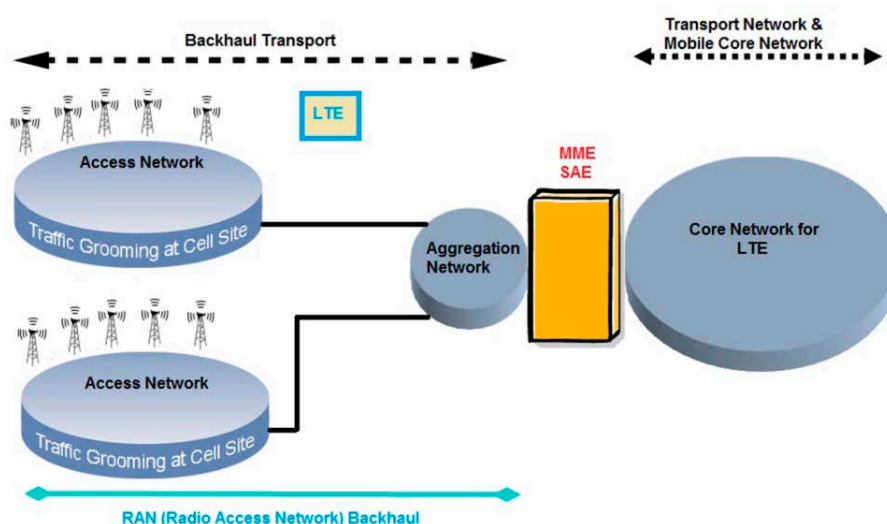


Figure 1: Scope of MPLS in Mobile Backhaul Initiative

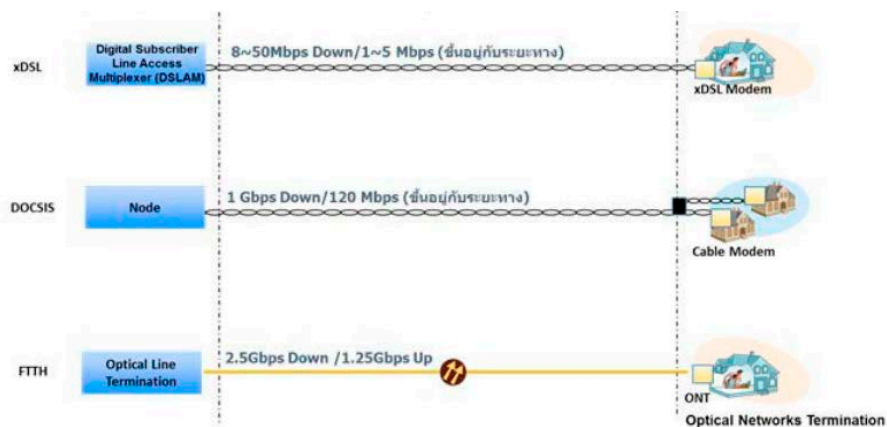
Sample Picture Mobile Backhaul Transport

#### (4) Synchronous Digital Hierarchy (SDH)

This communication device has long been used to guarantee the completion of wired network projects. As copper telephone wire is the fundamentally required equipment, it ensures stable operations and enhanced security of application. However, the device can support up to 10 Gbps only. At present, there is still a demand for such device in certain groups of customers who focus mainly on network security. ICN normally uses quality products of Coriant.

## 2. Access Network

Access Network is a network that connects the core network to endpoints to provide data transmission services in various forms, varying in voice, video, data, and multimedia. The network can be operated by several technological systems, for instance, ADSL, VDSL, DOCSIS, FTTC, and more. ICN prefers to rely on highly competitive products provided by Nokia, Alcatel-Lucent, and Huawei.



Sample Picture of Access Network

## 3. Fiber Optic Cable (FOC)

Fiber Optic Cable is used for transmitting data based on the principles of the reflection of the light in transmission. With this type of cable, the required data will be transmitted at nearly the speed of light, where the loss value can surely be minimized and the transmission distance is much farther than other types of cables. Nowadays, Fiber Optic Cable becomes the most fundamental and popular signal transmission equipment among telecommunication business providers. ICN has always purchased the product from local manufacturers and distributors, with regard to functions and specifications required by customers for certain projects.



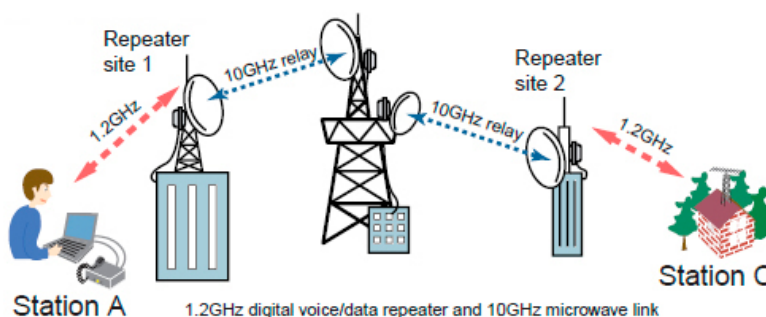
Sample Picture of Fiber Optic Cable

## 2. Wireless Network

Wireless network is a computer network that uses wireless data connection between network nodes. Wireless networking can be functioned based on the steadiness of radio or microwave frequency. ICN provides its wireless telecommunication services with the use of the following devices.

### 1. Microwave Radio

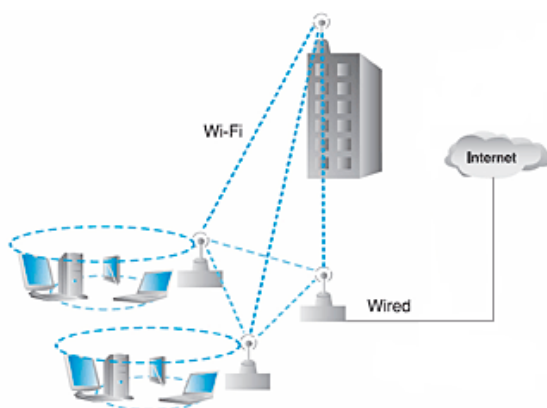
Microwave Radio is a communication system that relies on the steadiness of radio frequency ranging between 0.3 GHz – 300 GHz. For practical usage, the system can be functioned efficiently at the frequency between 1 GHz – 60 GHz as it can be produced easily by electronic devices. The required data will be transmitted by microwave frequency travelling in the air, in which a base station is required to be prepared for receiving and sending such required data. Travelling with the “Line of Sight” approach, microwave frequency is required to operate with periodic data transmission, where the required data will be sent and received collectively between base stations. Microwave radio communication system is ideal for remote data transmission, particularly in backcountry areas. ICN’s reliable Microwave Radio system is provided by Nokia, Alcatel-Lucent, and Huawei.



Sample picture of Microwave Communication

### 2. Broadband Wireless Access (BWA)

Broadband Wireless Access or BWA is empowered by mobile connectivity requiring the consistency of the high-speed Internet. This definitely makes the wireless network comparable to some certain wired networks, where BWA will serve as a tool to facilitate the transmission of data from the core network to a user with wireless connectivity. Normally, BWA is used for data transmission requiring radio waves at the frequency ranging between 2.3 GHz – 2.4 GHz and 2.5 GHz – 2.6 GHz, thanks to Nokia, Alcatel-Lucent, and Huawei for providing a comprehensive range of high-quality BWA products.



Sample picture of Broadband Wireless Access



### 3. Equipments related to 3G / 4G Mobile Network

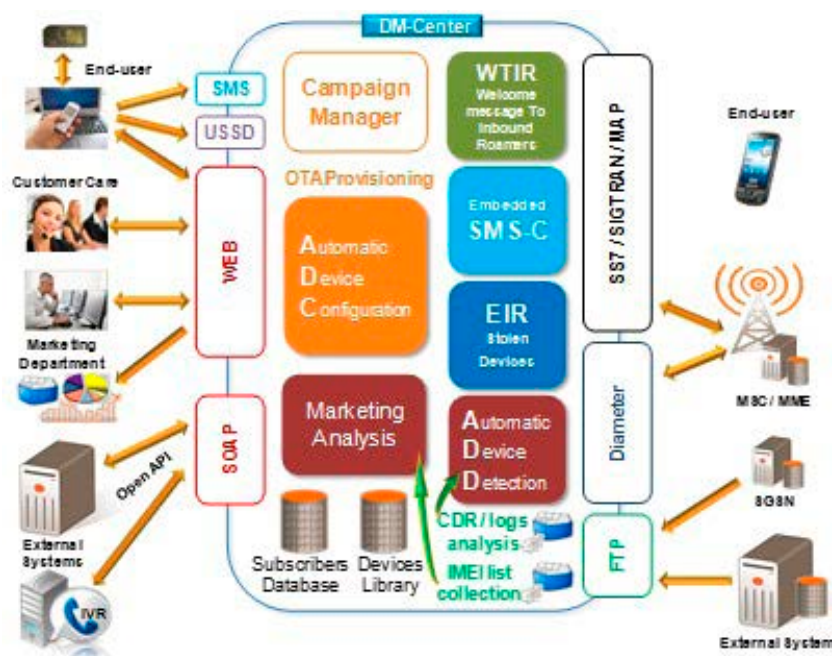
ICN is capable of providing 3G and 4G mobile broadband services, also known as the Long-Term Evolution (LTE) technology, considered the groundbreaking wireless communication systems that combine voice, video telephony, high-speed data, Internet access, and other additional services together. ICN is highly specialized in designing and installing the 3G / 4G Mobile Network systems, varying in Mobile Switching Center Server (MSC-S), Radio Network Controller (RNC), Value Added Service (VAS), and Business Support System (BSS) under Nokia and Huawei brands.

### 3. Other Related Devices

Aside from wired and wireless telecommunication systems, ICN also provides turnkey business, supported by the use of the following devices.

#### 1. Mobile Device Management (MDM)

Mobile Device Management (MDM) is usually implemented with the use of a third-party device with management features of both 3G and 4G networks for subscribers to facilitate the settings of preferred information. This technological equipment also helps simplify the storage of information, particularly for planning of marketing strategies and maximizing the so-called Mobile Value-Added Services. Systems featured in the device can support various subscribers' platforms, while offering enhanced security, including Mobile Application Management (MAM) and Mobile Content Management (MCM). To achieve the design and installation of the Mobile Device Management system, ICN relies on quality products of the Gemalto brand.



Sample picture of Mobile Device Management

## 2. Synchronization

Synchronization is the process of establishing consistency among data obtained from a certain source to a targeted data storage unit and vice versa. Considered a key device for clock signal generation, all telecommunication networks have been urged to install this equipment to ensure untroubled synchronization of telecommunication signals, particularly for sequential digital communication in a lengthy distance requiring the steadiness of the high-speed signal. A sender and a receiver of data will know the current status of the transmitting data. ICN's synchronization system is supported by Oscilloquartz.

Regarding the above-mentioned system, ICN can provide design and installation services for three types of turnkey projects consisting of:

### 1. Telecommunication System and Network Construction

ICN provides construction services for telecommunication networks, both inside and outside at customer's specified location. All products, in compliance with high quality and required specifications, are supplied by locally and internationally renowned telecommunication providers. ICN has been required to proceed with all requirements of survey, design, installation, acceptance test, delivery, and training for a customer's responsible parties, aiming for clear understanding towards the application and maintenance of all related systems. Our service scopes also cover the contact and co-ordination with responsible authorities of relevant public agencies, for instance, the Department of Highways, the Bangkok Metropolitan Administration, the Metropolitan Electricity Authority, and the Provincial Electricity Authority to obtain permission for the network installation.

### 2. Telecommunication System and Network Expansion

ICN offers a complete range of quality-focused services for the expansion of the installed base, providing the complete coverage of service areas backed by the enhanced capacity of bandwidth. ICN is compulsorily required to understand the original telecommunication systems prior to proceeding with the survey, design, installation, acceptance test, delivery of essential devices for network expansion comprising of devices for Access Node, for DWDM and for Topology for adapting "Chain" or "Spur" into "Ring", which help maximize the capacity of data transmission for various networks with greater coverage.

### 3. Telecommunication System and Network Improvement

ICN provides the services for the improvement, upgrade, and alteration of software/ firmware/ license and/or hardware of certain telecommunication networks aiming for greater efficiency of operations (Site Upgrade). ICN is capable of developing the Protection Route to facilitate the relocation of both hardware and software to ensure greater steadiness and capacity of service as well as reduce any possible damage or discontinuity of operations. This requires skillful knowledge and professional expertise in achieving each project.

## Details of Outstanding Telecommunication Turnkey Projects during 2015-2017

Project Name	Customer	Effective Contract Period	Contract Value (million baht)
Installation of ADSS optical fiber cable for DMS to support FRTU totaling 970 units	MEA	Oct 5, 2015 – Jun 1, 2016	71.22
DWDM signal amplification of NSC and LE levels totaling 38 stations	TOT	Nov 19, 2015 – Jan 18, 2016	46.26
Channel expansion for ISP	CAT	Aug 22, 2015 – Jan 18, 2016	39.45
Installation of next generation DWDM(Nonthaburi – Ratchaburi)	CAT	Mar 10, 2015 – Aug 6, 2015	36.05
Procurement and installation of enhanced high-speed bandwidth in the ion	PEA	Oct 11, 2016 – Jun 8, 2017	35.25
Microwave link construction in the central, eastern, and western regions	CAT	Feb 19, 2016 – Jul 17, 2016	20.8
Procurement, installation, test of Mobile Device Management totaling 1 system	CAT	Jul 14, 2016 – Nov 10, 2016	39.6
Procurement, installation, test of ATN totaling 1 system	CAT	Nov 21, 2016 – May 20, 2017	48.06
Procurement, design, and installation of PEA fiber optic cable in the northeastern region	SVOA	Dec 9, 2015 – Oct 4, 2016	20.71
Procurement of Storage Cabinet ONU and other devices and service for TOT Public Company Limited	AIT	Mar 22, 2017 - Oct 3, 2017	109.12
Installation of signalling device for regional network integration (NSL-LE)	TOT	May 3, 2017 - Sep 29, 2017	41.75
Service Contract for signalling device Backhaul between central station and cable landing station totalling 1 system	CAT	Sep 1, 2017 - May 28, 2018	136.22
Supply and installation of IP Device Access Network (MPLS Router)	PEA	Oct 25, 2017 - Apr 18, 2019	313.82
Supply of Mobile NE Device	AIT	Nov 2, 2017 - Sep 27, 2018	69.51
Installation Service for Mobile NE Device	AIT	Nov 2, 2017 - Sep 27, 2018	50.37
Service Contract for Enhancement and Expansion of BBIP on regional network level for east and upper southeast Region	TOT	Nov 14, 2017 - Apr 13, 2018	45.39
Service Contract for Core Network Improvement, Mobile Network	TOT	Nov 17, 2017 - May 16, 2018	32.99

Remark AIT refers as Advanced Information Technology Public Company Limited

CAT refers as CAT Telecom Public Company Limited

MEA refers as Metropolitan Electricity Authority

PEA refers as Provincial Electricity Authority

TOT refers as TOT Public Company Limited

SVOA refers as SVOA Public Company Limited

## Construction and Electrical Systems

ICN has always recognized the importance of satisfying various demands for telecommunication products and services, as part of the ambitious goal to become successful telecommunication system integrator serving to several businesses. In 2016, ICN had expanded its new business line in construction and electrical systems, consisting of the following excellent services.

### 1. Electrical System Installation Services

ICN is capable of providing a comprehensive range of quality electrical system installation services for data center with internationally accepted standards. Electrical systems installed in a data center consist of designs and high-quality devices to be featured in various units, including server room, mechanical and electrical room, NOC room, storage room, meeting room, and generator power plant room. Besides, ICN also specializes in designing and installing other relevant systems for a data center, varying in mechanical and electrical system, air refrigeration and control system, automatic fire detection and alarm system, and security system. With the experience and expertise in the industry, ICN can cope efficiently with complicated electrical systems, leading to the enhanced capacity and competitiveness of its telecommunication business.

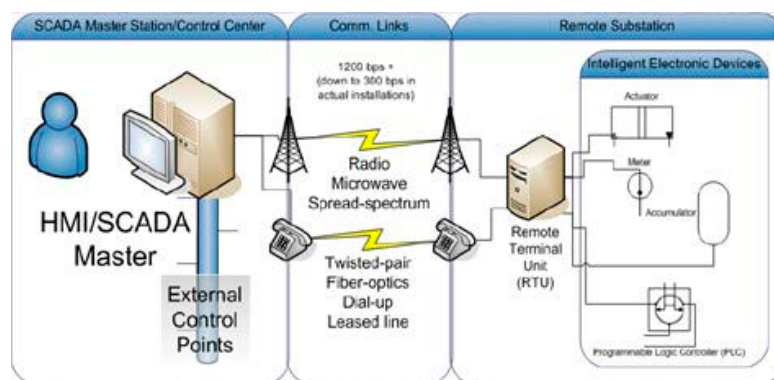
Details of Outstanding Construction and Electrical System Projects during 2016-2017

Project Name	Customer	Effective Contract Period	Contract Value (million Baht)
Design, construction, and improvement of the True IDC computer center and equipment installation	W&W	Aug 23, 2016 – Aug 22, 2107	155.69

Remark W&W refers as Wire & Wireless Co., Ltd.

### 2. Supply and Maintenance

To provide customers with total solution service, ICN also offers the distribution of spare parts, while remaining firm in developing its telecommunication maintenance services, which can be described as follows:



Sample Picture of SCADA System



## Supply and Maintenance

To provide customers with total solution service, ICN also offers the distribution of spare parts, while remaining firm in developing its telecommunication maintenance services, which can be described as follows:

### 1. Supply

ICN is engaged in the distribution of telecommunication devices of all types. Most of the devices are spare parts, which have been purchased by customers to substitute inferior or damaged ones. All spare parts can be implemented or re-installed by the customers themselves. However, ICN will offer its sufficient assistance to customers experiencing complicated or serious cases. Once the customer purchase order is placed, ICN shall inquire the suppliers to deliver the equipment in a timely manner. Mostly, ICN shall provide the equipment to the operators both public and private sectors who own the network themselves with one year warranty. In case where the customer may require the warranty period extension, ICN will purchase additional warranty from the manufacturer of such spare part to fulfill the customer's requirement.

Telecommunication spare parts, which can support both wired and wireless networks, are listed below:

- 3G / 4G or LTE mobile system
- Internet Protocol (IP) network for the Internet of Things (IoT)
- Optical network
- Microwave network; in case that it can not be served by wired network or not worth for investment; for instance, in the islands or in backcountry area
- SIM card security verification system
- Synchronization system for telecommunication devices to avoid any mismatch in data communication
- IT infrastructure server and storage for Cloud Computing
- Mobile Device Management (MDM) for subscribers' system monitoring and management
- Software Defined Network (SDN) for data center management
- Fiber optic cable and installation-related equipment

ICN has been appointed as an authorized distributor in Thailand by several globally renowned telecommunication equipment manufacturers, including Nokia, Alcatel-Lucent, Huawei, Coriant, Gemalto, Oscilloquartz, ZTE and HP. In case where any product without authorized distributor certificate, such as fiber optic cable, is ordered, ICN can successfully search for ones with superior quality from its local telecommunication suppliers, such as HBC Telecom, Siam Fiber Optics, and Thai China Fiber Optics, and more.

### 2. Maintenance

ICN recognizes the importance of developing its network maintenance business as it can generate the so-called Recurring Income, where market competition is not very high. With the requirement of qualified personnel, they are expected to reduce possible risks that may arise from price negotiation. ICN's significant maintenance services include:

- Maintenance of the main mobile exchange
- Maintenance of mobile equipment of the base station
- Maintenance of optical network, microwave network, IP router / carrier switch, and IP network for voice, video telephony, image, and data

ICN's maintenance services can be divided into three main categories, including preventive maintenance, corrective maintenance, and proactive / adaptive maintenance.

To promote the superiority of maintenance services, ICN has prepared the Service-Level Agreement (SLA) to provide quality assurance between users and service providers. ICN has successfully established its Network Operations Center (NOC) to ensure there will be no untoward incident happened to any certain telecommunication system, monitor and solve the incidents in order to comply to designated SLA.

#### Details of Outstanding Network Maintenance Projects during 2015-2017

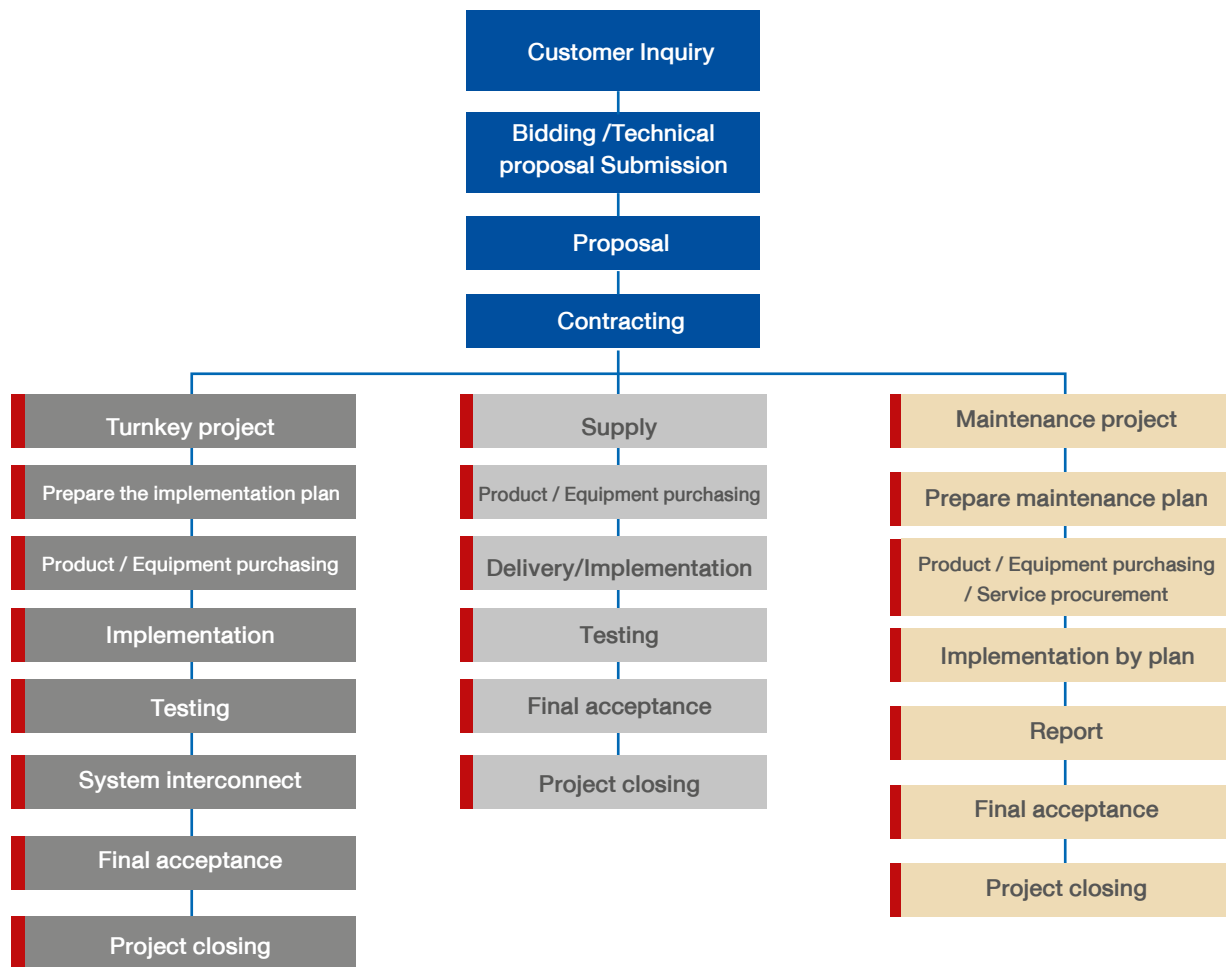
Project Name	Customer	Effective Contract Period	Contract Value (million baht)
Maintenance, repair, correction, and alteration of fiber optic cable of the Office of the Higher Education Commission	SVOA	Oct 1, 2015 – Jan 31, 2016	52.13
Maintenance, repair, correction, and alteration of fiber optic cable of the Office of the Higher Education Commission	AIT	Feb 1, 2016 – Sep 30, 2016	101.23
Maintenance, repair, correction, and alteration of fiber optic cable of the Office of the Higher Education Commission	AIT	Oct 1, 2016 – Sep 30, 2017	79.00
Maintenance, repair, correction, and alteration of fiber optic cable of the Office of the Higher Education Commission	SVOA	Oct 1, 2016 – Sep 30, 2016	42.39
Maintenance of core switch and management of other spare parts	TOT	Feb 1, 2016 – Jan 31, 2017	40.45
Maintenance, repair, correction, and alteration of fiber optic cable of the Office of the Higher Education Commission	AIT	Oct 1, 2017 - Sep 30, 2018	71.55
Maintenance, repair, correction, and alteration of fiber optic cable of the Office of the Higher Education Commission	SVOA	Oct 1, 2017 - Sep 30, 2018	42.99

*Remark AIT refer as Advanced Information Technology Public Company Limited*

*TOT refer as TOT Public Company Limited*

*SVOA refer as SVOA Public Company Limited*

## Service Process



ICN has provided its high-quality services in different aspects depending on the requirements of each project. Basically, the turnkey projects require at least 120-540 days to be completed. The construction and electrical systems take about 60-180 days of service. Meanwhile, effective periods of the maintenance services last for 1-2 years approximately.

## Marketing and Competitiveness

### 1. Competitive Strategies

#### 1. Developing Strategic Partnership with Locally and Internationally Renowned Telecommunication Equipment Manufacturers

ICN has been entrusted to be an authorized distributor by several leading telecommunication equipment manufacturers such as Nokia, Alcatel-Lucent, Huawei, Coriant, Gemalto, Oscilloquartz, ZTE and HP. In particular, Nokia, Alcatel-Lucent, and Huawei have all been renowned for being the world's leaders of telecommunication solutions. Backed by successful collaboration and concrete relationship with strategic partners, ICN is able to generate effective distribution of high-quality products and services to highly satisfy various demands of customers.

#### 2. Getting Manpower Equipped with Competitive Expertise and Experience

Admittedly, the telecommunication industry requires knowledgeable people, with genuine expertise in engineering and other related fields of study. ICN's employees, particularly from the sales, product and solution, and service and maintenance departments, possess remarkable engineering backgrounds, together with a broad range of intellectual qualifications deemed appropriate with their positions. With over 25 years of experience in the telecommunication industry, those engineering-inspired workforces have been equipped with engineering excellence standard by leading telecommunication companies in Thailand and from foreign nations. In addition, ICN's outstanding employees have successfully participated in special training programs, for instance, "Alcatel-Lucent Architecture and Evolution for DWDM Technology" and "Update on DWDM Products" developed by ICN's strategic partners.

#### 3. Fostering Concrete Relationship with Customers to Understand Their Genuine Requirements

With long-standing experiences in working with locally and internationally renowned telecommunication business providers, executives and employees of ICN can understand customers' needs so that they can foster concrete relationship in the long run. All valued customers will be offered well-selected products and services suitable for each telecommunication project. It is considered ICN's most required standard to generate cost and time efficiency to ensure that the delivery of products and services is always maintained at the next level of progress, supported by competitive prices always appreciated by customers from both public and private sectors.

With desirable relationship with customers, ICN is committed to maximizing its product and service quality based on professional experience and enhanced expertise of its manpower. In 2016, ICN had successfully expanded its new business line in the construction and electrical system business, as part of the goal to maintain its continuing growth.



#### 4. Causing Greater Impacts with Standardized Warranty and After-Sales Services

To ensure the maximized quality of products and services, ICN has developed its policy to offer 1-5 years of warranty to all purchased products, depending on customers' requirements. ICN has set up its service and maintenance team consisting of qualified engineers to push forward strategic development of products and services. As a consequence, ICN can reduce its problem-solving period for defective or damaged items to be resumed to normal, while being able to monitor the status of the purchased products as well as disseminate appropriate knowledge related to the purchased products to customers in the most productive way.

Additionally, ICN has prepared the Service-Level Agreement (SLA) to ensure further effectiveness of maintenance, repair, and alteration services for various telecommunication networks as well as increase confidence of customers.

## 2. Distribution Channels and Target Market

As the telecommunication business requires massive investment capitals in making certain projects achievable, ICN has remained firm to focus on large-sized telecommunication operators from both public and private sectors. Also, ICN has recognized its importance of providing excellent and competitive customer services directly for valued customers and via the assistance of business partners.

### 1. Main Contractor

ICN is pleased to offer a wide range of quality products and services directly to valued customers via its sales representatives from four major sections.

- Sales Department – Telecommunication Section is responsible for the allocation of quality products and services to be provided for large-scale projects developed by state-owned telecommunication operators that run Thailand's telecommunication infrastructure, such as CAT Telecom Public Company Limited and TOT Public Company Limited.
- Sales Department – Corporate Section is responsible for providing an extensive range of excellent telecommunication products and services for Thailand's renowned organizations from both public and private sectors, for instance, the Provincial Electricity Authority and the Metropolitan Electricity Authority.
- Sales Department – Special Project 1 is responsible for seeking new customers and maintaining concrete relationship with original customers aiming to provide them with quality telecommunication products and services.
- Sales Department – Special Project 2 is responsible for seeking new customers and maintaining concrete relationship with original customers aiming to provide them with quality telecommunication products and services.
- ICN's sales teams always remain alert to procurement announcements, issued by both public and private organizations, to take part in telecommunication project auctions and tenders with special procedures. ICN will make official contacts to responsible authorities of certain agencies to acknowledge the progress of particular telecommunication projects, while ensuring untroubled operations and management of all tasks and procedures.

## 2. Subcontractor

Backed by long-standing experiences and expertise of ICN's executives, there are plenty of great opportunities for ICN to boost business expansion as well as cooperate with renowned business partners. ICN has always been entrusted as a keen subcontractor to make various telecommunication projects achievable. Our reputed customers are Wire & Wireless Company Limited, SVOA Public Company Limited, Advanced Information Technology Public Company Limited, International Research Corporation Public Company Limited, SAMART Communication Services Company Limited, Thai Transmission Industry Company Limited, and United Telecom Sales & Services Company Limited.

ICN's total revenue from the sales of products and services classified by distribution channels during 2015-2017 can be elaborated as follows:

Type of Service	2015		2016		2017	
	MB	%	MB	%	MB	%
Distribution of products and services directly to customers	465.31	68.65	227.03	39.85	568.42	59.41
Distribution of products and services via business partners	212.48	31.35	342.74	60.15	388.43	40.59
<b>Total</b>	<b>677.79</b>	<b>100.00</b>	<b>569.77</b>	<b>100.00</b>	<b>956.85</b>	<b>100.00</b>

## 3. Pricing Policy

### 1. Turnkey Project

ICN mostly applies cost-based pricing policy. It is necessary for ICN to allocate quality equipment and services regarding the appropriateness of both quoted prices and technical specifications, emphasizing on effective operations and management approaches at minimal costs including equipment, subcontractor costs and appropriate margin level under cost-plus pricing method. ICN also determines prices with consideration of the continuity of certain telecommunication projects, expecting to keep supplying them with additional quality products and services, as well as the competitiveness of other relevant telecommunication projects.

### 2. After-Sales Service

For the telecommunication equipment supply business, ICN has always relied on the equipment costs with cost-plus pricing, together with the consideration of mid-prices previously agreed by regular customers prior to price negotiation regarding the quantity of ordered products and other relevant conditions such as payment, delivery, and warranty.

Regarding the maintenance services, ICN will propose competitive prices based on the scope and area of maintenance services corresponding to possible risk factors, service costs, competitiveness of the telecommunication market, and experience and expertise of manpower.

#### 4. Industry Overview

According to the report of the National Science and Technology Development Agency (NSTDA), Thailand's ICT industry can be divided into five subgroups consisting of (1) hardware computer, (2) software and software services, (3) communications, (4) computer services, and (5) TV tuner accessories, where communications, possessing the highest market share of the entire ICT industry, is considered the most influential market having an impact on the Company's business operations.

### Communications Market in Thailand

The communications market is an important market serving as a driving force for the information and communication technology (ICT) market. It also plays a significant role in the development of the economic and social sectors for the country. The communications market can be classified into two major types including:

1. Communication Equipment
2. Communication Service

TYPE	Y 2015 (MB)	Y 2016 (MB)	Y 2017 (MB)	Growth Rate	
				2015-2016	2016-2017
1. Communication Equipment	226,539	246,513	261,109	8.82%	5.92%
2. Communication Service	309,450	330,815	371,011	6.90%	12.15%
<b>Total</b>	<b>535,989</b>	<b>577,328</b>	<b>632,120</b>	<b>7.71%</b>	<b>9.49%</b>

Source : National Science and Technology Development Agency (NSTDA).

Referring to the information on Thailand's communications market value in 2016 and communications market forecast for 2017 issued by the Policy Research Department, the National Science and Technology Development Agency (NSTDA), the communications market possessed the total value of 577,328 million baht, increased from 535,989 million baht achieved in 2015, or a rise of 7.71%, where the highest market value was estimated to come from communications services worth the total value of 330,815 million baht or an increase of 57.30% of the entire communications industry. Meanwhile, another 42.70% was derived from the communication equipment market, estimated to possess the total value of 246,513 million baht. In 2017, the communications market value was forecasted to shift by 9.49% to 632,120 million baht compared to 2016.

## 1. Communication Equipment

Communication Equipment	Y 2015 (MB)	Y 2016 (MB)	Y 2017 (MB)	Growth Rate	
				2015-2016	2016-2017
1. Telephone Handset	105,020	111,410	119,970	6.08%	7.68%
2. Telco Network	69,680	73,284	75,459	5.17%	2.97%
3. Wireline Equipment	16,030	16,733	18,115	4.39%	8.26%
4. Wireless Equipment	35,809	45,086	47,565	25.91%	5.50%
<b>Total</b>	<b>226,539</b>	<b>246,513</b>	<b>261,109</b>	<b>8.82%</b>	<b>5.92%</b>

Source : National Science and Technology Development Agency (NSTDA).

The communication equipment market had expanded continuously in the recent years. In 2016, the market was valued at 246,513 million baht, increased from 226,539 million baht accomplished in 2015, demonstrating an increase of 8.82%. In 2017, the market had been expected to grow consistently by 5.92% to 261,109 million baht, derived from the achievement of the telephone handset market, Telco network equipment market, wireline equipment, and wireless equipment markets.

The core network equipment and wireless equipment markets had propelled a continuing growth for the communication equipment market in 2016 and continued in 2017, thanks to the digital economy policies developed to emphasize on larger investments in infrastructure and wireless communication equipment. The main focus was the expansion of 3G and 4G base stations to support the growing demand for mobile services as well as substitute various types of traditional communication channels.

## 2. Communication Service

Communication Service	Y 2015 (MB)	Y 2016 (MB)	Y 2017 (MB)	Growth Rate	
				2015-2016	2016-2017
1. Fixed Line Service	14,809	12,006	10,265	(18.93%)	(14.50)%
2. Mobile Service	216,404	241,564	282,961	11.63%	17.14%
3. Internet Service	53,578	55,740	57,691	4.04%	3.50%
4. International Calling Service	10,357	6,960	5,170	(32.80%)	(25.72%)
5. Data Communication Service	14,302	14,546	14,924	1.71%	2.60%
<b>Total</b>	<b>309,450</b>	<b>330,816</b>	<b>371,011</b>	<b>6.90%</b>	<b>12.15%</b>

Source : National Science and Technology Development Agency (NSTDA).

Obviously, the communication services market was considered a key segment of the communications market, estimated to remain at 57.30% and 58.69% of the entire communications market in 2016 and 2017, respectively. The communication services had grown from 309,450 million baht in 2015 to 330,816 million baht, an increase of 6.90%. However, the market had been expected to shift by 12.15% to 371,011 million baht in 2017, which could be classified into five major segments including 1. fixed-line services, 2. mobile services, 3. Internet services, 4. international calling services, and 5. data communication services.

Although plain old telephone and international calling services were estimated to decline continuously due to consumers' changing behaviors, from using the fixed-line telephone and basic international calling services in the old days to recently focusing on mobile services, portable devices, and communication via online applications, the mobile phone market, considered the largest market of the communications industry, was expected to expand steadily, particularly the non-voice services as a consequence of competitive communication packages introduced by mobile phone providers as well as the growing demand for digital contents and services.

Key factors that might influence the entire communications market in 2016 were the expansion of the 3G and 4G networks, investments in infrastructure projects complying with the digital economy policy, and greater popularity of social media and online channels, from which ICN has obtained some projects from such factors.

## Thailand 4.0

The term "Thailand 4.0" refers to the economic reform that focuses on innovation and technology evolved from the "Thailand 1.0" model, focusing on agriculture, to the "Thailand 2.0" and "Thailand 3.0" models, emphasizing on light and heavy industries, respectively. According to the reports, Thailand has been trapped in three major negative cycles, including the inferiority of being a middle-income country, inequality of wealth, and imbalance of national development. The development of the national economic structure driven by innovation and technology has been managed to rely on three following aspects.

1. Changing from traditional commodities to innovative products.
2. Changing from being an industry-driven country to a country of technology, creativity and innovation.
3. Changing from production-based economy to service-focused entrepreneurship.

Furthermore, the Thailand 4.0 policy must conform to three growth engines consisting of:

1. Productive growth engine
2. Inclusive growth engine
3. Green growth engine

The government plans to use the Thailand 4.0 model to kick-start the 20-Year National Strategy (2017-2036) to achieve the goal of "Stability, Prosperity, and Sustainability" in a substantial manner. The government has also determined the target industries to drive growth for the country, consisting of the "First S-Curve" industry, generating larger investments in existing businesses aiming for greater production efficiency, and the "New S-Curve" industry, encouraging emerging businesses to operate based on the advancement of innovation and technology to be prepared for future growth. Details of the two industries are explained below:

First S-Curve	New S-Curve
1. Modern automotive industry	1. Robotics industry
2. Smart electronics industry	2. Aviation and logistics industry
3. Affluent, medical, and wellness tourism industry	3. Biofuel and biochemical industry
4. Agriculture and biotechnology industry	4. Digital industry
5. Food processing industry	5. Medical hub industry

Source: *The 20-Year National Industrial Strategy 4.0 (2017-2036)*, the Ministry of Industry, October 2016



## Digital Economy and Social Development Plan

The Ministry of Information and Communication Technology has proposed its digital economy and social development plan in line with the 20-Year National Strategy with the cabinet approval on April 5, 2016 which can be summarized as follows:

### Visions

It is highly necessary to promote the potential of Digital Thailand, meaning the country will be able to obtain a number of substantial benefits from creativity and intelligence and keep pace with the emergence of digital technology to leverage infrastructure, innovation, human capital, and other resources, as part of the strategy to propel the economic and social development for the country in the most stable, prosperous, and sustainable way.

The digital economy and social development plan focuses on the four following aspects.

1. Maximizing economic competitiveness with digital technology and innovation considered strategic tools to evolve innovative production and services.
2. Creating equal social opportunities with the advancement of information and services via digital media to improve people's quality of life.
3. Getting all personnel teams equipped with enhanced knowledge and expertise to live and work appropriately in the digital era.
4. Reforming the government sector's work processes and services with digital technology and data utilization to stimulate greater transparency, efficiency, and productivity of operations and management.

### Thailand Digital Landscape

For long-term development, Thailand's digital economy and social development plan has been fostered in accordance with the 20-Year National Strategy. Therefore, the directions and objectives of Thailand Digital Landscape can be explained in four major stages as follows:

**Stage 1: Digital Foundation (1 and a half years)** Thailand generates strategic investments and strengthens a concrete foundation for digital economy and social development. Thailand will also provide high-speed Internet services for all communities and villages across the country, while preparing to invest more in a high-speed telecommunications network project to promote seamless connection of both terrestrial and marine communication networks between Thailand and other countries in the region.

**Stage 2: Digital Thailand I: Inclusion (5 years)** All sectors in Thailand are required to take part in the digital economy and social development plan conforming to the government's policies. Thailand shall fully implement its high-speed Internet network of both wired and wireless systems nationwide. Based on this Thailand shall become a hub of information in the region, particularly to serve the agricultural, industrial, and service sectors. Digital technology will drive growth for the country, encouraging government agencies to develop and expand further with cross-departmental information integration. In this case, senior executives can access to the required information at all levels and make use of big data analysis in planning and making the right decisions on certain circumstances.

**Stage 3: Digital Thailand II: Full Transformation (10 years)** According to the emergence of Digital Thailand, the country is set to obtain various benefits from digital innovation in a substantial manner. Thailand will be equipped with well-developed digital infrastructure compatible with those existed in developed countries. The high-speed Internet network will serve as fundamental infrastructure for the agricultural, industrial, and service sectors to become more competitive with the integration of digital innovation, helping maximize Thailand's trading capacity at the regional and global stages. The government has also been expected to work based on the completion of digital innovation, where local people will always be allowed to access their required information and help determine the government's management approaches.

**Stage 4: Global Digital Leadership (20 years)** Thailand is reportedly grouped into developed countries, capable of using digital technology to add value to its economy and society in a sustainable manner. With the advancement of digital technology, Thailand's economy can efficiently be linked to the global markets, particularly in terms of trading, production, investment, and employment. Inspired by the impartiality in using digital technology, several communities across Thailand are able to generate greater communal development to highly benefit their own people. In addition, Thailand has fully prepared to become a strategic hub of digital people in the ASEAN region.

## Digital Economy and Social Development Strategy

The digital economy and social development plan has been declared with six development strategies conforming to Thailand Digital Landscape's visions and guidelines for national digital development. The six development strategies are explained below:

### 1. Developing Digital Infrastructure with High Efficiency Nationwide

It is vital to generate greater development for the high-speed Internet network to provide complete coverage for all areas across Thailand. The network must be modern, stable, efficient, and being able to respond to various requirements of all sectors based on affordable prices in order to drive Thailand to become one of the most significant hubs of information in the ASEAN region. Additionally, it is essential to push forward strategic plans and policies for the management of spectrum infrastructure to support efficient utilization of national resources, while upgrading telecommunications enterprises to coincide with particular circumstances and the advancement of the digital industry to be prepared for future changes.

### 2. Driving the Economy with Digital Technology

Thailand is compulsorily required to increase its competitiveness of the business sector to add value to its economy as well as use digital technology to enhance opportunities for agriculture and communal trading. The public and private sectors, together with people in the country, are therefore encouraged to collaborate on the so-called Digital Technology Startup, considered a key mechanism in driving the digital economy and advancing the digital technology industry with greater strength and competitiveness in the future.

### 3. Creating Quality Society based on the Impartiality of Digital Technology

Agriculturists, underprivileged people, disables, and those dwelling in distant areas across Thailand are in need of development. It is greatly crucial to provide them with efficient and convenient access to public services empowered by digital technology, while encouraging them to use digital technology in useful and creative ways. Quality public services can be accessed via well-developed telecommunications and broadcasting systems in accordance with the progress of media convergence. With digital progress, those people will be exposed fully and equitably to advanced medical and health services to be prepared for the upcoming aging society.

### 4. Fostering Digital Government Transformation

The government sector, both central departments and regional offices, has been urged to use digital technology to upgrade its operations and management, where public services will be driven by users' various demands. At the same time, people will gain a lot of benefits from the disclosure of useful information and the government service platform will also be advanced to facilitate people with efficient and convenient contact and transaction management procedures.

### 5. Encouraging Manpower to Be Prepared for the Digital Economy and Social Development Era

Public and private personnel of all fields are required to possess sufficient digital knowledge and ability to use digital technology to advance their careers in the most excellent manner. Also, the government's senior executives have been urged to proceed with further knowledge and understanding towards the planning of strategies, where digital technology will serve as an efficient tool for organizational development.

### 6. Building Utmost Confidence in Using Digital Technology

It is always desirable to develop a decent working environment suitable for business operations and improvement of people's quality of life. To achieve such idea, the government is required to build utmost confidence in using digital technology by indicating required standards, rules, and regulations with up-to-date and efficient quality. It is necessary to focus on the amendment of laws related to the digital economy and social development plan conforming to the dynamics of digital technology based on social context, while ensuring greater system security and enhanced protection for consumers proceeding with online transactions.

## Pracharat Internet Project

The Ministry of Digital Economy and Society has launched a strategic activity to accomplish urgent implementation of various development projects (one and a half years), emphasizing on investing in digital infrastructure by expanding high-speed Internet coverage to villages across the country. On November 2, 2016, the cabinet had approved a project to upgrade the telecommunications infrastructure to propel the Thai economy. The cabinet had therefore assigned the Ministry of Digital Economy and Society to proceed with the expansion of the high-speed Internet network via the so-called "Pracharat Internet" project, aiming to cover 24,700 villages across the country. The Office of the National Broadcasting and Telecommunications Commission (NBTC) was also ordered to offer its assistance to another 15,732 villages to make the project completed.

For the Pracharat Internet project, the Ministry of Digital Economy and Society had assigned TOT Public Company Limited (“TOT”) to work on the installation of high-speed Internet via fiber optic cables for local villages with no commercial potential and difficult to access, totaling 24,700 from 44,352 villages. The project also provided local villagers with a free-of-charge wireless Internet service in at least one location of each village, with the downloading and uploading speed of 30 Mbps and 10 Mbps, respectively. Expected to be completed within a year, the project was implemented under a massive budget of 13 billion baht

In February 2017, TOT announced an auction for procurement of equipment used for the Pracharat Internet project valued around 4,308 million baht. Mentioning successful bidders, The Consortium of B and K, Fuyuan Business Company Limited, and Thai Fiber Optic Joint Venture were selected to proceed with the procurement of high-quality fiber optic cables, Lee Kim Trading Company Limited, Interlink Communication Public Company Limited, and Global Mesh company Limited were responsible for providing the Optical Distribution Network (ODN), Advanced Information Technology Public Company Limited was ordered to work on the installation of the Optical Line Terminal (OLT) and switch equipment, and SVOA Public Company Limited had been recognized as an expert of the Wireless Access Point equipment.

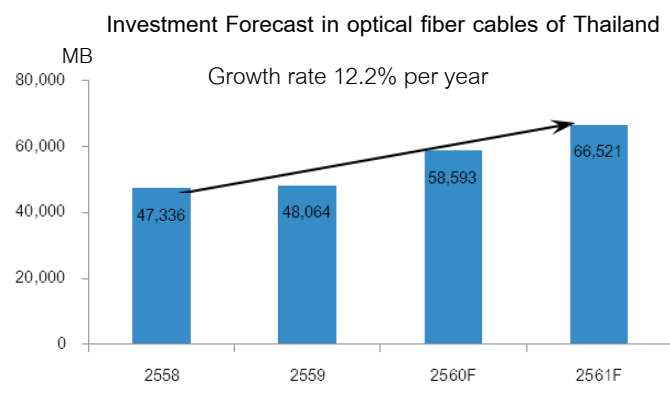
Information and Communication Networks Public Company Limited (ICN) has long been renowned for being a telecommunications system and equipment provider for TOT. ICN has fostered good business relationship with strategic partners considered successful bidders of the Pracharat Internet project, As a result, ICN has been awarded a contract by Advanced Information Technology Plc. in procurement of OLT and ONU and service and project management with the value of 109.12 million baht.

#### **Investment in the Installation of Optical Fiber Network of the Private Sector**

In addition to the infrastructure development project conforming to the digital economy and social development plan, it is understood that the installation of telecommunications network in Thailand depends on network investment and development policies of private telecommunications service providers, for instance, mobile phone operators and Internet service providers, particularly mobile phone operators who were selected as successful bidders of the auction for telecommunications spectrum held by the NBTC. In 2015, the NBTC announced the auction for telecommunications spectrum in the 900 MHz and 1800 MHz bands and successful bidders were True Move H Universal Communication Company Limited (a subsidiary of TRUE Corporation) and Advanced Wireless Network Company Limited (a subsidiary of Advanced Info Service Public Company Limited).

Following the spectrum auction, Kasikorn Research Center (21st year, Issue 2673, November 9, 2015) had expected that licensed telecommunications network providers would accelerate the expansion of the 4G wireless network, possessing genuinely excellent speed of 4-5 times higher than 3G mobile telecommunications system, as part of the intention to compete for technology market leadership. The number of 3G and 4G network users had been expected to increase to 38.4 to 39.7 million people, a rise of 11.0-14.7%, compared to 2015. The mobile Internet broadband penetration rate was estimated to remain around 60.4 - 62.6% of the total population, resulting in an increasing mobile market value of around 219,841-223,064 million baht in 2016, expanded by 3.3-4.8% from 2015, resulting from the growing demand for information services.

For the investment in optical fiber cables, Kasikorn Research Center (22nd year, Issue 2735, May 12, 2016) forecasted that a massive budget of more than 173,000 million baht would be injected into the optical fiber cable installation project during 2016-2018. In 2016, a massive investment budget of around 48,064 million baht was expected to be approved, considered an increase of 1.5% compared to 47,336 million baht in 2015. However, about 70% of the total investment budget would be used during 2017-2018.



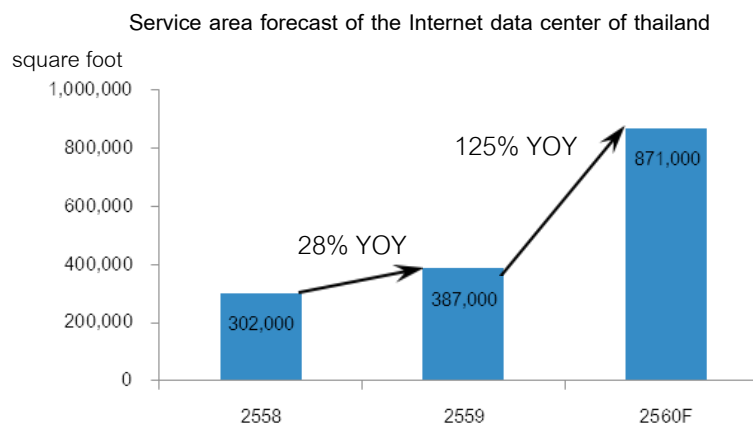
Source: Kasikorn Research Center (22nd year, Issue 2735, May 12, 2016)

Also, Kasikorn Research Center had expected that wired broadband equipment distribution and telecommunications network installation would be potential businesses to obtain substantial benefits from the investment. For the equipment market, importers and agents of local and foreign nationalities would also gain advantages. However, for the telecommunications installation and networking service market, high-profile operators with excellent personnel and technology management would be exposed to such technology-based benefits.

Considered a reseller of globally renowned telecommunication products, ICN also specializes in providing quality installation and networking services, while offering a wide range of maintenance services empowered by highly skilled and experienced telecommunications personnel. ICN expects to obtain potential benefits from the existence of the project as well.

#### Internet Data Center

According to IDC Thailand, the service area of the Internet data center in the country was estimated to remain at 871,000 square feet by the end of 2017, increased from 302,000 square feet existed in 2015. This trend was strategically developed from the capacity of both national and regional service providers, particularly the Thai government's investment policies for instance, the lowered tax and electricity rates. At an early stage, business entrepreneurs would focus mainly on prices, but several organizations would be willing to pay extra service fees to obtain high-quality services as part of the goal to drive growth for businesses via greater participation, in-depth information, and implementation of work processes rather than maintain the required information. However, domestic operators would need to compete with new service quality standards, security, and innovation determined by service providers based in foreign countries to differentiate services.



Source: IDC Thailand

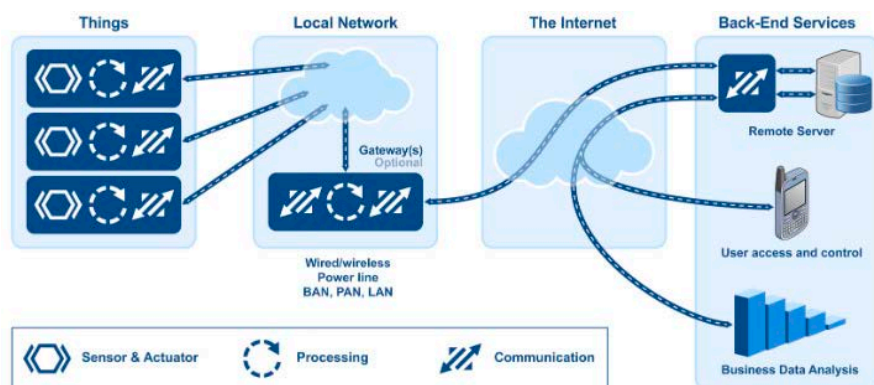
Besides, the Board of Investment (BOI) had offered its concrete support to the development of data center by proposing corporate income tax exemption for a period for eight years, import tax exemption for machineries, and other relevant benefits for data center providers, encouraged to comply with general and specific requirements such as server co-location, managed service, backup server, and disaster recovery service. With over 3,000 square meters of service area, four main telecommunications systems is installed with the use of high-speed communication cables to highly facilitate local and international communication, backed by the backup equipment like UPS, IT cooling, and UPS cooling expected to perform immediately when the main equipment is malfunctioned. With the existence of the Independent Distribution Path, air conditioning, fire prevention, and 24-hour security systems are required to be certified with the ISO/IEC 27001 standards.

Early in 2017, the BOI had promoted its roadshow activities in many countries, varying in Hong Kong, Singapore, India, South Korea, the US, Japan, and some European nations. Targeted businesses were telecommunications, data center, logistics, aircraft parts, biotechnology, IT, automation, medical equipment, and machinery. Those targeted businesses had been expected to attract larger wealthy foreigners to generate remarkable investments, particularly in the development of data center and other related networks, in Thailand.

Supported by years of experience and expertise in achieving the electrical system construction for large-scale telecommunications service providers, ICN remains firm in seeking opportunities to maintain its growth in the data center industry, thanks to larger investments generated by both local and foreign investors.

### Internet of Things (IoT)

The term “Internet of Things” refers to all things connected to the Internet via all types of wired and wireless communication, including LAN, wireless LAN, and cellular. Human being can take control over technology-based systems and devices used on a daily basis, for instance, the control over home appliances, cars, smartphones, communication devices, office equipment, farming tools, factory-based machineries, and other electronic functions. Things can become more convenient with the use of the Internet.



The IoT has been applied into various aspects including:

- Smart Home: The idea is fostered to promote smart application of home appliances and related systems such as lighting detection, light adjustment, and home appliance system control.
- Wearable: Daily lives can be more convenient. The most remarkable example of the wearable device is a smart watch, developed for excellent pulse and heart rate measurement, where the obtained information will be used for further health assessment.



- Smart City: The IoT can be used to control public systems, for instance, traffic control at various intersections in the city.
- Smart Grid: The IoT helps manage various operational functions of power plants to perform efficiently and uninterruptedly according to the demand for electricity in certain areas.

In the near future, the IoT has been expected to play its pivotal role in everyday life and business operations to take advantage of the newly evolved telecommunications infrastructure. ICN will always be able to provide relevant devices using revolutionary products and solutions provided by key partners, including Huawei and Nokia Alcatel-Lucent aiming to meet customers' different needs.

## Levels of Competitiveness

As the telecommunications service business possesses a high growth rate resulted from new investment policies developed by both public and private sectors to support the increasing demand for quality products and services. Hence, as many operators exist in the industry, the service providers have been divided into three major categories as follows:

1. **Large-sized Companies** Most of the large-sized companies are listed on the SET and allied with foreign manufacturers. These companies are capable of supplying a complete range of devices and possess financial stability, while being able to participate in large project biddings. Those high-profile companies are Samart Corporation Public Company Limited, Loxley Wireless Public Company Limited, Advanced Information Technology Public Company Limited, Forth Corporation Public Company Limited, Interlink Communication Public Company Limited, and SVOA Public Company Limited.
2. **Medium-sized Companies** Medium-sized companies possess registered capital not exceeding 500 million baht and are affiliated with foreign manufacturers as well as large-sized companies. However, the medium-sized firms are restricted by the limitation of financial accounting and track record, leading to the restriction in participating in large auctions. Currently, there are about ten medium-sized companies in the industry, where key players are Skyhigh Company Limited, Turnkey Communication Services Company Limited, and Thai Transmission Industry Company Limited.
3. **Small-sized Companies** are not considered distributors or dealers of imported telecommunication products. They possess relatively small amounts of working capitals and are unable to accept any work directly from customers. Normally, the small-sized firms are subcontractors of medium-sized companies. About 200 small-sized companies are operating their businesses across Thailand to accommodate subcontracting works provided by medium to large-sized telecommunications firms.

Since there are several types of telecommunications devices; for instance, core network, transport network, and access network, are available in the market, medium sized companies are therefore specialized in certain products solely which shall ease the level of competition among this group whereby ICN is also categorized under medium-sized companies too. Considering small companies, the opportunities to be selected as key dealers or distributors of imported telecommunications products is limited due to lack of qualified personnel, irrelevant work experience, and financial constraints.

Despite being a medium-sized company with financial constraints and limited track record, ICN's senior executives possess specialized skills and professional expertise, back by more than 25 years of experience in the telecommunications business. They also foster good relationship with several key manufacturers, distributors, and customers as well as strategic partners of large-sized companies. Consequently, ICN is able to accept a variety of works directly from customers, particularly when the company can provide quality products and services in line with the customers' requirements. ICN can also join with trade partners as well as accept subcontracting works provided by large-sized companies.

## Product and Service Procurement

### Product Procurement of the Company

ICN has supplied equipment and products from both domestic and foreign partners when receiving orders or contracts from its customers. There is no policy to place an order in advance as ordered products are made for specific purposes required uniquely by each project. Currently, ICN has a total of 23 business partners on its approved vendor list, where those approved partners are considered from their quality, delivery period, prices, credit terms, manufacturing capacity, and accepted standards. ICN's procurement can be divided into three major categories according to the nature of the devices.

#### 1. Main Equipment in Networks and Communication Systems

In providing services for turnkey communication networks, construction and electrical systems, supplies, and maintenance works, ICN is required to purchase the main equipment in accordance with terms and conditions specified in the Term of Reference (TOR) approved by a customer, for instance, DWDM, SDH, optical TRX multi-service, compact MUX, and access node devices. Basically, the customer will request ICN to purchase the required equipment with designated specification from any foreign manufacturer. The company will contact the foreign manufacturer or product owner to manufacture the equipment to meet specific needs of the customer, while successfully requesting for a quotation from the foreign manufacturer. ICN will also order the equipment from its authorized distributor in Thailand or purchase directly from any overseas manufacturer, where the payment can be made in Thai baht or any foreign currency. In case of paying in a foreign currency, ICN will determine the exchange rate for the payment of the ordered equipment with the seller or arrange the forward contract to prevent any risk of such exchange rate.

ICN has been appointed as an authorized distributor of products and services from leading international brands such as Nokia Alcatel-Lucent from Finland, Huawei from China, Coriant from Germany, Gemalto from the Netherlands, and Oscilloquartz from Switzerland. By maintaining a concrete relationship with those brand owners, ICN has always been provided with continuing supports on knowledge and skills towards advanced technology and new products to be introduced to the market as well as discount rates for certain ordered products. The lead time of procurement is approved for an average period of 90 days following the date when the order is made until the date when the product has been received, which will depend mainly on the product category and order quantity. In purchasing the main equipment, the company is required to make an advanced payment of 10-15% of the total order value, where the Letter of Credit (L/C) or Domestic Letter of Credit (DL/C) will be issued to the seller to cover the remaining value of order.

## 2. Optical Fiber Cables

As ICN is considered a specialized optical fiber cable service provider for both inside and outside the building area, it is essential to place a great emphasis on selecting the right suppliers who can accurately and efficiently provide quality optical fiber cables highly resistant to changing weather conditions. However, as a number of optical fiber cables are normally installed outside the building area, ICN has determined to focus on quality prior to making price comparison. With long-standing experience and reputation, the company is always capable of selecting the most efficient and affordable optical fiber cables highly suitable for every customer's general and specific requirement, while successfully maintaining a good relationship with manufacturers of optical fiber cables aiming for the best and most powerful price negotiation. For optical fiber cables, the lead time of procurement is around 30-45 days depending on type, size, and quantity of each order, where the credit term shall be granted for a maximum period of 150 days.

## 3. Other Devices and Products Required by Telecommunications Projects

For the procurement of other equipment and products used in the projects, for instance, closure, signal cable, equipment rack, air conditioning system, and computer, ICN will obtain such equipment from domestic distributors through the accurate and reliable procurement process supported by the comparison of prices proposed at least by three telecommunications business providers. Meanwhile, ICN has managed to entitle for a credit term of 30 days approximately.

## Service Fees

### Consultancy Service Fees Paid to Product Owners

In some cases, providing telecommunications services can be very difficult and complicated, ICN is therefore required to inquire a product owner to provide services in accordance with the required procedures, for instance, project management, design system engineering, and installation. ICN may also require the on-the-job training program to be provided by the product owner, where the company must be responsible for all costs occurred, as part of the intention to make all required tasks achievable complying with technical specifications. Most of ICN's high-quality products are supplied by Nokia Alcatel-Lucent and Huawei.

### Service Fees Paid to Subcontractors

To achieve all tasks required by telecommunications service, communication network maintenance, and electrical network construction projects, ICN may sometimes require further assistance from subcontractors in various regions throughout the country. Subcontractors will be monitored and supervised by ICN's project engineer. Currently, ICN has a total of 42 subcontractors on its approved vendor list, who are selected based on experience, track record, and financial status. Successful subcontractors required by each project are appointed in accordance with the following criteria.

- All project-related details, including project model, customer, period of completion, scope of responsibility, technical specifications, commercial requirements and project warranty.
- Names of subcontractors appearing on the approved vendor list to be considered by Procurement Department, where at least three subcontractors will be proposed and further discussion on work capability, price, credit term, and financial status will be determined accordingly.

- A list of subcontractors and quotations to be proposed to the Procurement Committee for consideration and approval.

## Backlogs

As of December 31, 2017, ICN recorded its backlogs amounting to 672.16 million baht, which shall be recognized as sales venue in the year 2018 onwards.



# Risk Factors

ICN is fully aware of risk factors in operating the business and has established the Risk Management Working Group to manage and control its risk at an acceptable level, while taking into account both internal and external factors. Also, the company has prepared to evaluate risk factors that may affect its business operations, policies, and strategies. However, to make ICN's business operations achievable as planned, it is very necessary to build greater confidence and trust for shareholders and stakeholders. Major risk factors can be explained below:

## 1 Risk of Reliance on Product Distributors

ICN specializes in providing a broad range of telecommunications installation and networking services using quality products of various categories consisting of transport network, access network, optical fiber cable, microwave, and 3G network. Basically, ICN has ordered those products from certified dealers in Thailand. During 2015-2017, the Company had purchased devices, with service and consultancy fees, from Nokia Alcatel-Lucent, consisting of Alcatel-Lucent (Thailand) Company Limited and Nokia Solutions and Networks (Thailand) Company Limited, amounting to 132.44 million baht, 77.91 million baht, and 334.27 million baht, respectively. The amounts were considered 26.42%, 17.24%, and 30.48% of the total value of product and service procurement made by ICN. Additionally, ICN may be affected by the impact on its revenue and profit, particularly when the authorized distributor was unable to provide the equipment required by the telecommunications installation and networking services for ICN or failed to distribute the required product to ICN in a timely manner.

However, the telecommunications equipment ordered from Nokia Alcatel-Lucent is designed for specific purposes of utilization required by certain projects. For designs and specifications, ICN is required to consult with Nokia Alcatel-Lucent to ensure the highest satisfaction for all customers. It is necessary for the company to receive an official offer or quotation indicating the product details, price, and delivery time prior to signing an agreement with any customer. In addition, with over 25 years of good business relationship with Nokia Alcatel-Lucent, ICN is confident that the strategic partner could provide the company with accurate products and timely delivery in accordance with the customers' requirements. As ICN has paid close attention to such risk factors and several telecommunications equipment manufacturers are set to generate greater business expansion in Thailand as well, they can supply telecommunication equipment of good quality equivalent to the targeted customers differing from those provided by Nokia Alcatel-Lucent. As a result, ICN has decided to sign further agreements with other telecommunications manufacturers; for instance, Huawei and Coriant. Furthermore, ICN has maintained its good relationship with many globally-renowned manufacturers of telecommunications devices in order to minimize this risk.

## **2 Risk of Prohibition of Renewal of Partner or Reseller Agreement**

ICN has been appointed as an authorized partner or reseller of non-exclusive category by the world's leading telecommunication equipment manufacturers like Nokia Alcatel-Lucent, Huawei, Coriant, Oscilloquartz, and Gemalto. Quality products provided by the mentioned telecommunications giants gain huge popularity among telecommunication business operators in Thailand. However, if ICN is unable to renew its agreement with any of those globally renowned telecommunications providers, the disapproval of agreement renewal will severely affect the company's competitiveness, performances, revenues, and profits as a whole.

However, senior executives of ICN has long stabilized the relationship with product manufacturers together with the engineers possessing specialized skills and professional expertise in the telecommunications business. They also foster good relationship with several key manufacturers, distributors, and customers as well as strategic partners, particularly after the company has reorganized its operations and management. A majority of agreements will be valid for a period of 1-3 years, with no restriction on agreement conditions or automatic renewal of an agreement without receiving any prior notification. This helps strengthen ICN's stability, ensuring that all strategic partners will always approve the renewal of ICN agreements.

## **3 Risk of Inconsistency of Revenue**

ICN provides a comprehensive range of turnkey telecommunications services, ranging from business consultancy to procurement and installation of quality equipment, exclusively for customers considered telecommunications service providers requiring the expansion, improvement, and repair of their telecommunications systems and networks. During 2015-2017, comparing to the total sales and service value, ICN reported its revenue from turnkey and supply of 68.10%, 59.58%, and 68.40%, respectively. However, the said revenues depend on customers' investment plans. If they appear to delay their investments or proceed with improvement or repair services by themselves, ICN would directly be affected by such risk factor.



After realizing a possible impact of such risk, ICN has decided to focus on providing telecommunications network maintenance services aiming to obtain increasing revenues as maintenance service agreements are normally effective for a period of 1-2 years. ICN has always been approved with contract renewal, where the company's revenues obtained from network maintenance services, both sales and service fees, were increased from 31.90% in 2015 to 40.42% in 2016 and 31.60% in 2017. amounting to 216.22 million baht, 230.30 million baht and 302.33 million baht, respectively. Moreover, ICN had developed a new policy to expand its customer base by focusing on private customers, including educational institutions, backed by an array of new products and services offered to its customers. In 2016, the company had started to promote its design and construction services for electrical systems. This helped ICN to earn additional revenue. Empowered by long-standing experience and professional expertise, ICN possesses outstanding knowledge and clear understanding on the development of telecommunications products and services, where its backlogs as of 2017 reported at 672.16 million baht. Consequently, ICN is of confidence for its business growth supported by the consistency of revenue achievement.

#### **4 Risk of Reliance on Key Customers**

During 2015-2017, ICN has earned revenues mostly from two major customers (directly and via strategic partners). They were CAT Telecom Public Company Limited and TOT Public Company Limited. The revenues were considered 58.18%, 46.32%, and 63.81% of the total sales and service revenues. In 2017, the Company achieved a great sum of revenues of 19.21% from CAT and 44.60% from TOT. However, in the future, if the Company is unable to obtain any work from the two telecommunications giants or the amount of investment projects has been decreased, ICN will face huge impact, particularly on revenues and profit, from such risk.

As CAT and TOT are playing their important roles in advancing Thailand's telecommunications industry, the government had initially developed its digital economy and social development plan in 2016. Many projects, for instance, Pracharat Internet, had been expected to be accelerated by the two organizations in the near future. According to CAT and TOT, ICN had been entrusted with project management efficiency, accurate selection of products, and on-time delivery of required tasks. Besides, it could be said that revenues obtained from the two giants were derived from the distribution of equivalent products and maintenance services. Currently, ICN has a policy to expand its customer base aiming to penetrate government, state enterprise, and private customers, including educational institutions across the country.

#### **5 Risk of Change of Communication Technology**

Nowadays, the telecommunication business is growing rapidly with many changes existed to meet the growing demand for communication information. Telecommunications business providers must promote the enhancement of telecommunications networks and systems; unless, they may lose a great opportunity to generate excellent revenues and profits.

However, ICN's senior executives possess specialized knowledge and professional expertise, back by more than 25 years of experience in the telecommunications business. In addition, the company's strategic partners Nokia Alcatel-Lucent and Huawei are considered the two biggest leaders of the telecommunications industry, backed by their revolutionary and high-quality products and services. ICN is always exposed to updated information on product innovation and advanced technology on a regular basis, where employees are also provided with sufficient training programs launched by ICN and its partners to ensure greater service efficiency conforming to with customers' various demands.

## 6 Risk of Reliance on Engineers

ICN has operated its telecommunications service business, which can be very difficult and complicated at the same time. Many times, certain projects require the assistance of experienced engineers specialized in marketing and operational services as they are required to deal with customers directly. At the same time, those engineers are also responsible for determining types and quantity of required telecommunications equipment, evolving system designs, generating effective quality control over general and specific tasks, and conducting acceptance tests for all telecommunications devices required by each project prior to being delivered to customers. Currently, ICN has 29 highly experienced and professional engineers in total. In case that ICN can not recruit and retain qualified engineers, this shall cause a negative impact towards the competitiveness of the company.

ICN has recognized the importance of having qualified teams of engineers and has also prepared to mitigate such risk. More than one engineer shall be assigned to manage and supervise a telecommunications project, as part of the strategy to ensure further project consistency, particularly when any one of them has declared a resignation. The company also offers lucrative remunerations and social welfares to all engineers as well as sufficient training programs. During 2015-2017, the turnover rate of engineers was reported at 0.28%, 0.88%, and 0.63%, respectively.

## 7 Risk of Reliance on Senior Executives

As a result of the Company's reorganization in the third quarter of 2014, ICN has announced the appointment of Mr. Monchai Manepairoj as Chief Executive Officer, possessing specialized knowledge and proven record of success, backed by over 25 years of experience in the telecommunications industry. The CEO also has good relationship with various customers from the public and private sectors as well as strategic partners of high-quality telecommunications products in both Thailand and foreign countries resulting in continuous business performance since 2015. This can be regarded as a potential risk derived from reliance on senior executive of the company. Admittedly, the change of this executive member will certainly cause a severe impact to ICN's entire operations and management.

However, as Mr. Monchai Manepairoj is still a major shareholder, possessing 19.42% of the paid-up registered capital, this can encourage the senior executive to keep generating outstanding performances. Additionally, ICN has emphasized on the importance of providing its employees and executives with sufficient training programs and job rotation aiming for maximized knowledge and expertise inwide spectrum to assist senior executive member.

## 8 Risk of Work Commencement before Signing Contract

ICN in some cases, is required to provide services prior to signing an agreement or purchasing any product in order to ensure the in-time delivery in accordance with requirements specified in the agreement. With reference to such circumstance, ICN is inevitably required to take risk on delayed or disapproved payments, while being exposed to rising costs when the agreement is not being signed finally. This can possibly affect the company's performances and revenues.

Nevertheless, ICN is poised to provide services prior to contract signing for a customer with no risk or protection of such risk only. For example, when ICN is necessarily required to order any product in advance, the ICN will determine specific conditions to be agreed by a manufacturer, saying that the ordered product can be returned to the manufacturer if the agreement is not signed by a customer. In some cases, especially with state enterprises or private companies with strict purchasing rules, ICN will request those customers to sign the Letter of Intent (LOI) to guarantee the order. For projects regularly engaging the company's services, for instance, maintenance services, ICN has agreed to flexibly provide advanced services for those customers. Despite having a low level of risk, ICN has developed further risk prevention measures by not proceeding with any agreement signing for subcontractors until the company has already obtained a contract signed by a customer. Previously, ICN has never experienced any difficulty from this type of risk.

## 9 Risk of Unpaid Payment from Subcontracting Employment

Occasionally, ICN has been employed as a subcontractor for a certain project, which is hired by a project owner or an end user. During 2015-2017, ICN generated increasing revenue, obtained from sales and service of subcontracting employment, of 31.35%, 60.15%, and 40.59%, respectively. During the effective period of a contract, it is optional to indicate mutually agreed payment terms and conditions, in which the payment shall be made only when the employer has already received the back-to-back payment from the project owner. Hence, if the project owner or the end user fails to make the payment or make the payment in a delayed manner, ICN will therefore not receive such payment as well. This may affect ICN's financial liquidity and cash flow.

With the back-to-back payment terms and conditions, ICN will mainly consider the ability to make payment between the customer and the project owner or the end user. ICN normally approves such terms and conditions when dealing with large-sized telecommunications service providers with the ability to make payment only. For certain projects, the back-to-back payment terms and conditions are agreed. ICN shall conclude an agreement with back-to-back payment with subcontracting employment in order to maintain its financial liquidity. After the reorganization until date, ICN has never experienced any difficulty from this type of risk.

## 10. Risk of Reliance on Contractors

ICN is capable of providing excellent telecommunications network services for telecommunications providers to cover all parts of Thailand. ICN has employed teams of sub-contractors to do installation and maintenance services. During 2015-2017, ICN possessed the costs of sub-contractor employment of around 50-64% considered from sales and service costs. In case where ICN may fail to seek proper contractors or its contractors are unable to complete the installation and maintenance services within a specified period of time, which causes the delayed completion to the customer, ICN's long-standing reputation and overall performance can be ruined finally.

ICN has a total of 42 contractors on its approved vendor list. Successful contractors are considered from their dominant qualifications, varying in work quality, related experience, competency, financial status, and familiarity with customers and networks. For certain projects, ICN will select a successful candidate from 3-4 contractors who propose acceptable prices to ICN. During the project implementation process, contractors will be monitored closely by ICN's teams of engineers. ICN has never experienced any problem from this type of risk.

## 11 Risk of Delayed Work Submission and Penalty Charge

As a majority of works is related to turnkey installation and maintenance services for telecommunications systems and devices, ICN is inevitably required to employ contractors and subcontractors to make all required tasks achievable. In case where ICN may fail to control its workforces to complete telecommunications-based tasks in accordance with the required standards, is unable to submit the completed tasks in a timely manner, or incapable of complying with any requirement stated in the agreement, ICN is obliged to pay for a penalty charge, causing a direct impact to ICN's reputation and performances as a whole.

During the past years, ICN was able to complete the projects as per the customer specification and project timeline. In 2015-2017, ICN paid a total of 4.43 million baht of penalty charge, considered only 0.20% of the company's total revenues, where 2.76 million baht of penalty charge had been incurred from a maintenance service project with a very high level of Service Level Agreement (SLA). Due to uncontrolled difficulty, ICN had to terminate this agreement since July 2015. Aside from such amount of payment, most of ICN's penalty charge came from delayed submission of products of the microwave category, which required to be manufactured specifically in line with the customers' requirements. As a result, ICN was unable to define any definite lead time of submission. However, some amounts of paid penalty charges were reimbursed from the manufacturers. For other projects, ICN can manage the subcontractors efficiently.

## 12 Risk of Exchange Rates

With the nature of business related to the procurement of telecommunications products and services, ICN is inevitably required to order a certain quantity of telecommunications products from strategic partners in foreign countries. For some manufacturers or distributors, ICN has paid for the amount of ordered products in foreign currencies, including Euro (EUR) and US dollar (USD), while ICN's revenues are basically paid in Thai baht. This is considered as another significant risk factor for the company. During 2015-2017, the amounts of 147.21 million baht, 95.04 million baht, and 229.49 million baht were paid in foreign currencies for the purchase of imported products and services, equal to the proportions of 29.37%, 21.02%, and 21.13% of the total procurement value for both products and services, respectively.

ICN has strategically developed its efficient measures to prevent such risk of foreign currencies by indicating the agreed exchange rate with the distributors or adopting a forward contract. This approach helps reduce impacts caused by the fluctuation of foreign exchange rates, urging the company to keep evolving greater performances. During 2015-2017, ICN posted a profit (loss) of 0.02 million baht, (0.08) million baht, and 0.15 million baht as a consequence of the exchange rates respectively.

## Company Assets

### Detail of assets

As of December 31, 2017, The Company has the assets as follows:

Type of asset	Type of ownership	Obligation	Net book value (MB)
			(MB)
Office renovation	Owner	-	0.41
Office supplies	Owner	-	1.58
Vehicles	Leasing Contract / Owner	-	2.70
IT Hardware	Owner	-	0.55
<b>Total</b>			<b>5.24</b>

### Rental of office building and warehouse

<b>Agreement name</b>	:	<b>Rental of office building</b>
<b>Party</b>	:	D.K.J. Construction Co., Ltd. ("Renter") and the company ("Rentee")
<b>Agreement period</b>	:	3 years during 30 June 2017 to 30 June 2020
<b>The extend a agreement</b>	:	Renter must request to renew before agreement expiration not less than 2 month
<b>Essence of the agreement</b>	:	<ul style="list-style-type: none"> <li>- Renter wishes to rent the office building name is "D.K.J. Buidling" to the rentee which locates at 5<sup>th</sup> Floor, 393 Sukhontasawat Rd., Ladprao, Bangkok 10230, with total area 497 square meter. Rentee agrees to pay all facility fee including property tax.</li> <li>- Rentee is not allowed to assign or sublet the premises or any part thereof without prior written consent from the renter.</li> </ul>
<b>Agreement name</b>	:	<b>Rental of office building</b>
<b>Party</b>	:	D.K.J. Construction Co., Ltd. ("Renter") and the company ("Rentee")
<b>Agreement period</b>	:	3 years during June 30, 2017 to June 30, 2020
<b>The extend a agreement</b>	:	<ul style="list-style-type: none"> <li>- Renter wishes to rent the office building name is "D.K.J. Buidling" to the lessee which locates at 4th Floor, 393 Sukhontasawat Rd., Ladprao, Bangkok 10230 (part), with total area 248.50 square meter. Rentee agrees to pay all facility fee including property tax.</li> <li>- Rentee is not allowed to assign or sublet the premises or any part thereof without prior written consent from the renter.</li> </ul>



Agreement name	:	Rental of warehouse
Party	:	D.K.J. Construction Co., Ltd. ("Renter") and the company ("Rentee")
Agreement period	:	2 years 10 months during September 01, 2017 to June 30, 2020
Essence of the agreement	:	<ul style="list-style-type: none"> <li>- Renter wishes to rent the office building name is "D.K.J. Building" to the rentee which locates at 1<sup>st</sup> Floor, 391 Sukhontasawat Rd., Ladprao, Bangkok 10230 (part), with total area 100 square meter. Rentee agrees to pay all facility fee including property tax.</li> <li>- Rentee is not allowed to assign or sublet the premises or any part thereof without prior written consent from the renter.</li> </ul>
Agreement name	:	Rental of warehouse
Party	:	D.K.J. Construction Co., Ltd. ("Renter") and the company ("Rentee")
Agreement period	:	5 months during December 12, 2017 to May 11, 2018
Essence of the agreement	:	<ul style="list-style-type: none"> <li>- Renter wishes to rent the office building name is "D.K.J. Building" to the lessee which locates at 391 Sukhontasawat Rd., Ladprao, Bangkok 10230, with total area 246.94 square meter. Rentee agrees to pay all facility fee including property tax.</li> <li>- Rentee is not allowed to assign or sublet the premises or any part thereof without prior written consent from the renter.</li> </ul>

## Legal Disputes

As of December 31, 2017, The Company has no legal dispute.

# General Information and Other Important Information

## General

### Issuer

Company Name (Thai)	: บริษัท อินฟอร์เมชั่น แอนด์ คอมมิวนิเคชั่น เน็ตเวิร์คส์ จำกัด (มหาชน)
Company Name (English)	: Information and Communication Networks Public Company Limited.
Symbol	: ICN
Type of Business	: Performing as System Integrator with comprehensively specialized services in design and implementation of telecommunication system as well as of construction and electrical systems. Offering supplies and maintenance services in telecommunication systems
Head Office	: 5 <sup>th</sup> Floor, D.K.J. Building, 393, Sukhontasawat Rd., Ladprao, Bangkok 10230
Registration No.	: 0107560000184
Telephone	: 0-2553-0755-6
Fax	: 0-2553-0757
Website	: <a href="http://www.icn.co.th">www.icn.co.th</a>
Registered Capital	: 225,000,000 Baht at par value of 0.50 baht
Paid – up Capital	: 225,000,000 Baht at par value of 0.50 baht
Number of Shareholders	: 3,464 shareholders ( As at January 8, 2018 )
% Free float	: 54.06%

### Securities Registrar

Company Name	: Thailand Securities Depository Company Limited
Head office	: 93 Ratchadaphisek Road, Dindang, Bangkok 10400
Telephone	: 0-2900-9000
Fax	: 0-2900-9991
Website	: <a href="http://www.set.or.th/tsd">www.set.or.th/tsd</a>

## Auditor

Company Name : EY Office Limited

Head office : 33<sup>rd</sup> Floor, Lake Ratchada Office Building, 193/136-137,  
Telephone : New Ratchadaphisek Road, Klongtoey, Bangkok 10501

Fax : 0-2264-0777

Website : 0-2264-0789 - 90  
[www.ey.com/th/en/home/ey-thailand](http://www.ey.com/th/en/home/ey-thailand)

## Internal Auditor

Company Name : BK IA & IC Company Limited

Head office : 84/77 Soi Charoenkrung 80, Bangkholaem, Bangkholaem, Bangkok 10120

Telephone : 0-2116-6033

## Information of Securities and Shareholders

### Number of Registered Capital and Paid-Up Capital

As at 27 April 2017, the Company's registered capital was 225 million Baht and issued and paid-up capital was 165 million Baht being classified into 330 million ordinary shares at par value of 0.50 Baht per share. After the Company offered ordinary shares through Initial Public Offering on 15 September 2017, the Company's issued and paid-up capital will be 225 million Baht being classified into 450 million ordinary shares at par value of 0.50 Baht per share.

### Shareholders

Shareholder structure of the Company referred on 8 January 2018 can be summarized as follows.

	Shareholder Name	No. of Shares	%
1.	Mr. Monchai Manepairoj	87,387,904	19.42
2.	Laohasomboon Group	57,691,304	12.82
	2.1 Mr.Pira Laohasomboon	34,950,000	7.77
	2.2 Ms.Saipin Tangtrongchitr	22,741,304	5.05
3.	Rungruangpol Group	57,691,304	12.82
	3.1 Ms. Ida Rungruangpol	29,384,348	6.53
	3.2 Mr. Dan Rungruangpol	27,547,826	6.12
	3.3 Mr. Preeda Hutachuta	459,130	0.10
	3.4 Mr. Ronapoom Rungruangpol	300,000	0.07
4.	Chonkadeedamrongkul Group	18,652,139	4.14
	4.1 Mr. Sompong Chonkadeedamrongkul	15,600,739	3.47
	4.2 Ms. Nataya Chonkadeedamrongkul	1,000,000	0.22
	4.3 Mr. Pongpat Chonkadeedamrongkul	1,000,000	0.22
	4.4 Ms. Kanittha Chonkadeedamrongkul	951,400	0.21
	4.5 Ms. Warunee Chonkadeedamrongkul	100,000	0.02

	Shareholder Name	No. of Shares	%
5.	Ms. Chantana Krasaesan	18,490,201	4.11
6.	Mr. Annop Limprasert	8,946,614	1.99
7.	Mrs. Worapan Jeungsuppaisan	8,946,614	1.99
8.	Mr. Vijayakuma Balakrisnan	6,000,000	1.33
9.	Mr. Sattha Hongwisittalula	5,710,000	1.27
10.	Mr. Nakarin Patthong	5,678,796	1.26
	Other shareholders	174,805,124	38.85

### Issuance of Other Securities

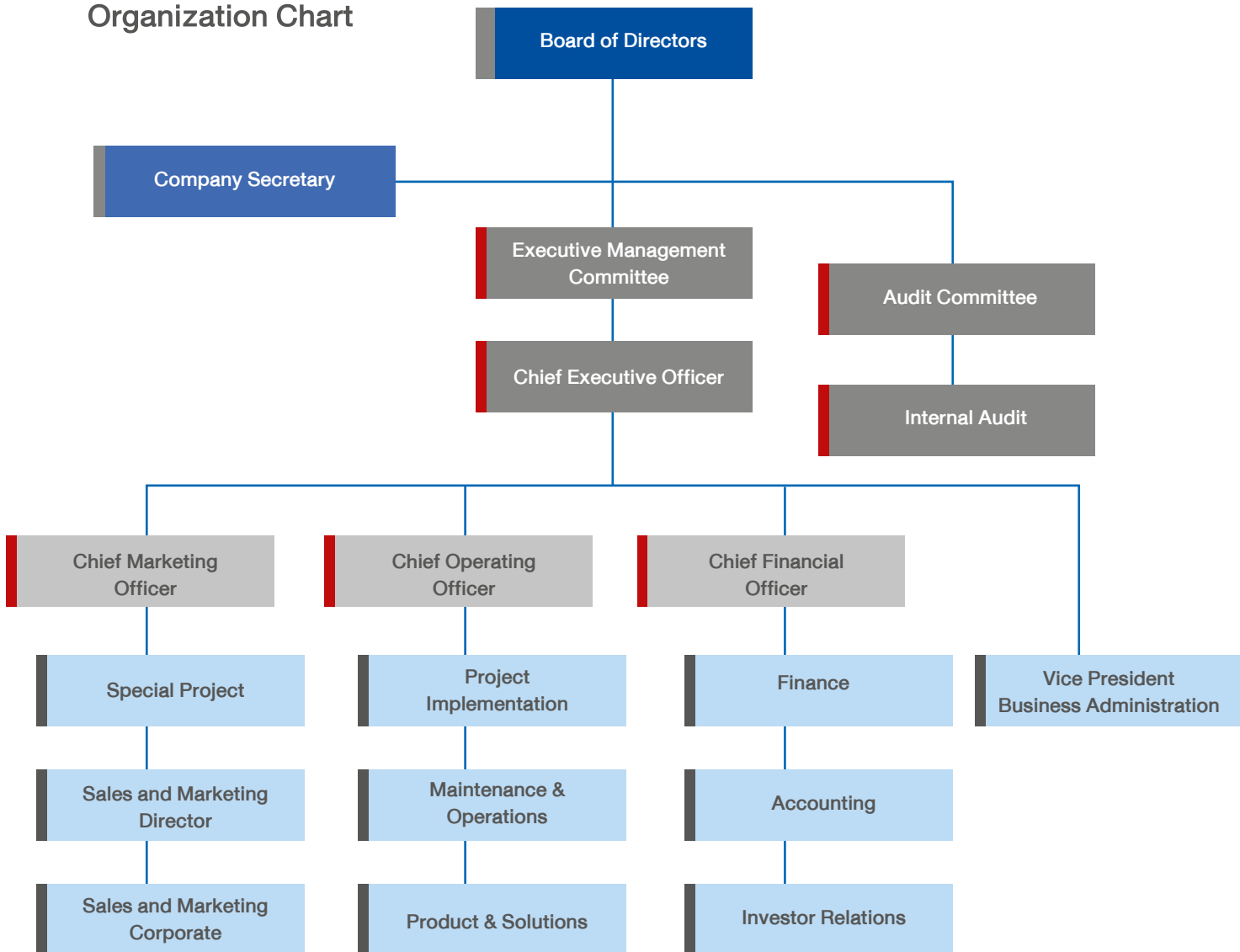
-None-

### Dividend Payment Policy

The Company formulates the policy of dividend payment in the ratio of not less than 40% of net profit from separate financial statements of the Company after deduction of corporate income tax and allocation of statutory reserve. However, the Company may consider paying dividend differently from the formulated policy subject to operating results, financial liquidity and necessity to use as working capital for business management and business expansion of the Company as well as economic situation.

## Management Structure

### Organization Chart





As at 31 December 2017, the management structure of the Company consists of the Board of Directors and two Sub-Committees which are the Audit Committee and the Executive Management Committee (the Company had none of Nomination and Remuneration Committee). The directors, audit committees, executive directors and executives of the Company have complete qualifications under Section 68 of Public Limited Companies B.E. 2535 (1992) and in accordance with the relevant announcements of Capital Market Supervisory Board. The scope of authorities of the Board and Committees are as follows.

### The Board of Director's consists of:

Name	Position
1. Mr. Segsan Roylapcharoenporn <sup>2</sup>	Chairman and Audit Committee Chairman
2. Ms. Prapharat Tangkawattana	Vice Chairman
3. Mr. Monchai Manepairoj	Director and Chief Executive Officer
4. Mr. Ronapoom Rungruangpol <sup>1</sup>	Director
5. Mr. Pira Laohasomboon	Director
6. Mr. Anuwat Luengtaweekul	Independent Director and Audit Committee
7. Mr. Chanachai Kulnoppaleark	Independent Director and Audit Committee

Remark: <sup>1</sup> is the director who was appointed by the Meeting of the Board of Directors No. 6/2016 on 30 November 2016.

<sup>2</sup> is the director who was appointed by Annual General Meeting of the Shareholders for 2017 on 18 April 2017 and appointed as Chairman of the Board by the Meeting of the Board of Directors No. 3/2017 on 28 June 2017.

Miss Patnarin Maliwal, the Company Secretary, was appointed by the Meeting of the Board of Directors No. 2/2016 on 31 March 2016.

#### Authorized binding signatory directors of the Company

Any two of four directors consisting of Miss Prapharat Tangkawattana, Mr. Pira Laohasomboon, Mr. Monchai Manepairoj, and Mr. Ronapoom Rungruangpol, shall jointly affix their signatures and the Company's seal.

### The Board of Director's Meeting

Name - Surname	No. of Attendances/No. of Meetings	
	2016	2017
1. Mr. Segsan Roylapcharoenporn <sup>2</sup>	-	4/5
2. Ms. Prapharat Tangkawattana	6/6	5/5
3. Mr. Monchai Manepairoj	6/6	5/5
4. Mr. Ronapoom Rungruangpol <sup>1</sup>	-	5/5
5. Mr. Pira Laohasomboon	6/6	3/5
6. Mr. Anuwat Luengtaweekul	2/6	3/5
7. Mr. Chanachai Kulnoppaleark	4/6	5/5
8. Mr. Vijayakuma Balakrisnan <sup>1</sup>	2/6	3/5
9. Mr. Sivanun Na Nakorn <sup>2</sup>	4/6	1/5

Note: <sup>1</sup> Mr. Ronapoom Rungruangpol was appointed as director in replacement of Mr. Vijayakuma Balakrisnan who resigned from the director office in the Meeting of the Board of Directors No. 6/2016 on 30 November 2016.

<sup>2</sup> On 18 April 2017, Mr. Sivanun Na Nakorn resigned from the director office and Mr. Segsan Roylapcharoenporn was appointed as director in Annual General Meeting of the Shareholders for 2017.

**Audit Committee consists of:**

Name - surname	Position
1. Mr. Segsan Roylapcharoenporn	Chairman of Audit Committee
2. Mr. Anuwat Luengtaweekul *	Audit Committee
3. Mr. Chanachai Kulnoppaleark *	Audit Committee

Note: \* are the directors with adequate knowledge and experiences who can perform duty in reviewing the reliability of financial statements. Mr. Anuwat Luengtaweekul holds the office of the Vice President – Strategy and Finance, Thanachart Bank Public Company Limited, and graduated Bachelor of Accounting and Master of Business Administration. Mr. Thanachai Kullanapruek holds the office of Assistant Vice President (Business Group) and Company Secretary, Kulthorn Kirby Public Company Limited, and graduated Bachelor of Accounting and Master of Business Administration-Accounting

Whereas Miss Patnarin Maliwal is the Secretary of the Audit Committee.

**Audit Committee's Meetings**

Name - Surname	No. of Attendances/No. of Meetings	
	2016	2017
1. Mr. Sivanun Na Nakorn <sup>1</sup>	4/4	1/4
2. Mr. Anuwat Luengtaweekul	2/4	2/4
3. Mr. Chanachai Kulnoppaleark	4/4	4/4
4. Mr. Segsan Roylapcharoenporn <sup>1</sup>	-	3/4

Note: <sup>1</sup> On 18 April 2017, Mr. Sivanun Na Nakorn resigned from the director office and Mr. Segsan Roylapcharoenporn was appointed as director in Annual General Meeting of the Shareholders for 2017.

**Executive Committee consists of:**

Name - surname	Position
1. Mr. Monchai Manepairoj	Chairman of Executive Committee
2. Mr. Ronapoom Rungruangpol	Executive Committee
3. Mr. Thammawat Uchupaiboonwong	Executive Committee
4. Ms. Patnarin Maliwal	Executive Committee

Whereas Mr. Surasak Kongjantra, the Secretary, was appointed by the Meeting of the Board of Directors No. 1/2017 on 29 March 2017.

### Management Group consists of:

Name - surname	Position
1. Mr. Monchai Manepairoj	Chief Executive Officer
2. Mr. Thammawat Uchupaiboonwong	Chief Operating Officer
3. Ms. Patnarin Maliwal	Chief Financial Officer and Corporate Secretary
4. Mr. Supachai Nipatkusolkij <sup>1</sup>	Vice President – Business Administration
5. Mr. Peerapol Phaopeng <sup>1</sup>	Vice President - Sales Special Project 1
6. Mr. Surasak Kongjantra	Vice President - Sales Special Project 2
7. Mr. Suwat Youcharoen	Vice President - Project Management
8. Mr. Akekapot Boonyarattapun	Vice President Service and Maintenance
9. Ms. Wanlapa Luangdilok	AVP - Finance and Accounting

Note: <sup>1</sup> On 30 September 2017, Mr. Supachai Nipatkusolkij and Mr. Peerapol Phaopeng resigned from being the staff.

### Company Secretary

In the Meeting of the Board of Directors No. 2/2016 on 31 March 2016, the Board of Directors resolved to appoint Miss Patnarin Maliwal to hold the Company Secretary office in accordance with Section 89/15 of Securities and Exchange Act B.E. 2535 (1992), amended by Securities and Exchange Act (Issue No. 4) B.E. 2551 (2008). Miss Patnarin Maliwal attended the training of the Course of Company Secretary Program (CSP) Certificate, Batch 73/2016 on 6-7 September 2016. The duties and responsibilities of the Company Secretary are as follows.

1. Assist and advice the Company directors and executives to adhere to laws, rules, notification, and regulations of the Company, and carefully pursue to ensure legitimate practice.
2. Responsible for meeting arrangement for the Board of Directors and shareholders, and cooperate with relating parties to ensure that the meeting resolutions has been carried out.
3. Ensure that information and reports relating to responsible duties has been disclosed compliantly with the regulations of the Stock Exchange of Thailand and Office of Securities and Exchange Commission, including relevant laws.
4. Prepare and keep the following documents.
  - 4.1 Registration of Directors
  - 4.2 Invitation Letter for the Meeting of the Board of Directors, and the Minutes of Meeting
  - 4.3 Invitation Letter for the Meeting of the Shareholders and the Minutes of Meeting
  - 4.4 Annual Report of the Company
  - 4.5 Report on conflict of interest of the Company directors and executives

## Remuneration for Directors and Executives in 2017

### Monetary Remuneration

#### Remuneration for the Board of Directors

In Annual General Meeting of the Shareholders for 2017 on 18 April 2017, it resolved the determination of annual remuneration for directors for 2017 under the following details.

- Meeting allowance for the Chairman of the Board for 20,000 Baht/person/time
- Meeting allowance for director for 10,000 Baht/person/time
- Meeting allowance for the Chairman of the Audit Committee for 10,000 Baht/person/time
- Meeting allowance for the audit committee for 5,000 Baht/person/time
- Monthly remuneration for executive director who is not permanent staff of the Company for 80,000 Baht per month and actual telephone bill and travelling expense

In 2016 and 2017, the Company paid remuneration to the Board of Directors under the following details.

(Unit : Baht)

Name - surname	2016 <sup>4</sup>	2017	
		Meeting allowance	Other
1. Mr. Segsan Roylapcharoenporn <sup>3</sup>	-	90,000.00	-
2. Ms. Prapharat Tangkawattana	30,000.00	70,000.00	-
3. Mr. Monchai Manepairoj <sup>1</sup>	-	-	-
4. Mr. Ronapoom Rungruangpol <sup>2</sup>	-	50,000.00	720,000.00 <sup>5</sup>
5. Mr. Pira Laohasomboon	30,000.00	30,000.00	-
6. Mr. Anuwat Luengtaweekul	10,000.00	30,000.00	-
7. Mr. Chanachai Kulnoppaleark	30,000.00	65,000.00	-
8. Mr. Vijayakuma Balakrisnan <sup>2</sup>	20,000.00	-	-
9. Mr. Sivanun Na Nakorn <sup>3</sup>	30,000.00	10,000.00	-
<b>Total</b>	<b>150,000.00</b>	<b>350,000.00</b>	<b>720,000.00</b>

Note: <sup>1</sup> Mr. Monchai Manepairoj requested to waive the right not to receive meeting allowance of the director since he is the executive and earns salary from the Company.

<sup>2</sup> Mr. Ronapoom Rungruangpol was appointed as director in replacement of Mr. Vijayakuma Balakrisnan who resigned from the director office in the Meeting of the Board of Directors No. 6/2016 on 30 November 2016.

<sup>3</sup> On 18 April 2017, Mr. Sivanun Na Nakorn resigned from the director office and Mr. Segsan Roylapcharoenporn was appointed as director in Annual General Meeting of the Shareholders for 2017.

<sup>4</sup> The Company started paying remuneration for directors since the Meeting of the Board of Directors No. 4/2016 on 27 May 2016.

<sup>5</sup> Mr. Ronapoom Rungruangpol has been the representative of the director to hold the office of executive director.

### Remuneration for Executives

In 2015-2016 and 2017, the Company paid remuneration to the executives for 25.58 million Baht, 24.27 million Baht and 23.03 million Baht, respectively. The said remuneration includes salary, bonus, and contribution to provident fund.

Year	No. of Executives (person)	Remuneration (Baht)
2015	8	25,580,871
2016	8	24,271,770
2017	8 <sup>1</sup>	23,025,102

Note: <sup>1</sup> On 30 September 2017, Mr. Supachai Nipatkusolkij and Mr. Peerapol Phaopeng resigned from being the staff.

### Other Remunerations

The Annual General Meeting of the Shareholders for 2017 on 18 April 2017 resolved the Company to issue the new 12,000,000 ordinary shares for capital increase to offer to the directors and employees of the Company or 2.67% of total number of shares sold during this initial public offering with the same selling price and the same period as sold to the public.

The details of directors and executives who are allocated and subscribe to purchase shares are as follows:

Name - surname	Position	Allocated No. of Shares	% of total shares offering to Directors and Employees
1. Mr. Segsan Roilapcharoenporn	Chairman and Audit and Committee Chairman	500,000	4.17
2. Ms. Prapharat Tangkawattana	Vice Chairman	400,000	3.33
3. Mr. Monchai Manepairoj	Director and Chief and Executive Officer	-	-
4. Mr. Ronapoom Rungruangpol	Director	300,000	2.50
5. Mr. Pira Laohasomboon	Director	300,000	2.50
6. Mr. Anuwat Luengtaweekul	Independent Director and Audit Committee	300,000	2.50
7. Mr. Chanachai Kulnoppaleark	Independent Director and Audit Committee	300,000	2.50
8. Mr. Thammawat Uchupaiboonwong	Executive Committee	610,000	5.08
9. Ms. Patnarin Maliwal	Executive Committee	610,000	5.08

Name - surname	Position	Allocated No. of Shares	% of total shares offering to Directors and Employees
10. Mr. Supachai Nipatkusolkrit	Management	500,000	4.17
11. Mr. Peerapol Phaopeng	Management	500,000	4.17
12. Mr. Surasak Kongjantra	Management	1,430,000	11.92
13. Mr. Suwat Youcharoen	Management	500,000	4.17
14. Mr. Akeapot Boonyarattapun	Management	500,000	4.17
15. Ms. Wanlapa Luangdilok	Management	150,000	1.25

## Personnel

As at 31 December 2017, the number of employees of the Company has been as follows.

Department	No. of employees (person)
	at 31 December 2017
1. Sales	8
2. Product and Solutions	7
3. Operation Department	
3.1 Project Management	20
3.2 Service and Maintenance	14
4. Finance and Accounting and Business Administration	10
<b>Total</b>	<b>59</b>

*Note : Number of employees in Table excluding 6 executives*

## Labor Dispute

-None-

## Employee Remuneration

### Monetary Remuneration

In 2015, 2016 and 2017, the Company paid for employee remuneration (excluding executives) in the amount of 42.50 million Baht, 40.87 million Baht and 45.05 million Baht, respectively, as remuneration in term of salary, bonus, overtime pay, and contribution to provident fund, and other welfares.

### Other Remunerations

The Annual General Meeting of the Shareholders for 2017 on 18 April 2017 resolved the Company to issue new 12,000,000 ordinary shares for capital increase to offer to the directors and employees of the Company or 2.67% of total number of shares sold during this initial public offering with the same selling price and the same period as sold to the public.



However, no employees was allocated for shares in excess of 5% of total number of shares offered for subscription to the directors and staffs of the Company.

### Policy of the Personnel Development

The Company aims at cultivating the creative thinking of employees, developing new body of knowledge to be arisen inside the organization, building knowledge sharing culture, supporting staffs to emphasize on cultivation of value in producing well-doer who is moral in the society, honest, and adheres to good ethics for upgrade of quality and work standard under continuous personnel development policy. The Company gives precedence to producing the personnel with knowledge, good attitude, working skill and expert to enable to enhance both present and future competitiveness to be consistent with target and direction of the Company's business, and to provide good and effective services for customer satisfaction.

Thus, the Company shall determine policy and criteria for personnel development of the Company as follows.

1. Continuously and appropriately promote and support the development of personnel potential in all groups throughout the organization to enhance competitiveness, and build consciousness and attitude of the personnel so that the personnel can appropriately adapt to desirable way, and to be the moral and ethical persons.
2. Encourage the personnel training and development by aiming at having knowledge, competency, skill as well as value, virtue and attitude which are proper, modern, and applicable in performing entrusted work and support the future change. Personnel training and development shall be considered as investment for growth of the Company. The specific budget limit shall be appropriately allocated and proportion of training period in the budget year shall be clearly specified.

Currently with highly competitive situation in telecommunication business, the Company shall perform budgeting in each year together with plan and policy for personnel development covering both short term plan within 1-2 years and long term plan within 3-5 years to be consistent with the determined operating strategic plan and future target of the Company under the following classification:

1. Group of Leadership Program Course is the course that produces future leader such as development of new era executives.
2. Group of Core Courses for All Staffs is the group of core courses designed to be linked with target, policy and knowledge of organization such as Awaken the Giant, Negotiation to Win, Presentation Pro
3. Group of Functional Course emphasizes the staffs to develop their essential skills, knowledge and competencies to be applied in working such as Telecom Management, Sales Values Add, Blue Ocean Strategy and Annual Employment Law Forum 2017.
4. Group of Managerial Skill Course emphasizes on the following issues for staffs, such as Problem Solving and Decision Making, Project Finance Management, Strategic @ Work.

Moreover, ICN also encourages and facilitates training and knowledge arrangement to the related personnels in corporate governance of the Company such as executive and company secretary, etc. so that these particular personnels shall be continuously equipped with relevant know-how.

With regards to the guideline related to remuneration and welfare for the employees, the Company's guideline for increase in the rate of salary and welfare is to be taken into consideration in comparison to the remuneration of the same or similar business industry so that it can be equitable to the market. For welfare, ICN shall consider the appropriate scheme which can be implemented throughout the organization and can be adjusted in conjunction to the economic change in order to ensure the working stability and lead the organization toward sustainable success.

# Corporate Governance

## Policy of Corporate Governance

The Company is aware of the importance of good corporate governance due to its consideration and opinion that it is the crucial mechanism in leading to effective, transparent and verifiable management system that contributes to build confidence and reliance for shareholders, investors, stakeholders, and related parties. The availability of good corporate governance is the instrument for value addition, competitiveness building and promotion of long-term sustainable growth of the Company, etc. Therefore, the Company formulates the policy for good corporate governance as prescribed by Stock Exchange of Thailand in the Meeting of the Board of Directors No. 1/2017 on 29 March 2017 and applies the principle of compliance with Code of Best Practices as operating guideline of the Company, enforcement of operating transparency, as well as increase in efficiency of the Management that will cause confidence in the group of shareholders, investors and related parties. The principle of good corporate governance of the Company covers the principles of 5 sections under the following details.

### Section 1 The Rights of Shareholders

The Company is aware of the importance of the basic rights of the shareholders such as rights to trade or transfer shares, right to receive profit sharing of the business, right to acquire adequate news information of the business, right to attend the meeting for exercise of votes in the Meeting of the Shareholders for appointment or removal of the director, appointment of the auditor, and issues that affect the Company such as appropriation of dividend, determination or amendment of Articles of Association and Memorandum of Association, and regulation on capital decrease or capital increase, etc.

Apart from the aforesaid basic rights, the Company also executes in the following issues that encourage and facilitates in exercise of the rights of shareholders.

1. Submit Invitation Letter for Meeting to the shareholders for advance acknowledgement at least 7 days prior to the meeting date in advance by specifying date, time, place and meeting agenda, and complete supporting information related to the issues required for decision making in the meeting.
2. In case where the shareholder is unable to attend the meeting, the Company allow the shareholder to enable to give proxy to the independent director or any person to attend the meeting in lieu of him/her, using any Proxy Form delivered by the Company together with Invitation Letter for Meeting.
3. Opportunity for the shareholder to fully and independently inquire, express opinions and suggestions.
4. After completion of the meeting, the Company shall prepare the minutes that present accurate and complete information for verifiability of the shareholders.

After transformation of the Company into public limited company, and registration as listed company in Stock Exchange of Thailand, the Company must specify the opinions of the Board of Directors in Appointment Letter for Meeting of the Shareholders and deliver the said letter to shareholders in advance within deadline specified by SEC or Stock Exchange of Thailand so that the shareholders can have time to study information in advance prior to the meeting. In addition, the shareholders shall acquire news information via electronic media of the Stock Exchange of Thailand, website of the Company, and news publishing in accordance with Public Limited Companies Act. The Company formulates the policy for unanimity of the Board of Directors in attending the Meeting of the Shareholders, particularly the Chairman of each Sub-Committee such as Chairman of the Audit Committee, etc. for mutual clarification or reply of the queries of the shareholders in the Meeting.

## Section 2 The Equitable Treatment of Shareholders

The Company has a policy to treat and protect the rights of all shareholders equitably and fairly for management shareholders and non-executive shareholders, Thai shareholders or foreign shareholders, major shareholders or minority shareholders. After the Initial Public Offering (IPO) and the Company is listed on the stock exchange of Thailand. The Company has a policy to increase the meeting options to shareholders who cannot attend the meeting on their own can appoint independent directors or other persons to attend the meeting and vote on behalf of the shareholders include opportunities for minority shareholders to nominate candidates for appointment as directors in advance.

The meeting shall be executed in accordance with Articles of Association of the Company in the sequence of the meeting agenda. The details of each agenda shall be completely and clearly presented together with information for consideration support. In addition, none of meeting agenda of which the shareholders are not informed in advance shall be added without necessity particularly the crucial agenda that the shareholders must take time for studying information prior to decision making.

In treatment and supervision of every shareholder, every shareholder can suggest and express his/her opinions or notify complaints to the Chairman of the Board (independent director) and Company Secretary via email: [icn\\_companysecretary@icn.co.th](mailto:icn_companysecretary@icn.co.th). The independent Committee shall consider, screen and consider issues for appropriate execution such as in case of suggestion considered and deemed by the Board of Directors to be useful for business operation of the Company, the said issues shall be proposed to the Meeting of the Board of Directors for consideration and determination of the operating guideline or being the meeting agenda in the Meeting of the Shareholders as appropriate accordingly. Moreover, the channel for information inquiry or opinion expression of the investors via [icn\\_ir@icn.co.th](mailto:icn_ir@icn.co.th) is provided. Investor Relations Unit is responsible for providing necessary information to the investors.

The good relationship with the shareholders is reinforced. In 2017, the Company also organized social useful activities and created good relationship with the Company's shareholders by granting the equitable rights to the interesting shareholders whether being major shareholders or minor shareholders. The shareholder activity was organized such as organizing "Company Visit 2017" by Shareholders Project at the office of the Company and the interesting shareholders and investors met the executives and overheard the information of the business operation on 27 December 2017.

The Board of Directors has set up Insider Trading policies of the related persons including director, executive, staff, and employee, as well as spouse and underage children of such persons who are related to the information. In addition, the Board also determines penalty measure related to disclosure of the Company's information or insider trading for personal interest in accordance with the policy for protection of the insider trading and provision of knowledge to the directors and executives of the Company about duty of reporting the possession of securities by him/her, his/her spouse or person who lives together as husband and wife, and underage children, as well as reporting the change in possession of securities to the Office of the Securities and Exchange Commission under Section 59 and penalty measure under Securities and Exchange Act (Issue No. 5) B.E. 2559 (2016).

### Section 3 The Role of Stakeholders

The Company has a policy to attach importance to the rights of all stakeholders for satisfaction creation to all parties under the following details.

- |                  |   |   |
|------------------|---|---|
| Shareholder      | : | The Company aims for effective, honest and fair business operation to generate overall maximum benefit to the Company and shareholders by knowledge and skill of management for major shareholders and minor shareholders under concern on satisfactory overall operation, stable growth, and competitiveness maintenance, maximum shareholder satisfaction such as organizing company visit by shareholders and meeting top executive, overhearing opinions and suggestions of the shareholders, and arranging the channels of information dissemination and contact with the shareholders via Website: <a href="http://www.icn.co.th">www.icn.co.th</a> and Email <a href="mailto:icn_ir@icn.co.th">icn_ir@icn.co.th</a> .  |
| Employees        | : | The Company treats its employees equitably and fairly, and gives proper rewards, gives precedence to regular development of the employees potential by continuously organizing training of knowledge and competency development to employees for development of knowledge skill and work skill, and cultivating good attitude and consciousness to be good staffs with competency and good citizen to the society. The Company strictly complies with staff-related laws and regulations by establishing and giving contribution of provident fund for employees, as well as other welfares such as health insurance, accident insurance, vacation availability, etc. The Company also provides the channel in case of complaint via complaining box which is delivered to the Chief Executive Officer as another channel where all levels of employees can directly notify grievances to top executives. |
| Business Partner | : | The Company aims for business partner treatment with equity and equality under concern on mutual benefit under trade condition in good faith without corruptive action in trading with business partner, and without conflict with laws. The Company establishes the procedure and practice for business partner or contractor selection and guideline for anti-corruption, support of encouragement and cultivation activities for all staffs to comply with relevant laws and rules and regulations.  |

- Creditor : The Company aims for strict compliance with financial condition and agreement in the matters of objectives of money spending, repayment, collateral quality supervision, and any other matters agreed with the creditor in order to attain mutual benefit. In 2017, the Company has paid money in consistency with payment and work achievement condition and remained strictly adhere to compliance with financial condition and agreement as usual.
- Customer : The Company aims for building customer confidence and satisfaction by offering good quality products and services in reasonable price and complying with customer conditions under main concern on benefit that meets customer satisfaction, good relation maintenance, and non-disclosure of customer information without permission unless it is the information required for disclosure to the related outsider in accordance with legal regulations.
- Competitor : The Company aims for conducting under set of rules of good competition, maintaining norm of code of petition competition, and avoiding dishonest procedure for competitor destruction.
- Community and Society : The Company shall not perform any act that adversely affects to society, natural resources and environment, and must seek for the opportunity to continuously and seriously support the social creativity and cultivation of social responsibility consciousness activities among all levels of employees, and to strictly perform or control for strict compliance with laws and rules issued by the governance agencies.

#### Section 4 Disclosure and Transparency

The Board of Directors greatly concerns the importance of accurate, complete and transparent disclosure of information both financial information and general information in accordance with the criteria of SEC and Stock Exchange of Thailand, as well as important information affecting the price of security of the Company and impacting decision making process of the investors and stakeholders of the Company for equitable acknowledgement of information by all parties related to the Company. After this time of offering for sale of shares and entry of the Company as listed company in Stock Exchange, the Company shall publicize information of the Company to the shareholders and public via channels and media of information publication of Stock Exchange publicly via SET Portal System of Stock Exchange of Thailand and website: [www.icn.co.th](http://www.icn.co.th). The Company strictly observes and complies with laws, rules and regulations prescribed by Office of SEC, Stock Exchange of Thailand, and other government agencies; and regularly monitors revision and alteration to ensure that the matters observed by the Company are proper and secure the confidence of the shareholders in transparent, proper and candid business operation. Investor Relations (IR) and Company Secretary shall provide information as inquired.

The Board of Directors is aware of responsibility towards the report of financial statements with accurate, complete, true and reasonable information. The Company's financial statements are prepared in accordance with Generally Accepted Accounting Standards by adopting appropriate accounting policies, regularly observing and carefully exercising discretion, and disclosing adequate information in notes to financial statements. Moreover, The Board of Directors maintains efficient internal control system to reasonably ensure that the accounting information is accurately, completely and adequately recorded in securing the properties and realizing on weaknesses to prevent fraud or malfunction. The Audit Committee is appointed and consists of non-executive directors to perform auditing financial report, related party transaction, and internal control system. The Audit Committee shall directly report to the Board of Directors.

With regards to Investor Relations, ICN assigns Investor Relations Unit under the governance of Finance an Accounting Division with the duties and responsibilities related to investor relations for equitable and fair communication and disclosure of accurate, complete and timely information to the investors, analysts, mass media, and other related parties via various media such as publicizing documents, information publication via website and email, etc.

**Code of Conduct of Investor Relations shall be concerned as follows.**

1. Accurately, adequately and timely disclose important and necessary information to make decision on investment.
2. Keep the Company's confidentiality and not use insider information for personal interest and other person's interest.
3. Equitably and fairly disclose information by providing all related parties the opportunity to be accessible to and inquire information of investor relations.
4. Honestly perform professional duties on the basis of the principle of equivalence and non-discrimination on any bribery which is the personal motive and favorable to personal interest rather than the interests of the Company and relevant stakeholders.
5. Create confidence, image and good attitude of the Company as well as strengthen good relationship with every party.
6. Strictly comply with guideline of supervision on insider trading in securities of the Company.
7. Fully and professionally perform duties with knowledge and competency.
8. Regularly keep on studying and gather information of the Company and knowledge for self-development.



## Section 5 Responsibilities of the Board of Directors

### 1. Structure of the Board of Directors

The Board of Directors consists of qualified, knowledgeable, competent and experienced executives from various organizations. The experiences, knowledge and competencies then can be effectively applied to develop and formulate the policies and directions of the Company's business operation and bring the most benefit for the Company and shareholders. The Board of Directors shall play the key roles in formulating the policies and overview of the organization, and play the key roles in governing, verifying, monitoring the performance of the Management, and assess the Company's overall operations in accordance with setting plans.

The structure of the Board of Directors consists of independent directors more than 1/3 of total number of directors for the whole board. At present, the Company has total of 7 directors being classified into 2 executive directors and 5 non-executive directors including 3 independent directors/audit committees. The structure of the Board of Directors has clear checks and balances since the Board of Directors consists of non-executive directors more than half of total number of directors. Each director makes independent decision for the most benefit of the Company. The Board of Directors also appoints the Sub-Committees to help governing the Company's business as follows.

1.1 The Executive Management Committee of the Company consists of 4 executive directors in total. The Executive Management Committee shall determine guidelines and strategies for business operation to achieve the goals determined by the Board of Directors for flexible management.

1.2 The Audit Committee of the Company consists of 3 audit committees in total to perform duties in specific issues and propose issues to the Board of Directors for consideration and acknowledgement. The Audit Committee has rights and duties as determined in authorities of the Audit Committee. At least one audit committee shall have adequate knowledge and experiences in accounting area so that he/she can perform duty in reviewing the reliability of the Company's financial statements.

The Board of Directors determines the policy that the Chairman of the Board and the Chief Executive Officer must not be the same person for clearness in responsibilities between determination of governance and routine management. The Company also clearly separates roles, duties and responsibilities between the Board of Directors and executives. The Board of Directors is responsible for policy formulation and oversight of executive management while executives manage the company in various areas to comply with the policy and to protect the integrity of the Company. The Company therefore clearly determines the scope of authorities in operating power of the Company (Authority Table).

The Board of Directors appoints the Company Secretary to have duties and responsibilities under the Securities and Exchange Act as per details specified in Clause 8.6.

## 2. Roles, Duties and Responsibilities of the Board of Directors

The Company determines that the directors shall comply with Code of Best Practices for Directors of Listed Companies in accordance with guideline of the Stock Exchange of Thailand. The Board of Directors must understand and recognize on its own roles, duties and responsibilities, honestly perform duties in accordance with laws, objectives and Articles of Association of the Company as well as resolution of the Meeting of the Shareholders, and mainly concern on the interests of the Company and shareholders. The Board of Directors formulates the policies, business goals, business plan, and budget of the Company, and governs the Management to effectively and efficiently execute in accordance with formulated policy, work plan and budget for overall maximum benefits of the Company and shareholders.

### Policy Related to Conflict of Interests

The Company determines the preventive measure for conflict of interests that may occur from related party transactions of the Company and the person who may have conflict. The stakeholder in any issue is unable to be involved in approving the said issue. The Board of Directors shall supervise the Company to strictly comply with Securities and Exchange Law and relevant regulations, announcements, orders, or requirements of the Capital Market Supervisory Board and Stock Exchange of Thailand, as well as perform in accordance with the requirements related to disclosure of information of connected transaction performing and acquisition or disposal of the important assets of the Company, and comply with accounting standards prescribed by the Institute of Certified Accountants.

Moreover, the Company will provide the Audit Committee or auditor as the case may be to review and comment on the suitability on the appropriateness of price and reasonableness of transaction performing, and disclose the said related party transactions in notes to financial statements which are audited or reviewed by the Company's auditor, Annual Registration Statement (Form 56-1), and Annual Report (Form 56-2).

### Internal Control System

The Company gives precedence to internal control system both for administrative level and operational level. Therefore, the clear scope of operating duties and responsibilities is determined in writing under control on maximum benefit of asset utilization and allocation of separate duties and responsibilities in approval, recording account and information, and storage and supervision of assets for appropriate checks and balances among each other. In addition, internal control on financial system shall be performed through the Company's establishment of financial reporting system to be proposed to the responsible executive of the line. The internal auditor shall be responsible for auditing internal control system and directly reporting to the Audit Committee.

The Company formulates clear targets for business operation of which its operating results are measurable. The Management regularly and monthly compares actual operating result with the target. Both internal and external risk factors detected in operation shall be assessed and analyzed for the causative factors in order to formulate monitoring measure for the causative event of risk factors, as well as mitigation measure for risks. Relevant department shall be appointed to monitor the identified risks and report its progress to the Board of Directors.

### 3. The Meeting of the Board of Directors

The Company has the policy that the Board of Directors must convene the meeting at least 3 months per time and may hold additional special meetings as necessary. The meeting agenda in each meeting shall be clearly specified. Invitation Letter for Meeting together with details shall be delivered in advance for 7 days so that the Board of Directors can have enough time to study information prior to meeting attendance. The meeting minutes shall be recorded in writing and collect the meeting minutes which are certified by the Board of Directors and ready for verification by the Board of Directors and the related parties.

### 4. Remuneration for Director and Executive

The Company determines remuneration for directors and executives in the proper level and in the adequate rate for retention of quality directors and executives without excessive payment of remuneration and in the level which is comparable with the companies in the same industrial group. The considered factors consist of experience, duty, scope of role and responsibility. The payment of remuneration for director shall be considered and approved by the Meeting of the Shareholders of the Company. The remuneration for the executives shall be in accordance with the principle and policy prescribed by the Board of Directors with consideration on duty and responsibility, and performance of each executive in accompany with the Company's overall operation.

### 5. Development of the Directors and Executives

The Board of Directors formulates the policy to promote and facilitate in arranging training and providing knowledge of corporate governance system of the Company to the related persons consisting of directors, audit committee, executives, and company secretary for continuous work enhancement, for instance, courses of Thai Institute of Directors Association (IOD).

## Sub-Committees

The management structure of the Company consists of the Board of Directors and another 2 Sub-Committees consisting of the Audit Committee and Executive Management Committee (none of the Nomination and Remuneration Committee in the Company). The directors, audit committees, executive directors and executives of the Company are completely qualified under Section 68 of Public Limited Companies Act B.E. 2535 (1992) and in accordance with the relevant announcements of Capital Market Supervisory Board. The scope of authorities of each Committee of the Company is as follows.

#### Scope of Authorities of the Board of Directors

1. The Board of Directors has authority, duty and responsibility in honestly management and operation of the Company's business in accordance with laws, objectives, articles of association of the Company as well as resolution of the Meeting of the Shareholders, and carefully maintain the Company's benefit.
2. Enforce preparing balance sheet and income statement of the Company as at the ending date of the accounting period of the Company which has already been audited by the auditor, and propose to the Meeting of the Shareholders for consideration and approval.

3. Define target, guideline, policy, operating plan and budget of the Company, as well as control administration and management of the Management or of any person entrusted for such execution in accordance with formulated policy.
4. Consider reviewing, auditing and approving policy, direction, strategy, business operation plan of the Company proposed by the Management.
5. Continuously monitor the operation in accordance with work plan and budget.
6. Consider formulating the policy of risk management in company wide extension and govern to have the system or process of risk management under supporting measure and control procedure to appropriately reduce impact on the Company's business.
7. Consider determining management structure to have authority to appoint the Executive Management Committee, the Chief Executive Officer and other Sub-Committees as appropriate, as well as determine scope of authorities of the Executive Management Committee, the Chief Executive Officer and Sub-Committees being appointed.

The authorization under the determined scope of the authority shall not have the manner of authorization that allows such Executive Management Committee, the Chief Executive Officer and Sub-Committees to be able to consider and approve transactions that may have conflict of gain and loss, or conflict of any other interests performed with the Company or subsidiaries (if any) except the approval of transactions which are in line with the policies and criteria already considered and approved by the Board.

8. The Board may authorize one or several directors or any other person to act on behalf of the Board under control of the Board or may delegate authority to such person as authorized by the Board within period deemed appropriate by the Board. The Board may cancel, revoke, change or amend that authorization when deemed appropriate.

That authorization shall not be the manner of authorization that allows the said person to enable to consider and approve transaction that he/she or person who may have conflict, gain and loss or may have conflict of interests in any other manner which will be performed with the Company or its subsidiaries (if any) as defined in the Announcement of the Capital Market Supervisory Board and/or Stock Exchange of Thailand, and/or any other announcements of the relevant agencies unless it is the approval of the transaction in accordance with the policy and criteria already considered and approved by the Board.

#### **Scope of Authorities of the Audit Committee**

1. Review the Company to have proper and adequate financial reporting.
2. Review the Company to have appropriate and efficient internal control system and internal audit system, and consider the independence of the Internal Audit Unit, and give consent in consideration on appointing, re-shuffling, and dismissing the Head of Internal Audit Unit or any other work unit related to internal audit.
3. Review the Company to comply with Securities and Exchange Law, requirement of the Stock Exchange of Thailand and relevant laws related to the Company's business.

4. Consider, select, nominate and appoint the independent person to perform duty of the auditor of the Company and propose the remuneration of the said person, and attend the meeting with the auditor without meeting attendance of the Management at least once a year.
5. Consider the connected transaction or transaction that may have conflict of interests in accordance with laws and requirements of Stock Exchange of Thailand to ensure that such transaction is reasonable and maximally beneficial to the Company.
6. Prepare report of the Audit Committee by disclosing in Annual Report of the Company. Such report shall be signed by the Chairman of the Audit Committee and contain at least the information as follows.
  - (a) Opinion related to accuracy, completeness and reliability of the Company's financial report
  - (b) Opinion related to adequacy of the internal control system of the Company
  - (c) Opinion related to compliance with Securities and Exchange Law, and requirement of Stock Exchange of Thailand or relevant laws related to the Company's business
  - (d) Opinion related to suitability of the auditor
  - (e) Opinion related to transaction that may have conflict of interests
  - (f) Number of Meetings of the Audit Committee and meeting attendance of each audit committees
  - (g) Overall opinion or observation acquired from the function of the Audit Committee in accordance with charter.
  - (h) Other transactions deemed that the shareholders and general investors should be informed under scope of duties and responsibilities entrusted by the Board of Directors
7. Take any other actions as entrusted by the Board of Directors under consent of the Audit Committee.

#### **Scope of Authorities of the Executive Management Committee**

1. Consider and propose target, policy, business plan and annual budget to the Board of Directors for consideration and approval.
2. Control business operation of the Company in accordance with policy, work plan and budget approved by the Board of Directors.
3. Consider approving the operation which is the normal transaction of the Company's business based on investment fund or budget approved by the Board of Directors whereas the financial limit for each transaction shall be in line with the authority table which is approved by the Board of Directors.
4. Propose the organization chart and power of organizational management to the Board of Directors for consideration and approval.
5. Have authority to appoint or hire the consultant related to internal management for maximum efficiency.
6. Consider profit and loss of the Company, proposal of interim dividend payment or annual dividend to be proposed for approval of the Board of Directors.

7. Being granted for authorization power to authorize any other one or several persons to take any action under control of the Executive Management Committee or may authorize to the said person to have power as deemed appropriate by the Executive Management Committee within the period deemed appropriate by the Executive Management Committee. The Executive Management Committee may cancel, revoke, change or amend the authorized person or that authorization as deemed appropriate.
8. Perform other duties as occasionally entrusted by the Board of Directors.

The authorization of authorities and responsibilities of the Executive Management Committee shall not have the nature of authorization or sub-authorization that allows the person who is authorized by the Executive Management Committee to enable to approve transaction that the authorized person or the person who may have conflict (as defined and prescribed in the announcement of the Securities and Exchange Commission and/or relevant agencies), have gain and loss or may have any other conflict of interests with the Company or subsidiaries and/or related companies. The Executive Management Committee has no power to approve the execution in such matter. Such matter shall be further proposed to the Meeting of the Board of Directors and/or the Meeting of the Shareholders (as the case may be) for approval unless it is the approval of transaction in accordance with policy and condition of normal trade which is in line with the announcement prescribed by the Capital Market Supervisory Board and/or Stock Exchange of Thailand and/or relevant agencies.

#### Scope of Authorities of the Chief Executive Officer

1. Control day-to-day business operation and/or management of the Company.
2. Prepare and propose policy, direction, strategy, business operation plan, budget, investment, management structure of the Company and criteria of business operation to be consistent with economic condition, to the Executive Management Committee and the Board of Directors for further approval consideration.
3. Govern the operation or working of the Company in accordance with policy, work plan and budget approved by the Board of Directors, and audit and evaluate the overall operation of the Company in accordance with the determined policy, and have duty to report overall operation, management, and operating progress to the Executive Management Committee, Audit Committee and the Board of Directors.
4. Consider approving the operation which is the normal transaction of the Company's business based on investment fund or budget approved by the Board of Directors. The financial limit for each transaction including entry into contracts related to such matter shall be in line with what is specified in the authority table which has already been approved by the Board of Directors but not more than annual budget approved by the Board of Directors.
5. Be authorized to consider and approve normal operating expenses of the Company's business based on budget approved by the Board of Directors and in accordance with authority table which has already been approved by the Board of Directors.
6. Determine organization structure and appointment, employment, removal, determination of wage, remuneration, bonus and termination of the employee from the level of assistant division manager and over.

7. Be authorized to issue rules and regulations and announcement in accordance with policy and interest of the Company and maintain work rule and discipline within the organization.
8. Have the authority to sub-authorize and/or entrust other person to perform specific work instead. The said sub-authorization and/or entrusting shall be under the scope of authorization based on power of attorney and/or in accordance with rule, requirement or order prescribed by the Board of Directors and/or company.
9. Perform other duties occasionally entrusted by the Board of Directors or Sub-Committees.

In executing any other matters that the Chief Executive Officer or the person who is authorized by the Chief Executive Officer or person that may have conflict (as defined and prescribed in the announcements of the Capital Market Supervisory Board and/or Stock Exchange of Thailand and/or relevant agencies), has conflict of interests with the Company and/or subsidiaries and/or relevant companies, the Chief Executive Officer has no approval authority for execution in such matters. Such matters shall be proposed to the Meeting of the Board of Directors and/or the Meeting of the Shareholders (as the case may be) for further approval unless it is the approval of the transaction in accordance with normal business and normal trade condition which is in line with what are prescribed in the announcements of the Capital Market Supervisory Board and/or Stock Exchange of Thailand and/or relevant agencies.

## Nomination and Appointment of the Directors and Topmost Executive

The person who will be appointed as the Company's director shall be selected through the Meeting of the Shareholders. The Board of Directors shall consider selecting from experience, knowledge, competency and qualification as prescribed by law since the Company has not yet had the Nomination Committee to select the person who will hold the said office. After that, the Meeting of the Shareholders shall select the director based on the criteria and procedure prescribed in the Articles of Association of the Company.

In addition, the Board of Directors has duty to nominate and appoint the appropriate qualified person in holding the office of the Chief Executive Officer under the following criteria.

1. The general qualification, expertise and experience shall be considered in accordance with what are determined by the Board of Directors.
2. The Chief Executive Officer shall not be the same person as the Chairman of the Board of Directors.
3. The roles, authorities and duties of the Chief Executive Officer shall be separately and clearly specified by the Chairman of the Board of Directors to create balance between the management and corporate governance.
4. The Board of Directors determines the framework of the operating authority and target of the Chief Executive Officer and regularly evaluates the performance every year.
5. The Chief Executive Officer has duty to assess the performance of top executive in descending order using target and criteria of assessment which is linked with strategic plan and annual plan for consideration on determination of the appropriate remuneration and incentive measure.



### Element and Appointment of the Board of Directors

Element, nomination, appointment, removal or retirement from the director office of the Company shall be prescribed in Articles of Association of the Company and can be summarized in the following essences.

1. The Board of Directors consists of at least 5 directors and the directors not less than half of total number of directors must have domicile in the kingdom and must be qualified as prescribed by law.
2. The Meeting of the Shareholders shall elect the directors in accordance with the following criteria and procedure.
  - (1) One shareholder has vote equivalent to number of his/her holding shares.
  - (2) Each shareholder can use the existing votes to select one or several persons as directors. In case where several persons are elected as directors, votes are unable to be divided to anyone more or less.
  - (3) The persons who gain highest votes in descending order shall be elected as directors in equal number of directors who are supposed to have or supposed to elect in that time. In case where the elected person in descending order has equal vote in excess of number of directors who is supposed to have or supposed to be elected in that time, the Chairman shall perform casting vote.
3. In every Annual General Meeting of the Shareholders, the director shall vacate from the office for one-third of number of directors at that time. If the number of directors cannot be divided into three parts, the nearest number of the directors to one-third portion shall resign. The director who must vacate the office in the first year and the second year after the registration of the Company, lots shall be drawn. In the following years, the director who is in the office for longest period shall vacate the director office. The director who shall retire by rotation can be selected to resume the office again.
4. Any director who will resign from the office shall submit Resignation Form to the Company. The resignation shall be effective from the arrival date of Resignation Form to the Company.
5. In case of vacancy of director office due to other reason apart from it is time for retirement by rotation, the Board of Directors may select the qualified person without prohibited characteristics in accordance with Public Limited Companies Law and/or Securities and Exchange Law to enter to be the replacing director in the next meeting. Unless the remaining term of the director is less than 2 months, the person who enters to be the replacing director shall be in the director office for just the remaining term of his/her replaced director. The resolution of the Board shall consist of votes not less than three-fourth of the remaining number of directors.
6. The Meeting of the Shareholders can resolve that any director can vacate his/her office before term of retirement by rotation is due with votes not less than three-fourth of number of the shareholders who attend the meeting and have voting rights whereas total counted votes are not less than half of number of shares held by the shareholders who attend the meeting and have voting rights.

### Element and Appointment of Independent Director

The Board of Directors shall mutually and primarily consider the qualification of the person who will hold the position as the independent director by considering from qualification and prohibited characteristics of the director pursuant to Public Limited Companies Act, Securities and Exchange Law, Announcement of Capital Market Supervisory Board, including relevant announcements, regulations and/or rules. Moreover, the Board of Directors shall consider selecting independent director from the qualified expert with work experiences and appropriateness in other fields in combination, and then propose to the Meeting of the Shareholders for consideration and appointment to be the director of the Company accordingly. The Company formulates the policy for appointment of the independent directors at least 1/3 of total number of directors and the appointed independent directors must not be less than 3 persons.

#### Definition of Independent Director

The independent director is the director who does not manage the Company or the Company's subsidiaries, independent from the management team and major shareholders, and deals none of the business with the Company that may negatively affect interests of the Company and/or of shareholders. Each independent director shall comply with the following criteria.

1. Holding shares not more than 1% of total number of shares with voting rights of the Company, holding company, subsidiary, associated company, major shareholder or regulator of the Company. The shareholding of the related person of the said independent director shall be counted.
2. Not being or never been the director who participates in management, employee, staff, consultant who earns fixed salary or regulator of the Company, holding company, subsidiary, associated company, subsidiaries in the same level, major shareholder or of the regulator of the Company unless he/she is free from the said nature at least 2 years. The said prohibited characteristics exclude the case where the independent director has ever been the government officer or consultant of administrative agencies which are the major shareholders or regulator of the Company.
3. Not being the person with consanguinity or relation by legal registration in the nature of being father, mother, spouse, kinsfolk, and child including the spouse of the children, the executive, major shareholder, regulator or person who is nominated to be the executive or regulator of the Company or subsidiaries.
4. Not having or never had business relation with the Company, holding company, subsidiary, associated company, major shareholders, or regulator of the Company in the nature that may obstruct the exercise of his/her independent discretion; and not being or never been the significant shareholder or regulator of the person who has business relation with the Company, holding company, subsidiary, associated company, major shareholder, or regulator of the Company unless the independent director is free from the said nature not less than 2 years.
5. Not being or never been the auditor of the Company, holding company, subsidiary, associated company, major shareholders, or regulator of the Company; and not being the significant shareholder, regulator or partner of the audit office which is under by the auditor of the Company, holding company, subsidiary, associated company, major shareholder, or regulator of the Company unless the independent director is free from the said nature not less than 2 years.

6. Not being or ever been any professional service provider and legal consultancy or financial consultancy service provider who earns more than 2 million Baht of service fee per year from the Company, holding company, subsidiary, associated company, major shareholder, or regulator of the Company; and not being the significant shareholder, regulator or partner of the professional service provider unless the independent director is free from the said nature not less than 2 years.
7. Not being the director who is appointed to be the representative of the director of the Company, major shareholder or shareholder who is related to the major shareholder.
8. Not engaging in the business that has the same nature and is significantly competitive to the business of the Company or subsidiaries; or not being the significant partner in the partnership or being the director who participates in management, employee, staff and consultant who earns fixed salary or holds share more than 1% of total number of shares with voting rights of other company that engages in the business which has the same nature and is significantly competitive with the business of the Company or subsidiaries.
9. Not having any other nature that causes the failure to express independent opinion related to the Company's operation.

The independent director is defined by the Company equivalent to minimum requirement of SEC or Stock Exchange of Thailand in the matter of holding the Company's shares that the Company's independent director shall hold shares in the Company not more than 1% of total number of shares with voting rights.

#### **Element and Appointment of the Audit Committee**

The Board of Directors shall appoint the Audit Committee consisting of at least 3 audit committee members who are appointed from the independent directors of the Company and qualified in accordance with Securities and Exchange Law, and announcements, regulations and/or rules prescribed by the Stock Exchange of Thailand. Moreover, the independent director who holds the audit committee member position must have additional qualifications as follows.

1. Not being the director who is entrusted by the Board to make the decision on the business operation of the Company, its parent company, subsidiaries, affiliated companies, subsidiaries with the same level, or juristic person that may have conflict.
2. Not being the director of the parent company, subsidiaries, affiliated companies, subsidiaries with the same level particularly being the listed companies.
3. Have sufficient knowledge and experiences that can perform the duty on behalf of the audit committee member. There shall be at least one audit committee member who has knowledge and experiences to enable to perform the duty in reviewing reliability of financial statements.

The position holding term of each audit committee member shall be 3 years per term.

### Governance on the Operation of Subsidiaries and Associated Companies

The Company shall invest in the Company that has the same business operation objective as the core business of the Company or the business that has similar nature or business that supports the Company's business, resulting in the Company's increase in performance or profit; or invest in the business that synergizes the Company and enables to support the core business of the Company to be more integrated in order to enhance the Company's competitiveness.

However, in governing the subsidiaries and associated companies, the Company shall send the qualified and experienced directors or executives who are proper for business operation to be the representative of the business management of the subsidiaries and associated companies in determine the important policies and controlling the business operations of the said subsidiaries and/or affiliated companies. The directors who are the Company's representative shall perform the duty in governing the subsidiaries and/or associated companies to manage or operate in accordance with the policies formulated by the Company. The directors shall exercise their discretions based on the resolutions of the Meeting of the Board of Directors and/or the Meeting of the Shareholders that approve on the significant issues of the subsidiaries and/or associated companies for maximum benefit generation to the Company and sustainable growth of the Company.

### Supervision on Use of Internal Information

For transparency and prevention of personal benefit acquisition from use of the Company's internal information which has not yet been publicly disclosed, and avoidance of scandals related to appropriateness of the security trading of the persons inside the Company, practical rule therefore has been issued for observance of the directors, executives and employees of the Company as follows.

1. The directors, executives, staffs and employees of the Company are prohibited to disclose or exploit from confidential and/or internal information of the Company for personal interest or any other person's interest either directly or indirectly and whether they will gain the return or not.
2. The directors, executives, staffs and employees of the Company as well as spouse and underage children of such persons are prohibited to use the Company's internal information which has impact or may have impact on change in price of the Company's security which has not yet been publicly disclosed for purchase, sale, offering for purchase, offering for purchase or persuading other person to purchase, sell, offer for purchase or offer for sale of the Company's securities either directly or indirectly prior to disclosure of that information to public, whether such act is performed for personal interest or other person's interest, or such act is performed by other person whereas such persons will gain interest in return. Anyone violates shall be punished in accordance with the Company's disciplinary measure.
3. The Company shall inform the executives for understanding and acknowledgement on duty in reporting the possession of the Company's securities by them, their spouse and underage children, and reporting change in possession of the securities to the Office of the Securities and Exchange Commission under Section 59 and penalty provision under Securities and Exchange Act (Issue No. 5) B.E. 2559 (2016).

4. The Company shall determine not to allow the directors, executives, staffs and employees of the Company as well as their spouse and underage children of such persons to trade the securities of the Company in 1 month period prior to disclosure of financial statements to public for acknowledgement.
5. The directors and executives shall report change in possession of securities to the Office of the Securities and Exchange Commission under Section 59 of Securities and Exchange Act B.E. 2535 (1992) within 3 working days.
6. After buying, selling, transferring or transferring acceptance date, 1 set of copy of such report shall be delivered to the Company for retention as evidence.

The Company shall inform the directors, executives, staffs and employees of the Company for acknowledgement about the aforesaid requirements.

#### Remuneration for the Auditor

In the fiscal year 2016 and 2017, the Company paid audit fee to the auditor of EY Office Limited as follows.

Description	2016	2017
Audit Fee	1,320,000.00	1,520,000.00
Non-Audit Fee	-	196,000.00*
<b>Total</b>	<b>1,320,000.00</b>	<b>1,716,000.00</b>

Note \* Service fee paid for the preparation for listing to the stock exchange of Thailand

#### Others

-None-



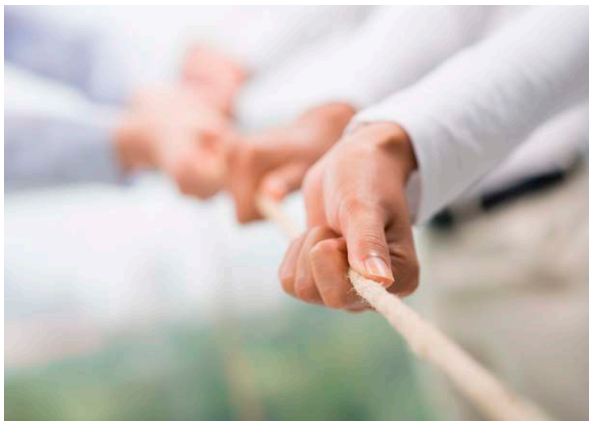
# Corporate Social Responsibility

ICN aims to operate its telecommunications product and service business based on its awareness of corporate social responsibility, expecting to bring the highest benefit to all stakeholders, partners, employees, shareholders, society, and environment, while initially promoting strategic collaboration throughout the organization. Also, ICN has recognized the importance of promoting a greater awareness of corporate social responsibility among employees by fostering unity and harmony at the same time. Senior executives and employees are regularly encouraged to be part of social activities, where ICN's corporate social responsibility policies, corporate governance principles, and guidelines for code of conduct can be explained below:



### 1. Fair Business Practices

The Company is strongly committed to operating its business based on fairness, transparency, and accountability. ICN's fair business practices are in accordance with the Good Corporate Governance Principles No. 3, stating that it is greatly important to treat all stakeholders fairly and equally aiming for the satisfaction of all parties involved. ICN has clearly specified policy for dealing with all stakeholders, including shareholders, employees, partners, creditors, competitors, communities, and society.



### 2. Anti-Bribery and Corruption

The Company has remained firm in managing its business in accordance with the principles of good corporate governance, with transparency, ethics, and compliance with relevant laws to prevent bribery and corruption of all kinds. ICN has set up a corporate structure to share responsibilities in line with work processes and command lines for all departments to pursue, as part of the goal to balance the power and tighten the inspection of works and responsibilities among directors, management and employees. With the enforcement of rules and regulations in general, no executives or employees are allowed to be involved directly or indirectly in any corrupted practices of all forms, while being prohibited to seek personal gains or benefits of others in a fraudulent manner. At ICN, everyone is always encouraged to strictly pursue the anti-bribery and corruption rules and regulations.

### 3. Respect for Human Rights

The Company has developed its policies to support the respect and protection for human rights of relevant parties, including employees and other people in the society, taking into account the equality and freedom without discrimination on the basis of race, nationality, religion, language, color, gender, age, education, physical condition, and social status. ICN will never engage in any violation of human right, for instance, child abuse and sexual harassment. Furthermore, ICN has always encouraged its personnels to take part in the monitoring of practices towards the respect for human rights, where everyone is allowed to express productive opinions and feedbacks on the respect and protection for human rights. ICN has made a great effort in raising employees' awareness towards the importance of humanity by pursuing the principles of human rights.

### 4. Fair Treatment of Employees

The Company realizes that employees are valuable assets. They are keys to the company's success. Hence, ICN has emphasized on fair treatment of employees based on the equality in term of recruitment, remuneration, promotion, transfer, and further development in term of skill and morality. It can be considered from the following guidelines.

- 1 Recruiting employees fairly. There are clear procedures and criteria for employee recruitment to obtain desirable qualifications of employees required by the company.
- 2 Offering remunerations based on the completion of knowledge, ability, responsibility, and performance fairly.
- 3 Taking good care of the environment to promote occupational health and safety of all employees.



- 4 Proceeding with equitable promotion and transfer as well as proposing appropriate disciplinary actions to an employee possessing any improper behavior. All decisions must be made based on the employee's level of knowledge, ability, and appropriateness of responsibility.
- 5 Recognizing the importance of skill and competency development, where opportunities should be provided for all employees equally and consistently.
- 6 Complying with rules and regulations strictly and efficiently.
- 7 Acknowledging others' suggestions and feedbacks based on professional knowledge of employees at all levels fairly and equally to generate a decent working environment for working together.

## 5. Responsibility towards Consumers

The Company is committed to ensuring the highest satisfaction to consumers, in this context, referring to ICN's customers. ICN offers a broad range of quality products and services at affordable prices, while being able to comply with relevant rules and regulations by taking into account the benefits and accuracy of engineering standards. ICN will never disclose any customer information to any third party without permission, unless such information is required to be disclosed by law. For strategic partners or suppliers, the company always focuses on mutual benefits of commercial terms and conditions, while sincerely pursuing contractual conditions and never taking part in any fraudulent or illegal transaction.

## 6. Environmental Preservation

The Company truly believes that good business practices must be observed and committed to environmental preservation. ICN is committed to environmentally friendly business, focusing on the selection of eco-friendly products and services as well as promoting efficient and economical energy consumption, office equipment, natural resources such as electricity and water supply, Internet, and intranet communication technology. Meanwhile, the Company has reiterated its intention to reduce the use of paper, while never supporting any activity considered to be socially and environmentally harmful.

## 7. Society and Community Development

The Company takes into account the development of community or society by providing support to social activities and seeking opportunities to support various social activities, inculcating the consciousness of social responsibility for employees at all levels seriously and continuously. ICN has managed to fully comply with rules and regulations issued by regulators. Over the past few years, ICN has offered concrete supports to the society and communities across the country, including the financial donation for flood victims, medical students, and public organizations aiming to support further social development activities.

ICN aims to offer its continuing supports to the community and society, and will continue to expand its social activities to cover several other fields, urging employees to regularly participate in social activities, for instance, the educational aspect, where university students are welcomed to join the Company's internship program to be ready to kick-start their career lives and be part of the national asset in the near future. ICN also places a great emphasis on the development of communities, temples, and schools in various locations.



Nowadays, a large number of needy patients and underprivileged people are in need of immediate assistance from the society. They suffer physical and mental illnesses and are incapable of managing to get full coverage for their medical expenses, whereby these issues should never be overlooked. If these needy are not treated in a proper manner, it will inevitably cause negative impacts towards physical and mental conditions of the patients, carers and their relatives.

To keep promoting and supporting society-focused activities in collaboration with charitable organizations and foundations, ICN is always eager to take part in social development programs by offering financial donations and presenting food and other necessities to needy people on a regular basis. Considered one of the most remarkable social development activities, ICN has been offered an opportunity to take care of the elderly of St. Camillus Foundation of Thailand, a non-profit foundation certified for being a charitable organization specializing in public health promotion by the Office of the National Social Welfare Commission. With the principles of humanity and appropriateness, ICN aims to consistently bring a better quality of life to those needy and underprivileged people.



ICN has also set its sight to keep promoting its learning development programs, particularly for Thai youths. Considered valuable assets of the country, it is necessary to provide young children with inclusive and equitable education, backed by the awareness of morality and care for others. The actual goal of youth development is to encourage Thai youths to grow with quality and be part of the pride for the country. Hence, the Company has offered its continuing supports to various social development activities. Recently, Mr.

Thammawat Uchuphaiboonwong, Chief Operating Officer, Mr. Akekapot Boonyarattapun, Vice President, and employees from Operations team, has presented a set of optical fiber cables to lecturers and students of the Department of Electrical and Computer Engineering, King Mongkut's University of Technology North Bangkok, to support further studies of the department.

# Internal Control and Risk Management

## Project Risk Management

Due to tender and project-based business, the Company therefore realizes the contingent risks from sales of each project and formulates the policy of risk management to be part of the Company's business operation and set up Risk Management Working Group to perform duty in risk assessment in finance, management of project, technique and internal and external factors in order to propose proper risk mitigation measures. These shall manage the risk into an acceptable level with successful project completion and satisfactory outcome.

## Internal Control

The Board of Directors and executives have direct duties and responsibilities in establishing and maintaining internal control system and regularly reviewing efficiency of internal control to protect the investment fund of the shareholders and the Company's assets. Internal control includes financial control, operation, operating governance to be in line with relevant laws and rules, and risk management.

Internal control system effectively established by the Company shall contribute to the Company's reasonable confidence that can attain the setting objectives and targets in the following matters.

- Proper and reliable data system and financial report
- Compliance of regulations, policies, work processes of the Company and relevant laws.
- Existence of the Company's assets under well control, supervision, storage and maintenance
- Effective operation of the Company and resource consumption
- Efficient attainment of the Company's objectives and strategies, and operation

The internal control system of the Company can be summarized based on the elements of control in each area as follows.

### 1. Control Environment

The Company has established good organizational structure and environment which are the important foundation of efficient internal control. The Company also determines clear vision, target, strategy and budget, and criteria for operating result measurement, regularly and continuously restructure the organization to be consistent with business plan, improves corporate governance system, recruits quality personnel, and continuously develops under complete working policies and rules that cover financial transaction, procurement, risk management and other areas.

### 2. Risk Assessment

The Company determines that every department shall assess and consider risks in performing transactions and the Audit Committee shall perform duty in governing risks to be in the manageable level.

### 3. Control Activities

The Company determines delegation of function and job so that control system occurs among each other, determines written approval authority of transaction and financial limit, and prepares the guideline of supervision on connected transactions and related party transactions in accordance with laws.

### 4. Information System & Data Communication

The Company establishes data system for adequate decision whereas there is work unit that shall effectively collect, analyze and store data bank of the Company, and communicate organizational data system in both two ways in the level of the Board of Directors for preparation of data and documents which are adequate for decision making.

### 5. Monitoring & Activities

The external auditor of the Company which is EY Office Limited as the auditor of financial statement for 2017 and remarked the opinion that the said financial statements of Information and Communication Networks Public Company Limited are fairly proper in the materiality in accordance with Thai Financial Reporting Standards.

The Board of Directors had the opinion that the Company has adequate and effective internal control system with sufficient numbers of responsible personnels to monitor and handle this system efficiently. The Company therefore is able to conduct its business in accordance to Good Corporate Governance and transparency. Moreover, the Company has set up the monitoring system to ensure that Company assets shall be used with an appropriate purpose by directors or management within their authority as well as a proper control is in place to manage any transactions with conflict of interest or with related parties efficiently.

To ensure an effective internal control system, The Company has hired BK IA and IC Company Limited as an internal auditor since 2015 under the lead of Ms. Boonnee Kusolsopit. The internal auditor shall present the audit report directly to the Audit Committee on a quarterly basis. Internal Audit Section has duties in giving counsel and auditing, assessing internal control system, risk management system and corporate governance to ensure that risk management system, internal control system and corporate governance process of the Company that they are adequately formulated and effective in accordance with the setting objectives.

Internal audit section shall prepare an annual audit plan with consideration of Risk Based Approach that emphasizes on significant risks that will affect the Company's objective achievement and financial accuracy.

BK IA and IC Company Limited, the internal auditor of the Company, proposed annual internal audit plan for 2017 which was approved by the Board of Directors in the Meeting of the Board of Directors No. 1/2017 under the following details of internal audit plan:

Auditing or Monitoring Cycle/System	Period of Auditing Documentary Information	Auditing Entry Period
1. Control of information system, monitoring the issues of the year 2016 and assessment of internal control system for 2016	Dec 2016	Jan-2017
2. Calculation and record of remuneration account of the employees	Jan - Mar 2017	May-2017
3. Control of employment and control of cost and expense spending	Jan – May 2017	Jun-2017
4. Control of product selling, project work tender, control of project work and product delivery/project work delivery	May – Jun 2017	Sep-2017
5. Record of recognition account of revenue and cost of sales/ services and monitoring of debt collection	Jul - Sep 2017	Dec-2017

The Audit Committee considered, reviewed and approved the said annual audit plan and follow up the auditing result and performance of internal audit section. In addition, internal audit section of the Company has also referred the professional work standard of internal audit of the Institute of Internal Auditors of Thailand as the framework of independent and impartial function under support of necessary and adequate resources.

## Audit Committee's Report

The Audit Committee independently performed its duties in accordance with the scopes of duties and responsibilities, as assigned by the Board of Directors, to monitor the Company's operations and ensure that the executive committee and directors perform their duties with accountability towards shareholders, integrity, responsibility, and compliance with the Company's policies.

In 2016, the Audit Committee held four meetings with the Management, internal auditors, and auditors to monitor compliance with the recommendations of the auditors. The Audit Committee reported its performance and recommendations to the Board of Directors on a quarterly basis. The main duties performed by the Audit Committee can be summarized as follows:

1. The Audit Committee reviewed the quarterly and annual financial statements of the Company. In addition, the Audit Committee inquired with and obtained clarifications from the Management and auditors regarding the accuracy and completeness of the financial statements, sufficiency of information disclosure, events after the reporting period, and adjusting entries that materially affect the financial statements, in order to ensure that the preparation of the financial statements was in compliance with relevant laws and financial reporting standards, the financial statements were accurate and credible, and the disclosure of information in the financial statements was sufficient and timely, for the benefits of investors or users of the financial statements.
2. In reviewing the internal control assessment, the Audit Committee examined and expressed opinions towards the results of 2017 internal control assessment, as well as inquiring additional information from the Management. The Audit Committee concluded that, upon the assessment of the Company's internal control system in five aspects, namely control environment, risk assessment, control activities, information and communication, and monitoring activities, the Company's internal control system was adequate and appropriate. The Audit Committee was of the opinion that the Company had prepared sufficient personnel to efficiently comply with the system and protect the Company's assets from wrongful or unauthorized use by the directors or management, including conflicts of interest and related-party transactions, with sufficiency and without material flaws in complying with the internal control system.
3. The Audit Committee emphasized on the Company's compliance with procedures regarding the approval of conflicts of interest transactions, which conform to legal requirements and corporate governance. The Audit Committee reviewed and ensured that the transactions were accurate and reasonable, with normal business conditions, and were of optimal benefits to the Company and its stakeholders.
4. In each meeting, the Audit Committee reviewed and expressed opinions towards the Company's compliance with Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and other applicable laws pertaining to the Company's businesses. According to the results of 2017 review, there were no material issues concerning incompliance with Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and other applicable laws pertaining to the Company's businesses.

5. The Audit Committee reviewed the performance in 2017 BK IA & IC Company Limited, which acted as the internal auditor of the Company, and concluded that the performance was satisfactory. There were no material indications of fraud or errors in the internal audit operations. The internal auditor provided useful recommendations on internal control and was independent in performing its duties. Moreover, the internal auditor proposed reasonable remuneration. With that respect, the Audit Committee deemed that it was appropriate to appoint BK IA & IC Company Limited as the internal auditor of the Company for 2018.
6. The Audit Committee considered, selected, and proposed the Company's auditor for 2018, including the audit fee, to the Board of Directors in order to obtain approval from 2018 Annual General Meeting of Shareholders. Upon consideration of the performance and independence of the auditor and the suitability of the audit fee, the Audit Committee deemed that it was appropriate to appoint Mr. Kritsada Lertwana (CPA License No. 4958) or Miss Kosum Cha-aem (CPA License No. 6011) or Miss Manee Rattanabunkij (CPA License No. 5313) from EY Office Limited as the Company's auditor for 2018, due to:
  - Good performance standard, professional expertise, and satisfactory results of past performance;
  - Provision of explicit recommendations and consultations on the new accounting standards; The audit fee for 2018 was proposed to be THB 1,520,000 (One Million Five Hundred Twenty Thousand Baht Only).
  - Independence of the accounting firm and auditors, as proposed above, from the Company's executives, major shareholders, or related parties in auditing and expressing opinions towards the Company's financial statements.
7. The Audit Committee performed its duties according to the prescribed scopes of authority and responsibilities with conformity to Securities and Exchange Act and regulations of the Stock Exchange of Thailand.

The Audit Committee was of the opinion that the Company's operations for the year ended December 31, 2017 were under appropriate internal control and internal audit systems. The financial statements were accurate, complete, and reliable with adherence to applicable laws, regulations, and other requirements pertaining to the Company's businesses. In addition, the Company's disclosure of information was adequate and the Company conducted its operations according to good corporate governance with sufficiency, transparency, and reliability.

(Mr. Segsan Roilapcharoenporn)  
Chairman of the Audit Committee



## Related Party Transactions

During 2017, the Company performed significant business transactions with the related parties and the said business transactions were in line with the commercial condition and criteria as agreed between the Company and these related parties in accordance with the business normality. Below is the summary of the said transactions.

The details of outstanding balance between the Company and the related businesses as at 31 December 2017 and 2016 are as follows.

(Unit: MB)

	2017	2016	Transfer Pricing Policy
Transactions with shareholders			
Interest expense	0.3	2.0	5 percent per annum
Guarantee fee	0.4	0.1	1 percent per annum
Transactions with related party			
Sales and services income	135.9	121.0	Close to market price

As at 31 December 2017 and 2016, the balances of the accounts between the Company and that related party are as follows:

(Unit: MB)

	2017	2016
<b>Trade receivables - related party</b>		
Related company (related by director who related with the Company's shareholder)	-	68,237
Total trade receivables - related party	-	68,237
<b>Unbilled receivables - related party</b>		
Related company (related by director who related with the Company's shareholder)	-	19,751
Total unbilled receivables - related party	-	19,751
<b>Accrued interest expenses to related parties</b>		
Shareholders	-	1,619
Total accrued interest expenses to related parties	-	1,619
<b>Accrued expenses to related party</b>		
Shareholders	410	153
Total accrued expenses to related party	410	153

### Short-Term Loan from Shareholder

As at 31 December 2016, the Company borrowed short-term loan from the shareholder for 22 million Baht at the charged rate of interest of 5% per annum for within 1 year of maturity without collateral. The Company completely paid back the said loan during the year.

### Remuneration for Director and Executive

During the year ended 31 December 2017 and 2016, the Company had the expense of employee benefit provided to directors and executives as follows.

	(Unit: MB)	
	2017	2016
Short-term employee benefits	23.0	21.2
Post-employment benefits	1.1	0.9

### Tendency of Related Party Transaction in Future

The Company may continuously perform related party transactions in the future which shall be in accordance with generally practiced business transaction, and shall formulate clear policy for entering to related party transaction. Pricing and commercial conditions shall be defined under the arm's length principle, such as purchase of goods, rendering or receiving services, as well as guarantee of credit lines of the Company's directors. The related party transactions that will occur shall be based on the necessity of the Company's business operation and for the purpose of the Company's benefit. Moreover, the Company has no policy for lending the Company's money to the directors, executives and employees. However, the Audit Committee shall quarterly consider and audit the compliance of the criteria and express the opinion on reasonability of the occurred transactions. At present, the Company has been under execution of release of guarantee for credit lines of the directors and shareholders of the Company with the commercial banks where the said transactions have still been outstanding.

For the related party transactions that are not in line with normal business that may occur in the future, the Audit Committee will review the compliance of criteria and justify the reason of the said transaction performing prior to executing that transaction by remarking the opinion related to the necessity, reasonability, and appropriateness on price of that transaction. The conditions shall be considered to be line with nature of normal trade operation in arm's length price which can be compared with the price occurred with the third party. In case where the Audit Committee has none of expertise in consideration of the contingent related party transaction, the Company shall assign the independent parties who have special know-how such as auditor, asset appraiser, law firm, etc. from the company and person who may have conflict to remark the opinions related to the said related party transaction in order to support the Audit Committee's decision so that the Audit Committee shall propose to the Meeting of the Board of Directors or Shareholders as the case may be. The Audit Committee shall execute in accordance with the measure and procedure of approval on related party transaction performing as specified above. However, in case of related party transaction that may cause future contingent conflict of interests, the Board of Directors shall comply with Securities and Exchange Law, regulations, announcements, orders or requirements of Capital Market Supervisory Board and The Stock Exchange of Thailand with regards to the requirement of disclosure on information of related transaction, acquisition or disposal of assets of the Company or its subsidiaries, as well as compliance to accounting standards prescribed by Federation of Accounting Professions and the Certified Public Accountants of Thailand.

## Report of the Board of Directors' Responsibility for Financial Reporting

The Company's Board of Directors is responsible for the financial statements of Information and Communication Networks Public Company Limited, along with financial information presented in the Annual Report. The Company's financial statements have been prepared in accordance with Thai Financial Reporting Standards through the adoption of an appropriate accounting policy on a consistency basis, and reflect best judgments and estimates. In addition, significant information have been adequately disclosed in the Notes to Financial Statements.

The Company's financial statements have been audited and approved by an independent auditor, i.e. EY Office Limited. In order to facilitate the auditor to conduct an audit and express an opinion according to the accounting standards, the Board of Directors has provided the auditor with support in terms of relevant information and documents; whereby the auditor's opinion is presented under the Auditor's Report section in the Annual Report.

The Board of Directors has established the systems of internal control and internal audit to effectively provide reasonable assurance as to the accuracy and completeness of financial reporting, the safeguarding of the Company's assets, and the prevention of fraudulence or material misstatement of financial reporting.

The Board of Directors has appointed the Audit Committee, which comprises of three independent directors who exhibit all qualifications as required by the Stock Exchange of Thailand and Securities and Exchange Commission (SEC). The Audit Committee's responsibilities include overseeing and auditing the quality of financial reports and ensuring the appropriateness and efficacy of internal control and internal audit systems. The Audit Committee's opinion is provided in the Annual Report.

The Board of Directors is of the opinion that the Company's overall internal control system is satisfactory and sufficient to provide reasonable confidence as to the reliability of the financial statements of Information and Communication Networks Public Company Limited for the year ended December 31, 2017. The financial statements are accurate, complete, and in compliance with the Generally Accepted Accounting Principles, as well as applicable laws and regulations.



(Mr. Segsan Roilapcharoenporn)

Chairman



(Mr. Monchai Manepairoj)

Chief Executive Officer

# Independent Auditor's Report

To the Shareholders of Information and Communication Networks Public Company Limited  
(Formerly known as “Information and Communication Networks Co., Ltd.”)

## Opinion

I have audited the accompanying financial statements of Information and Communication Networks Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2017, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Information and Communication Networks Public Company Limited as at 31 December 2017, its 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 Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

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

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

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

### **Revenue recognition**

The Company has disclosed its policies on revenue recognition for sales and services provided under contracts, cost estimates for projects under contracts and provision for possible losses on projects in Note 4.1 a) and Note 4.1 b) to the financial statements. I identified revenue recognition and estimation of possible losses on projects to be areas of significant risk in the audit. This is because the amount of revenue that the Company recognises from such contracts in each period forms a significant portion of the Company's total revenue. In addition, the process of measurement, the determination of appropriate timing of recognition, and the estimation of possible losses are areas requiring management to exercise significant judgement to assess the percentage of completion, the probability of loss, and the measurement of possible loss. The Company might also enter into side agreements that may affect the terms of the main contracts. There are therefore risks with respect to amount and timing of the recognition of revenue and provisions for possible losses on projects.

I assessed and tested the internal controls put in place by the Company over the process of entering into contracts, estimates of project costs and revisions thereto, recognition of revenue and estimation of percentage of completion and possible losses under contracts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.

I also selected major contracts and randomly selected additional samples and performed the following procedures:

- Read the contracts to consider the conditions relating to revenue recognition.
- Inquired with the Company's management and engineers/the project managers about the terms of and risks associated with these contracts relevant to revenue recognition and estimates of possible loss.

- Made enquiries of the Company's management and engineers/the project managers, gained an understanding of the Company's process to assess the percentage of completion and cost estimates for projects, compared estimates of project costs to the project budgets approved by authorised person, and on a sampling basis, examined relevant documents and considered the rationale for budget revisions, compared past estimates with actual project costs in order to evaluate the project management's competency in estimating project costs, checked actual costs to supporting documents and tested the calculation of the percentage of completion based on actual costs incurred including performed an analytical review to compare the percentage of completion derived from the actual costs incurred to the percentage of completion estimated by the Company's engineers/the project managers.
- Evaluated the possible losses on projects assessed by the management through a comparative analysis of the actual cost incurred to the cost estimates for projects.
- Examined the accounting transactions related to revenue recognition that were recorded through journal vouchers, in order to detect any irregularities.
- Reviewed the disclosures made in the notes to the financial statements with respect to the basis of revenue recognition and the estimation of possible losses.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 Company, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the 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 Company 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.

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.



Khitsada Lerdwana

Certified Public Accountant (Thailand) No. 4958

EY Office Limited

Bangkok: 22 February 2018

## Statements of financial position

Information and Communication Networks Public Company Limited

(Formerly known as “Information and Communication Networks Co., Ltd.”)

As at 31 December 2017

		(Unit: Baht)	
	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	188,468,292	45,654,687
Current investments		643,799	208,539
Trade and other receivables	8	308,057,553	229,152,809
Unbilled receivables		143,668,591	127,409,528
Inventories	9	148,748,085	1,145,878
Advance payment for goods and services		18,557,122	4,321,559
Other current assets		24,146,050	7,811,083
<b>Total current assets</b>		<b>832,289,492</b>	<b>415,704,083</b>
<b>Non-current assets</b>			
Restricted bank deposits	10	128,955,795	52,406,235
Office improvement and equipment	11	5,241,001	3,217,514
Intangible assets		112,039	137,526
Deferred tax assets	17	1,737,494	1,208,081
Other non-current assets		2,924,540	7,323,681
<b>Total non-current assets</b>		<b>138,970,869</b>	<b>64,293,037</b>
<b>Total assets</b>		<b>971,260,361</b>	<b>479,997,120</b>

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

## Statements of financial position (continued)

Information and Communication Networks Public Company Limited

(Formerly known as "Information and Communication Networks Co., Ltd.")

As at 31 December 2017

		(Unit: Baht)	
	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trust receipts		-	37,941,263
Trade and other payables	12	372,641,424	166,415,492
Short-term loans from shareholders	6	-	21,946,379
Unbilled payables		35,888,410	47,112,207
Advanced receipts from customers		40,630,666	25,642,536
Current portion of liabilities under hire purchase agreements		421,487	-
Other current liabilities		18,846,921	12,453,480
<b>Total current liabilities</b>		<b>468,428,908</b>	<b>311,511,357</b>
<b>Non-current liabilities</b>			
Liabilities under hire purchase agreements, net of current portion		1,430,716	-
Provision for long-term employee benefits	13	5,059,558	3,382,798
<b>Total non-current liabilities</b>		<b>6,490,274</b>	<b>3,382,798</b>
<b>Total liabilities</b>		<b>474,919,182</b>	<b>314,894,155</b>

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

## Statements of financial position (continued)

Information and Communication Networks Public Company Limited

(Formerly known as “Information and Communication Networks Co., Ltd.”)

As at 31 December 2017

		(Unit: Baht)	
	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Shareholders' equity</b>			
Share capital			
Registered	14		
450,000,000 ordinary shares of Baht 0.50 each			
(2016: 11,500,000 ordinary shares of Baht 10 each)		225,000,000	115,000,000
Issued and fully paid up	14		
450,000,000 ordinary shares of Baht 0.50 each			
(2016: 11,500,000 ordinary shares of Baht 10 each)		225,000,000	115,000,000
Share premium	14	155,062,688	-
Retained earnings			
Appropriated-statutory reserve	15	6,000,000	2,654,873
Unappropriated		110,278,491	47,448,092
<b>Total shareholders' equity</b>		<b>496,341,179</b>	<b>165,102,965</b>
<b>Total liabilities and shareholders' equity</b>		<b>971,260,361</b>	<b>479,997,120</b>

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

# Statement of comprehensive income

Information and Communication Networks Public Company Limited

(Formerly known as “Information and Communication Networks Co., Ltd.”)

For the year ended 31 December 2017

		(Unit: Baht)	
	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>			
Sales and services income		956,848,580	569,768,878
Other income		1,670,120	1,189,491
<b>Total revenues</b>		<b>958,518,700</b>	<b>570,958,369</b>
<b>Expenses</b>			
Cost of sales and services		811,615,473	484,125,901
Selling and servicing expenses		21,634,021	19,706,879
Administrative expenses		39,605,813	30,970,322
<b>Total expenses</b>		<b>872,855,307</b>	<b>534,803,102</b>
<b>Profit before finance cost and income tax expenses</b>		<b>85,663,393</b>	<b>36,155,267</b>
Finance cost		(57,536)	(219,977)
<b>Profit before income tax expenses</b>		<b>85,605,857</b>	<b>35,935,290</b>
Income tax expenses	17	(19,430,331)	(8,825,935)
<b>Profit for the year</b>		<b>66,175,526</b>	<b>27,109,355</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>66,175,526</b>	<b>27,109,355</b>
<b>Earnings per share</b>	18		
Basic earnings per share			
Profit for the year		0.20	0.12

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

## Cash flow statement

Information and Communication Networks Public Company Limited

(Formerly known as “Information and Communication Networks Co., Ltd.”)

For the year ended 31 December 2017

	(Unit: Baht)	
	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Profit before tax	85,605,857	35,935,290
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	1,362,317	1,629,943
Reversal of allowance for diminution in value of inventories	-	(615,655)
Loss on write off of office improvement and equipment	220,363	34,204
Loss on write-off of withholding tax	4,441,273	611,875
Provisions for project delayed and warranty	907,349	327,338
Transfer equipment to cost of project	-	85,213
Provision for long-term employee benefits	1,676,760	1,369,222
Unrealised loss on exchange	971	33,375
Interest income	(1,234,955)	(775,132)
Interest expenses	57,536	219,977
Profit from operating activities before changes in operating assets and liabilities	93,037,471	38,855,650
Operating assets (increase) decrease		
Trade and other receivables	(78,904,744)	(100,699,036)
Unbilled receivables	(16,259,063)	6,913,171
Inventories	(147,602,207)	1,743,723
Advance payment for goods and services	(14,235,563)	(3,994,115)
Other current assets	(13,396,677)	(987,721)
Other non-current assets	9,000	3,798,020
Operating liabilities increase (decrease)		
Trade and other payables	206,271,097	46,303,703
Unbilled payables	(11,223,797)	(17,590,051)
Advanced receipts from customers	14,988,130	21,327,694
Other current liabilities	5,486,092	4,247,821
Cash from (used in) operating activities	38,169,739	(81,141)
Cash paid for interest expenses	(219,436)	(377,667)
Cash paid for income tax	(21,038,739)	(9,662,486)
<b>Net cash from (used in) in operating activities</b>	<b>16,911,564</b>	<b>(10,121,294)</b>

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

## Cash flow statement (continued)

Information and Communication Networks Public Company Limited

(Formerly known as "Information and Communication Networks Co., Ltd.")

For the year ended 31 December 2017

	(Unit: Baht)	
	<u>2017</u>	<u>2016</u>
<b>Cash flows from investing activities</b>		
Decrease (increase) in current investments	(435,260)	896,461
Decrease (increase) in restricted bank deposits	(76,549,560)	39,995,141
Acquisition of equipment	(1,577,979)	(117,348)
Acquisition of intangible assets	(54,500)	(26,000)
Interest income	832,615	683,155
<b>Net cash from (used in) investing activities</b>	<u>(77,784,684)</u>	<u>41,431,409</u>
<b>Cash flows from financing activities</b>		
Cash receipt from increase in share capital	270,800,000	-
Payments of expense relating to the share offering	(7,171,640)	-
Increase (decrease) in trust receipts	(37,939,014)	21,655,408
Decrease in short-term loans from shareholders	(21,946,379)	(63,053,621)
Payments of liabilities under hire purchase agreements	(56,242)	(259,835)
<b>Net cash from (used in) financing activities</b>	<u>203,686,725</u>	<u>(41,658,048)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>142,813,605</u>	<u>(10,347,933)</u>
Cash and cash equivalents at beginning of year	45,654,687	56,002,620
<b>Cash and cash equivalents at end of year</b>	<u>188,468,292</u>	<u>45,654,687</u>
	-	-
<b>Supplemental cash flows information</b>		
Non-cash transactions		
Increase in equipment from other payables	106,089	-
Increase in equipment from liabilities under hire purchase agreements	1,842,112	-

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



# Statement of changes in shareholders' equity

Information and Communication Networks Public Company Limited  
(Formerly known as "Information and Communication Networks Co., Ltd.")  
For the year ended 31 December 2017

	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
<b>Balance as at 1 January 2016</b>	115,000,000	-	2,654,873	20,338,737	137,993,610
Total comprehensive income for the year	-	-	-	27,109,355	27,109,355
<b>Balance as at 31 December 2016</b>	<u>115,000,000</u>	<u>-</u>	<u>2,654,873</u>	<u>47,448,092</u>	<u>165,102,965</u>
<b>Balance as at 1 January 2017</b>	115,000,000	-	2,654,873	47,448,092	165,102,965
Increased shares capital (Note 14)	110,000,000	155,062,688	-	-	265,062,688
Total comprehensive income for the year	-	-	-	66,175,526	66,175,526
Transferred to statutory reserve (Note 15)	-	-	3,345,127	(3,345,127)	-
<b>Balance as at 31 December 2017</b>	<u>225,000,000</u>	<u>155,062,688</u>	<u>6,000,000</u>	<u>110,278,491</u>	<u>496,341,179</u>

(Unit: Baht)

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

# Notes to financial statements

Information and Communication Networks Public Company Limited

(Formerly known as “Information and Communication Networks Co., Ltd.”)

For the year ended 31 December 2017

## 1. General information

Information and Communication Networks Public Company Limited (“the Company”) registered to be public company limited on 25 April 2017. The Company is incorporated and domiciled in Thailand. The Company is principally engaged in the system integration in telecommunication business. The registered office of the Company is at No.393, D.K.J. Building, the 5<sup>th</sup> Floor, Sukontasawat Road, Ladprao Sub-district, Ladprao District, Bangkok.

The Market of Alternative Investment (“MAI”) has approved the Company’s ordinary shares as listed securities traded on the MAI, effective from 15 September 2017.

## 2. Basis of preparation

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.

## 3. New financial reporting standards

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

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

**(b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The Company's management believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

**4. Significant accounting policies****4.1 Revenues and expenses recognition****a) Revenue***Sales and services income*

Revenue from installation service under fixed price contract are recognised based on percentage of completion which is determined by the ratio of costs incurred to date of completion and the estimated cost to complete. Recognised revenues, that are not yet due, per the contracts, are presented under the caption of "unbilled receivables" in the statement of financial position.

Revenue from maintenance services are recognised when services have been completely rendered according to the period.

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

*Interest income*

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

Other incomes are recognised on an accrual basis.

**b) Expenses**

Cost of integration service, ongoing repair and maintenance and contract lump sum turnkey for telecommunication network systems are recognised in accordance with the percentage of work completed for which revenue has already been recognised, based on total estimated costs. Provision for anticipated losses on projects is made in the accounts in full when the possibility of loss is ascertained. Differences between the estimated costs and the actual costs are recognised as “work in progress” under inventories or “unbilled payables” under current liabilities.

Other expenses are recognised on an accrual basis.

**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 accounts receivable**

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

**4.4 Inventories**

Finished goods and work in progress are valued at the lower of cost (under the first-in, first-out method) and net realisable value. Cost consists of the cost of equipment, labor, subcontract works and other relevant expenses.

**4.5 Office improvement and equipment/Depreciation**

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

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

Office improvement	-	10 years
Furniture and office equipment	-	5 years
Project tool and equipment	-	5 years
Motor vehicles	-	5 years
Computer equipment - Hardware	-	3 - 5 years

Depreciation is included in determining income.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.6 Intangible assets and amortisation**

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets of the Company with finite useful lives comprise software licenses, and have useful lives of 3 - 5 years.

#### **4.7 Related party transactions**

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

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

#### **4.8 Long-term leases**

Leases of plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in 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 useful life of the asset.

Leases of plant and 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.

#### 4.9 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

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

Gains and losses on exchange are included in determining income.

#### 4.10 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### 4.11 Employee benefits

##### ***Short-term employee benefits***

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

##### ***Post-employment benefits***

##### ***Defined contribution plans***

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

##### ***Defined benefit plans***

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

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

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

#### **4.12 Provisions**

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

#### **4.13 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 Company 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 Company 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 Company record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.14 Derivatives**

##### **Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income.



## 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:

### Estimation of revenues from sales and services and costs of sales and services

In estimation of revenues from sales and services and costs of sales and services, management are required to make judgement based on their best knowledge of the current events and arrangements and their experience of the business in order to estimate the total cost of integration service, ongoing repair and maintenance which consists of cost of equipment, labor, subcontract works and other relevant expenses for each project, based on information from the engineers/project managers. These estimates are regularly revisited or whenever the actual costs incurred significantly vary from the estimation.

### Allowance for doubtful accounts

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

## 6. Related party transactions

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

	(Unit: Million Baht)		
	<u>2017</u>	<u>2016</u>	<u>Transfer Pricing Policy</u>
<u>Transactions with shareholders</u>			
Interest expense	0.3	2.0	5 percent per annum
Guarantee fee	0.4	0.1	1 percent per annum
<u>Transactions with related party</u>			
Sales and services income	135.9	121.0	Close to market price

As at 31 December 2017 and 2016, the balances of the accounts between the Company and that related party are as follows:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
<b><u>Trade receivables - related party (Note 8)</u></b>		
Related company (related by director who related with the Company's shareholder)	-	68,237
Total trade receivables - related party	-	68,237
<b><u>Unbilled receivables - related party</u></b>		
Related company (related by director who related with the Company's shareholder)	-	19,751
Total unbilled receivables - related party	-	19,751
<b><u>Accrued interest expenses to related parties (Note 12)</u></b>		
Shareholders	-	1,619
Total accrued interest expenses to related parties	-	1,619
<b><u>Accrued expenses to related party (Note 12)</u></b>		
Shareholders	410	153
Total accrued expenses to related party	410	153

#### Short-term loans from shareholders

As at 31 December 2016, the Company had short-term loans from shareholders amount to Baht 22 million carry interest at 5 percent per annum the loan is repayable within 1 year and unsecured. The Company repaid all loan during the year.

#### Directors and management's benefits

During the year ended 31 December 2017 and 2016, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
Short-term employee benefits	23.0	21.2
Post-employment benefits	1.1	0.9

**7. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Cash	9	18
Bank deposits	188,459	45,637
Total	<u>188,468</u>	<u>45,655</u>

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.1 and 0.4 percent per annum (2016: between 0.1 and 0.4 percent per annum).

**8. Trade and other receivables**

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
<u>Trade receivables - related party</u> (Note 6)		
Aged on the basis of due dates		
Not yet due	-	35,743
Past due		
Up to 3 months	-	32,494
Total trade receivables - related party	<u>-</u>	<u>68,237</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	171,601	54,683
Past due		
Up to 3 months	69,908	69,800
3 - 6 months	42,090	35,634
6 - 12 months	23,952	110
Over 12 months	-	535
Total trade receivables - unrelated parties	<u>307,551</u>	<u>160,762</u>
Total trade receivables	<u>307,551</u>	<u>228,999</u>
<u>Other receivables</u>		
Advance payments	-	111
Other	506	43
Total other receivables	<u>506</u>	<u>154</u>
Total trade and other receivables	<u>308,057</u>	<u>229,153</u>

## 9. Inventories

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Work in progress	148,748	1,146
Total	<u>148,748</u>	<u>1,146</u>

## 10. Restricted bank deposits

These represent saving accounts and fixed deposits pledged with the banks to secure credit facilities.

## 11. Office improvement and equipment

	(Unit: Thousand Baht)					
	Office improvement	Furniture and office equipment	Project tool and equipment	Motor vehicles	Computer equipment - Hardware	Total
<b>Cost</b>						
1 January 2016	950	4,200	-	1,935	2,240	9,325
Additions	15	27	-	-	75	117
Write off	-	(8)	-	-	(121)	(129)
Transfer to cost of project	-	(14)	-	-	(128)	(142)
31 December 2016	965	4,205	-	1,935	2,066	9,171
Additions	121	458	44	2,588	315	3,526
Write off	(535)	(114)	-	-	(37)	(686)
31 December 2017	551	4,549	44	4,523	2,344	12,011
<b>Accumulated depreciation</b>						
1 January 2016	332	1,993	-	1,178	1,057	4,560
Depreciation for the year	96	568	-	349	532	1,545
Depreciation on write off	-	(5)	-	-	(90)	(95)
Depreciation for transferring to cost of project	-	(3)	-	-	(54)	(57)
31 December 2016	428	2,553	-	1,527	1,445	5,953
Depreciation for the year	70	532	4	294	383	1,283
Depreciation on write off	(354)	(79)	-	-	(33)	(466)
31 December 2017	144	3,006	4	1,821	1,795	6,770
<b>Net book value</b>						
31 December 2016	537	1,652	-	408	621	3,218
31 December 2017	407	1,543	40	2,702	549	5,241
<b>Depreciation for the year</b>						
2016 (Baht 0.34 million included in cost of sales and services, and the balance in administrative expenses)						<u>1,545</u>
2017 (Baht 0.30 million included in cost of sales and services, and the balance in administrative expenses)						<u>1,283</u>

As at 31 December 2017, the Company had vehicles with net book value of Baht 2.4 million (2016: Nil) which were acquired under hire purchase agreements.

As at 31 December 2017, certain items of equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 5.1 million (2016: Baht 1.4 million).

## 12. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Trade payables - unrelated parties	352,954	144,940
Other payables	1,052	63
Accrued interest expenses to related parties (Note 6)	-	1,619
Retention payable	1,875	2,101
Accrued expenses	16,350	17,539
Accrued expenses to related party (Note 6)	410	153
Total trade and other payables	<u>372,641</u>	<u>166,415</u>

## 13. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
<b>Provision for long-term employee benefits at beginning of year</b>		
	3,383	2,014
Current service cost	1,572	1,307
Interest cost	105	62
<b>Provision for long-term employee benefits at end of year</b>	<u>5,060</u>	<u>3,383</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Cost of sales and services	392	288
Selling, servicing and administrative expenses	1,285	1,081
Total expenses recognised in profit or loss	<u>1,677</u>	<u>1,369</u>

The Company expects not to pay of long-term employee benefits during the next year (2016: Nil).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 9.62 years (2016: 9.62 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>2017</u>	<u>2016</u>
Discount rate	3%	3%
Salary increase rate	3%	3%
Turnover rate	16%	16%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: Thousand Baht)			
	2017		2016	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(390)	438	(280)	314
Salary increase rate	541	(484)	347	(313)
Turnover rate	(423)	100	(304)	75

#### 14. Share capital

On 18 April 2017, the Annual General shareholders' meeting of the Company passed the resolutions;

- 1) To approve a reduction in the par value of the shares from Baht 10 per share to Baht 0.50 per share (changing share capital from 11,500,000 ordinary shares with Baht 10 par value to 230,000,000 ordinary shares with Baht 0.50 par value).
- 2) To approve an increase in the Company's registered capital of Baht 110,000,000 from Baht 115,000,000 to Baht 225,000,000 by issuing of 220,000,000 new ordinary shares at a par value of Baht 0.50. The Company registered the increase in its registered capital with the Ministry of Commerce on 25 April 2017. Details of the share allocation are as follows:

- The allocation of 100,000,000 new ordinary share with a par value of Baht 0.50 per share to offer to existing shareholders in proportion to their shareholding. On 27 April 2017, the shares are required the first capital paid-up 100 percent of the new registered capital. The Company received the payment for the shares in proportion to their shareholding, amounting to Baht 50,000,000 in April 2017. The Company registered the increase in its paid-in capital with the Ministry of Commerce on 27 April 2017.
- The allocation of 108,000,000 new ordinary shares to offer through Initial Public Offering.
- The allocation of 12,000,000 new ordinary shares to directors and/or employees.

During 8 and 11-12 September 2017, the Company offered 120,000,000 shares of Baht 1.84 each through Initial Public Offering and the Company's directors and/or employees. As a result, the Company had its issued and paid-up share capital by Baht 165,000,000 (330,000,000 ordinary shares with a par value of Baht 0.50 each) to Baht 225,000,000 (450,000,000 ordinary shares with a par value of Baht 0.50 each), and the Market of Alternative Investment (MAI) has approved the 450,000,000 ordinary shares with a par value of Baht 0.50 each as listed securities to be traded, effective from 15 September 2017.

The Company incurred expenses relating to the share offering amounting to approximately Baht 5.7 million (net of income tax of Baht 1.4 million), and these expenses were recorded as a deduction against share premium.

#### **15. Statutory reserve**

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 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.



## 16. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	69,153	65,713
Depreciation and amortisation expenses	1,362	1,630
Project delayed and warranty	907	327
Entertainment fee	10,005	9,370
Purchase goods	402,158	186,344
Subcontractor	510,128	265,841
Changes in inventories of finished goods and work in progress	(147,602)	1,744

## 17. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>		
Current income tax charge	18,525	9,051
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(529)	(225)
Effect of income tax related to Initial Public Offering share capital (Note 14)	1,434	-
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>19,430</u>	<u>8,826</u>

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

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Accounting profit before tax	<u>85,606</u>	<u>35,935</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	17,121	7,187
Effects of:		
Non-deductible expenses	2,369	1,660
Additional expense deductions allowed	(60)	(21)
Total	<u>2,309</u>	<u>1,639</u>
Income tax expense reported in the statement of comprehensive income	<u>19,430</u>	<u>8,826</u>

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	<u>2017</u>	<u>2016</u>
<b>Deferred tax assets</b>		
Payables arising from forward exchange contract	5	-
Provision for long-term employee benefits	1,012	677
Provision for project delayed and warranty	704	523
Accumulated amortisation of intangible assets	16	8
Total	<u>1,737</u>	<u>1,208</u>

## 18. 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 Company adjusted the number of ordinary shares for the years ended 31 December 2017 and 2016, in proportion to the change in the number of shares as a result of the change in par value from Baht 10 each to Baht 0.50 each, which approved on 18 April 2017 by the Annual General shareholders' meeting of the Company, as described in Note 14 to financial statements. The number ordinary shares is adjusted as if the share split had occurred at the beginning of the earliest period reported.

	<u>2017</u>	<u>2016</u>
<b>Basic earnings per share</b>		
Profit for the year (Thousand Baht)	66,176	27,109
Weighted average number of ordinary shares (Thousand shares)	335,319	230,000
Profit attributable to equity holders of the Company (Baht/share)	0.20	0.12

## 19. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of directors.

The Company is principally engaged in the system integration in telecommunication business. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

#### Major customers

For the year 2017, the Company has revenue from 4 major customers in amount of Baht 807 million, arising from sales and services in the system integration in telecommunication business segments (2016: Baht 474 million derived from 5 major customers, arising from sales and services in the system integration in telecommunication business segment).

## 20. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by BBL Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 2.1 million (2016: Baht 2.1 million) were recognised as expenses.

## 21. Commitments and contingent liabilities

### 21.1 Operating lease and service agreement commitments

The Company has entered into several lease agreements and service agreement in respect of building, office building space, office equipment and motor vehicles. The terms of the agreements are generally between 1 and 4 years.

Future minimum lease payments required under these non-cancellable operating leases and service agreement contracts were as follows.

(Unit: Million Baht)		
As at 31 December		
	<u>2017</u>	<u>2016</u>
Payable:		
In up to 1 year	2	3
In over 1 and up to 4 years	3	-

## 21.2 Obligations relating to undelivered and unrendered contracts

The Company have contracts related to for selling goods and rendering services that are undelivered and unrendered to their customers of approximately Baht 672 million (2016: Baht 432 million).

## 21.3 Guarantees

21.3.1 As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 182 million (2016: Baht 119 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. The details of the bank guarantees are as follows:

(Unit: Million Baht)		
As at 31 December		
	<u>2017</u>	<u>2016</u>
Guarantee of contractual performance	112	79
Guarantee of advance payment bond	70	27
Guarantee of bidding	-	13
Total	<u>182</u>	<u>119</u>

As at 31 December 2017, the above credit facilities on bank guarantees are secured by land of the Company's shareholder and fixed deposit of the company.

21.3.2 As at 31 December 2017, the Company has outstanding letters of credit of USD 0.98 million and Baht 49.79 million (2016: USD 0.25 million and Baht 62.14 million).

## 22. Financial instruments

### 22.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, restricted bank deposits, trust receipts, trade and other payables and liabilities under hire purchase agreements. The financial risks associated with these financial instruments and how they are managed is described below.

### Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and most customers are government agencies or companies in which the government is a major shareholder. Therefore, the Company does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

### Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, current investments, short-term loans from shareholders, trust receipts and liabilities under hire purchase agreements. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2017							
	Fixed interest rates						
	Within	1-5	Over	Floating	Non- interest		Effective
	1 year	years	5 years	interest rate	bearing	Total	interest rate
							(% per annum.)
<u>Financial assets</u>							
Cash and cash equivalent	188.5	-	-	-	-	188.5	0.1 - 0.4
Current investments	0.6	-	-	-	-	0.6	0.9
Trade and other receivables	-	-	-	-	308.1	308.1	-
Deposits at bank with restrictions	129.0	-	-	-	-	129.0	0.1 - 0.9
	318.1	-	-	-	308.1	626.2	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	372.6	372.6	-
Liabilities under hire purchase agreements	0.4	1.4	-	-	-	1.8	6.0 - 6.3
	0.4	1.4	-	-	372.6	374.4	

(Unit: Million Baht)

As at 31 December 2016							
	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum.)
	Within 1 year	1-5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalent	45.7	-	-	-	-	45.7	0.1 - 0.4
Current investments	0.2	-	-	-	-	0.2	0.9
Trade and other receivables	-	-	-	-	229.2	229.2	-
Deposits at bank with restrictions	52.4	-	-	-	-	52.4	0.1 - 0.9
	98.3	-	-	-	229.2	327.5	
<u>Financial liabilities</u>							
Short-term loans from shareholder	21.9	-	-	-	-	21.9	5
Trust receipt	37.9	-	-	-	-	37.9	4.8 - 7.3
Trade and other payables	-	-	-	-	166.4	166.4	-
	59.8	-	-	-	166.4	226.2	

**Foreign currency risk**

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers it appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2017 and 2016, the balances of financial liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial liabilities		Average exchange rate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.32	0.21	32.85	36.00
Euro	-	0.03	-	38.14

As at 31 December 2017, foreign exchange contracts outstanding (2016: Nil) are summarised below.

Foreign currency	Bought amount	Contractual exchange rate	
		Bought	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.32	32.70	14 March 2018

## **22.2 Fair values of financial instruments**

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

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

## **23. 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 2017, the Company's debt-to-equity ratio was 0.96:1 (2016: 1.91:1).

## **24. Event after the reporting period**

On 22 February 2018, the Board of Director's Meeting of the Company passed the resolutions to propose for approval by the Annual General Meeting of the Company's shareholders the appropriation of Baht 3.35 million of the 2017 annual profit to the statutory reserve and the payment of a dividend of Baht 0.09 per share, or a total of Baht 40.50 million.

## **25. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2018.



# Management Discussion and Analysis

The company performance in the year 2017 depicts an outstanding growth compared to the year 2016. This is because the stimulus policy from the government in relation to telecommunication industry has given a positive impact towards the Company in being awarded by many new contracts and resulting in a favorable business performance throughout the year. The Company reports the total revenue of 958.52 million THB in 2017, increased by 387.56 million THB or 67.88% compared to the year 2016; whereby sales revenue of 2017 is at the amount of 956.85 million THB equivalent to 99.83% of total revenue and sales revenue in 2016 is reported at 569.77 million THB or equivalent to 99.79%. With regards to cost of sales and expenses for the year 2017, it is equivalent to 811.61 million THB or 84.67 % of total revenue compared to last year at the amount of 484.13 Million THB or 84.79% which lies in the same direction for both years. Net profit shows a significant growth in 2017 in comparison to the previous year at 66.18 million THB or 6.90% of total revenue compared to 27.11 million THB or 4.75% of total revenue in 2016. This growth in net profit derived from the efficient cost controlling in both project and overheads side in 2017.

Considering the performance in the 4th quarter of 2017, the Company reports its total revenue at 357.61 million THB categorized into sale revenue at 356.90 million THB and other revenue at 0.70 million THB showing the growth rate of 54.07%, compared to total revenue of 232.11 million THB in the same period of 2016. Its cost of sales and expenses are at 328.40 Million THB or 91.83% of total revenue in Q4/2017 and at 210.68 million THB or 90.77 % of total revenue in Q4/2016. The slight decline in gross margin incurred due to the recognition of project with lower gross margin in this quarter. Lastly, net profit is equivalent to 21.94 million THB or 6.13 % of total revenue in Q4/ 2017 and equivalent to 16.26 million THB or 7.01% of total revenue in the previous year.

## 1. Business Performance Analysis

### 1.1 Revenue

For the year 2017 the Company reports its total revenue of 958.52 million THB with the growth of 67.88% compared to last year showing its total revenue of 570.96 million THB because the slowdown of investment from the state enterprises in last year has been picked up during the year 2017.

Type	2016		2017	
	MB	%	MB	%
1. Sales Revenue	569.77	99.79	956.85	99.83
2. Other Revenue*	1.19	0.21	1.67	0.17
<b>Total Revenue</b>	<b>570.96</b>	<b>100.00</b>	<b>958.52</b>	<b>100.00</b>

Remarks \*Other Revenue comprises of interest income, etc.

Total revenue can be categorized into sales revenue and other revenue, whereby in 2016 and of 2017, sales revenue is accounted for 99.79%, and 99.83% of total revenue and other revenue is equivalent to 0.21% and 0.17% respectively.

#### Sales Revenue

Sales revenue in 2017 consists of turnkey business including telecommunication system and construction and electrical system, supply and maintenance.

Type	2016		2017	
	MB	%	MB	%
<b>Sales Revenue</b>				
Sales Revenue from Turnkey Business	259.36	45.52	545.12	56.97
- Sales Revenue from Telecommunication System	207.74	36.46	456.34	47.69
- Sales Revenue from Construction and Electrical System	51.62	9.06	88.78	9.28
Sales Revenue from Supply and Maintenance	310.41	54.48	411.73	43.03
- Sales Revenue from Supply of Telecommunication System	80.11	14.06	109.40	11.43
- Sales Revenue from Maintenance of Telecommunication System	230.30	40.42	302.33	31.60
<b>Total Sales Revenue</b>	<b>569.77</b>	<b>100.00</b>	<b>956.85</b>	<b>100.00</b>

In 2017, sales revenue from turnkey business and supply and maintenance are reported at 545.12 million THB and 411.73 million THB or proportionately at 56.97% and 43.03% of total sales revenue respectively. Sales revenue from turnkey business shows a growth rate of 110.18% compared to last year resulting from the customer investment has been revived in this year again after the slowdown in 2016. Moreover, the Company has been more capable in participating new major projects which are in correspondence to the stimulus policy from the government side. Sales revenue from supply and maintenance grows at 32.64% deriving from the strong capability of the Company to maintain its customer bases as well as new maintenance projects awarded to the Company.

#### Other Revenue

In 2016 and of 2017, the Company reports its other revenue at 1.19 million THB and 1.67 million THB respectively, equivalent to 0.21% and 0.17% of total revenue and the major item is interest income.

## 1.2 Cost of Sales and Expenses

Major costs of the Company compose of cost of sales, selling expense, administrative expense and interest expense. In the year 2016 and 2017, the Company shows its cost of sales and expense at 535.02 million THB and 872.91 million THB respectively, proportionately at 93.71% and 91.07% of total revenue.

CoS and Expenses	2016		2017	
	MB	%	MB	%
Cost of Sales	484.13	84.79	811.61	84.67
Selling Expense	19.71	3.45	21.63	2.26
Administrative Expense	30.97	5.43	39.61	4.13
Finance Cost	0.22	0.04	0.06	0.01
<b>Total CoS and Expenses</b>	<b>535.02</b>	<b>93.71</b>	<b>872.91</b>	<b>91.07</b>
<b>Total Revenue</b>	<b>570.96</b>	<b>100.00</b>	<b>958.52</b>	<b>100.00</b>

### Cost of Sales

Cost of sales in 2016 and of 2017 are 484.13 million THB and 811.61 million THB respectively, resulting in gross margin of 15.03% and 15.18%. Cost of sales can be broken down for turnkey business and for supply and maintenance of which mostly are materials, service / sub-contractors and project management costs.

Cost of Sales (CoS)	2016		2017	
	MB	GM (%)	MB	GM (%)
CoS for Turnkey Business	222.34	14.27	457.15	16.14
CoS for Supply and Maintenance	261.79	15.66	354.46	13.91
<b>Total CoS</b>	<b>484.13</b>	<b>15.03</b>	<b>811.61</b>	<b>15.18</b>

### Cost of Sales for Turnkey Business

CoS for Turnkey business are 222.34 million THB in 2016 and 457.15 million THB in 2017 with the gross margin of 14.27% and 16.14% respectively. The increase of gross margin derived from the contract awarded with relatively high gross margin giving a positive result in overall picture.

### Cost of Sales for Supply and Maintenance

The Company reports its cost of sales for supply and maintenance for 2016 and 2017 at 261.79 million THB and 354.46 million THB respectively with the gross margin 15.66% and 13.91%.

In 2017, the Company reports the decrease of gross margin at 13.91% resulting from lower margin in some supply orders awarded in the first quarter of 2017.

### Selling Expenses

In 2016 and 2017, the Company reports its selling expenses at 19.71 million THB, and 21.63 million THB, equal to 3.45% and 2.26% of total revenue. Selling expenses consist of personnel related expenses, which are for instance salary, social security, provident fund, etc.

For 2017, selling expenses are increased by 9.78% compared to last year; mostly are personnel related expenses, because there is an allocation of personnel related expenses from Products and Solution members to the projects in Q1/2016 at the amount of 1.78 million THB. However, the proportion of selling expenses to total revenue is decreased from 3.45% to 2.26% due to the revenue growth in 2017.

#### **Administrative Expenses**

The Company reports its administrative expenses at 30.97 million THB and 39.61 million THB in the year 2016 and of 2017 at the proportion 5.42% and 4.13% of total revenue respectively. Administrative expenses mostly comprise of personnel related expenses, office expenses and professional fees. Furthermore, in the 2017, there are a one-time effect expense of initial public offering at 2.19 million THB and tax written off expense at 4.44 million THB booked under this category. As a result, the administrative expenses are increased by 27.89% compared to 2016.

#### **Finance Cost**

The Company reports its finance cost for the year 2016 and 2017 at 0.22 million THB and 0.06 million THB at the proportion of 0.04% and 0.01% of total revenue. Finance cost is interest expense after allocation to projects and bank fees.

### **1.3 Net Profit**

As a result of overall business performance, the Company reports its net profit for 2016 and 2017 at 27.11 million THB and 66.18 million THB respectively, accounted for 4.75% and 6.90% of total revenue. For the year 2017, the net profit is increased drastically compared to last year because its sales revenue is enormously increased and the efficient cost controlling.

## 2 Financial Status

### 2.1 Assets

At the end of 2016 and of 2017, the Company reports its total assets of 480.00 million THB and 971.26 million THB respectively. The major asset items are account receivables, unbilled receivables, inventories and restricted bank deposits; at the end of 2016 proportionately at 47.74%, 26.54%, 0.24% and 10.92% of total assets respectively and at the yearend 2017 proportionately at 31.72%, 14.79%, 15.31% and 13.28% of total assets. Additionally, in September 2017 the Company has registered to the Stock Exchange of Thailand (MAI) for raising fund resulting in cash and cash equivalent in the proportion of 19.40 % of total assets at the year end 2017.

#### Trade Receivables

At the end of 2016 and of 2017, the Company reports net trade receivables 229.00 million THB and 307.55 million THB or equal to 47.71% and 31.67% of total assets respectively.

Outstanding Period	At 31 Dec. 2016		At 31 Dec. 2017	
	MB	%	MB	%
<b>Trade Receivables</b>				
Undue	90.43	39.49	171.60	55.80
Overdue				
Less - equal to 3 months	102.29	44.67	69.91	22.73
More than 3 months but less than 6 months	35.63	15.56	42.09	13.69
More than 6 months but less than 12 months	0.11	0.05	23.95	7.78
More than 12 months	0.54	0.23	-	-
<b>Total Trade Receivables</b>	<b>229.00</b>	<b>100.00</b>	<b>307.55</b>	<b>100.00</b>
Deduct Allowance for doubtful debt	-		-	
<b>Trade Receivables - Net</b>	<b>229.00</b>		<b>307.55</b>	

The table depicts trade receivables of the Company in the year 2016 with undue and overdue less or equal to 3 months is at 84.16% of Net trade receivables.

At the yearend 2017, the Company reports the undue trade receivables, overdue with less or equal to 3 months, overdue for 3 to 6 months and overdue between 6 to 12 months at 55.80%, 22.73%, 13.69% and 7.78% of total trade receivables. Trade receivables are regarded as debtors to whom the bill placement has been proceeded according to the billing plan; however, they are still under the process of customer acceptance and final document review before customer payment or under contract amendment for collection in the next stage.

#### Unbilled Receivables

Due to its turnkey business, the revenue recognition is performed based on percentage of completion method which may deviate from the payment plan according to the contractual conditions. As a result, unbilled receivables are reported at the end of 2016 and of 2017 at 127.41 million THB and 143.67 million THB or equivalent to 26.54% and 14.79% of total assets respectively.

### **Inventories**

At the end of 2016 and of 2017, the Company reports the inventories at 1.15 million THB and 148.75 million THB in conjunction to the computation based on percentage of completion method. At the end of 2017, inventories are reported with drastic increase in comparison to last year due to the equipment is delivered to the project sites for certain projects; however, the installation cannot be performed. The equipment is therefore reported as inventories at this stage. These can be recognized as revenue once the installation and commissioning are conducted in relation to work progress.

### **Other Current Assets**

Other current assets comprises of advance payment, undue VAT, A/R Revenue Department, withholding tax, etc. At the yearend 2016 and of 2017, the Company reports other current assets in the amount of 7.81 million THB and 24.15 Million THB respectively. Other current assets at the end of 2017 are increased by the increase in tax i.e. undue VAT at 7.55 million THB and A/R revenue department at 11.67 million THB.

### **Restricted Bank Deposits**

At the yearend 2016 and 2017, the amount of restricted bank deposits are at 52.41 million THB and 128.96 million THB respectively. The change is subject to the credit facilities required for operating the business.

### **Office Improvement and Equipment**

At the yearend 2016 and 2017, the amount of fixed assets are at 3.22 million THB and 5.24 million THB respectively of which are basically the office improvement, office supplies, vehicles and computer equipment because the main company business is system integration and does not require any big fixed asset items.

## **2.2 Sources of Fund**

### **Liabilities**

The Company reports its liabilities at 314.89 million THB at the yearend 2016 and 474.92 million at the end of 2017 and the major items are account payables which are regarded as working capital for running the business.

Most of the liabilities are current liabilities with its proportion as at 2016 and at 2017 at 98.93% and 98.63% of total liabilities respectively.

### Trade and Other Payables

The Company reports its trade and other payables at the end 2016 and 2017 at 166.42 million THB and 372.64 million THB respectively and this shall vary in relation to the company business performance and cost of sales.

Trade and Other Payables	At 31 Dec. 2016		At 31 Dec. 2017	
	MB	%	MB	%
Trade Payables	144.94	87.10	352.95	94.72
Other Payables	0.06	0.04	1.05	0.28
Accrued Interest	1.62	0.97	-	-
Trade Payables - Retention	2.10	1.26	1.88	0.50
Accrued Expenses	17.69	10.63	16.76	4.50
<b>Total Trade and Other Payables</b>	<b>166.42</b>	<b>100.00</b>	<b>372.64</b>	<b>100.00</b>

The major trade and other payables are trade payables, mostly for equipment, service and sub-contractors costs in projects.

### Unbilled Payables

Unbilled payables incur when the invoice from vendors are not placed when recognizing its revenue in the project and the company reports accrued costs at the end of 2016 and 2017 at 47.11 million THB and 35.89 million THB respectively.

### Advance Receipts from Customers

Advance receipts from customers take place when the Company can invoice and collect the customer payment based on the invoicing plan. Mostly they will incur when collecting the money shortly after signing the contract. At the end of 2016 and 2017, the amount reported are 25.64 million THB and 40.63 million THB respectively.

### Shareholders' Equity

The shareholders' equity is in the amount of 165.10 million THB at the yearend of 2016 and of 496.34 million THB at the end of 2017 which has constantly increased corresponding to the business result. In April 2017, a registered capital was increased by 50 million THB for issuing 100 million shares at the price of 0.50 Baht to the existing shareholders. Later in September 2017, the initial public offering was conducted for 120,000,000 shares with its price 1.84 Baht per share whereby the share premium was reported at 155.06 million THB.

### Funding Structure

D/E ratio of the Company is at 1.91, and 0.96 for the yearend 2016 and 2017 respectively.







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