

Annual Report

2018

PROFESSIONAL  
TELECOMMUNICATION  
SYSTEM INTEGRATOR FOR  
EXCELLENT CUSTOMER  
SATISFACTION



Information and Communication Networks  
Public Company Limited

# Bussiness Operation

## Business Operation Dertermination

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.

## Core Values

- Attitude
- Happiness
- Sustainability



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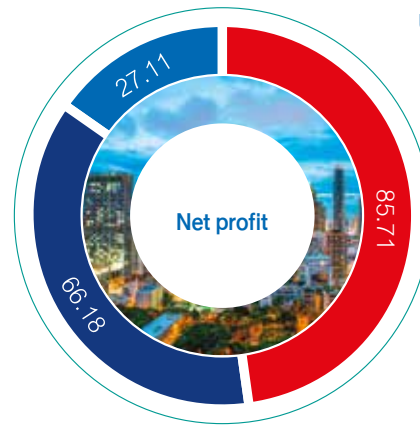
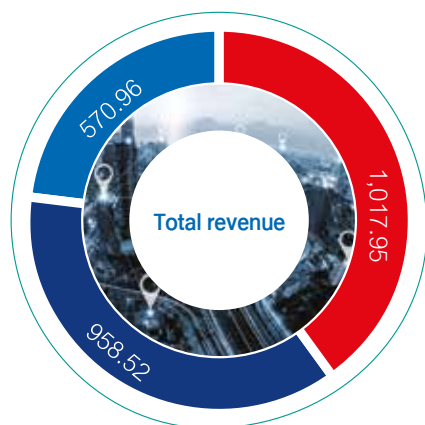
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## Financial Highlights

(Unit: MB)

At the End of Period	2018	2017	2016
<b>Financial Status</b>			
Total Assets	854.18	971.26	480.00
Total Liabilities	335.13	474.92	314.89
Total Shareholders' Equity	519.05	496.34	165.10
<b>Business Performance</b>			
Sales Revenue	1,015.55	956.85	569.77
Total Revenue	1,017.95	958.52	570.96
Cost of Sales and SG&A	910.07	872.86	534.80
Net Profit (Loss)	85.71	66.18	27.11
<b>Financial Ratio</b>			
Gross Margin (%)	16.85%	15.18%	15.03%
Net Profit (%)	8.42%	6.90%	4.75%
RoE (%)	16.88%	20.01%	17.89%
Earnings per Share (Baht)	0.19	0.20*	0.12
D/E Ratio	0.65	0.96	1.91
Book Value (Baht/Share)	1.15	1.48*	0.72

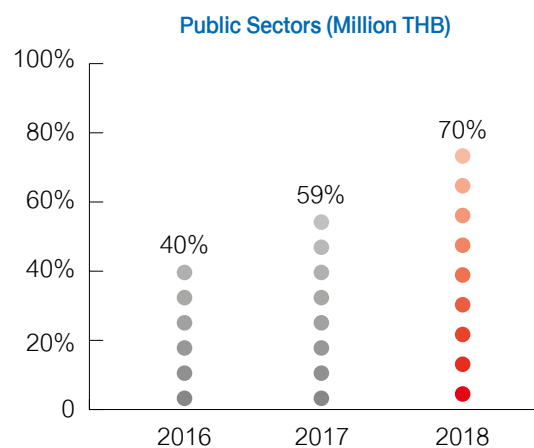
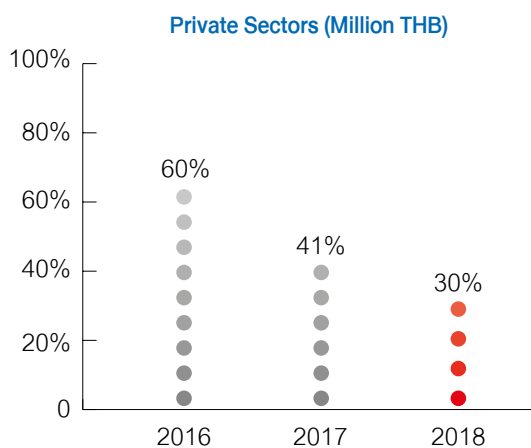
\* Weighted average number of ordinary shares in issue during the year and number of shares in proportion at the par value of 0.50 Baht each.



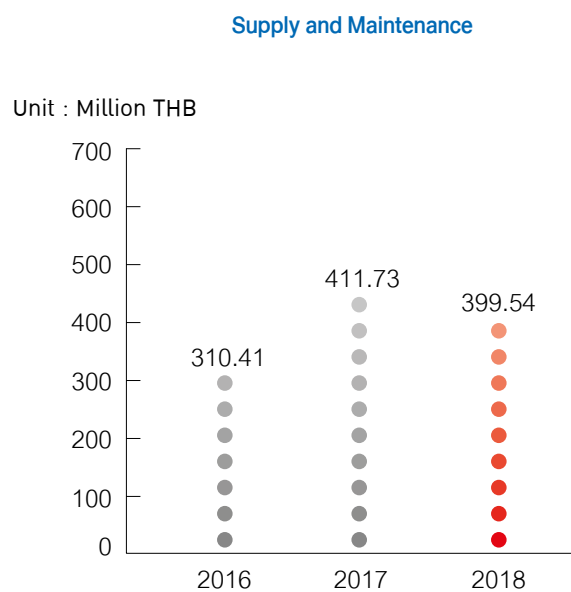
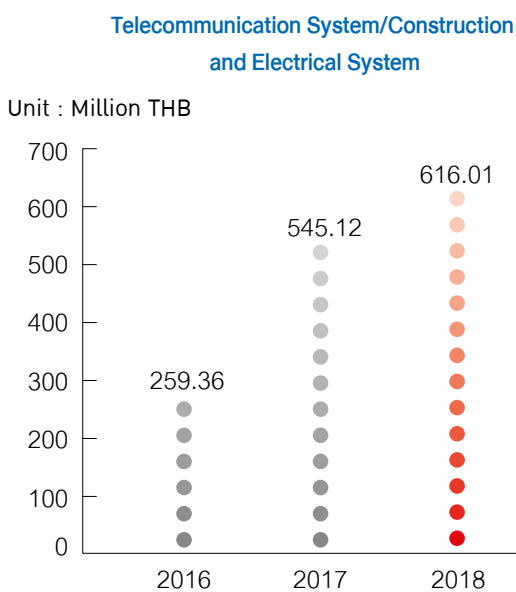
Unit : Million THB

- 2018
- 2017
- 2016

Revenue in Proportion



Revenue Classified by Business Type





## BUSINESS OPERATION DETERMINATION

Established in 13 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 15 May 2018, Mr. Monchai Manepairoj, Chief Executive Officer, has been invited as a guest speaker for ‘Money Talk Weekly’ hosted by Dr. Nivate Hemwatchirawarakorn and Prof. Saneh Srisuwan. The topics include company background, vision and business direction and potential project at the current situation and in the future, as well as discussion on the telecommunication industry.



Mr. Monchai Manepairoj, Chief Executive Officer, said that the company has participated in the ‘Employee Joint Investment Program (EJIP)’ considered as a form of remuneration and programme for employee engagement. The programme will invest in the company’s shares on an accumulated basis for 3 years, starting from 1 August 2018 to 31 July 2021.



On 1 July 2018, Mr. Thammawat Uchupai boonwong, Chief Marketing Officer, had the honor to welcome the executives from the Market for Alternative Investment (mai) and the President of mai Listed Company Association at the “mai Forum 2018” at Centara Grand at Central World.



On 17 July 2018, the Stock Exchange of Thailand and the Market for Alternative Investment (mai) invited Ms. Patnarin Maliwal, Chief Financial Officer, to be a key note speaker for the seminar on SMART IPO “How to Prepare the Company... Before IPO”.



On 26 September 2018, Ms. Patnarin Maliwal, Chief Financial Officer, was invited by the Stock Exchange of Thailand for a special interview on ‘Entrepreneur Classroom for IPO Roadmap’ for the issue ‘Financial Reporting and Disclosure: Important Issues for IPO candidates’ at ICN’s office, D.K.J. Building, Ladprao.



On 12 November 2018, Ms. Patnarin Maliwal, Chief Financial Officer, has been invited by the Enterprise Education Department of the Stock Exchange of Thailand to be a guest speaker for the session on “Internal Control for IPO” Programme.

## Message from the Chairman and Chief Executive Officer



(Mr. Segsan Roilapcharoenporn)  
Chairman

(Mr. Monchai Manepairoj)  
Chief Executive Officer

**“ In the year 2019,  
we all are determined to  
be a part of elevating and  
creating the innovation in  
telecommunication system  
to enhance Thailand’s  
economy and society under  
good governance and to  
conduct business under  
environmental friendly  
consciousness ”**

The year 2018 has marked the 1<sup>st</sup> anniversary of ICN for being listed on the Stock Exchange of Thailand with the first trade on mai. And this year we have driven our business performance in accordance to our business plan with consideration of good corporate governance in order to continuously reinforce the trust from our investors. The Board of Directors as Corporate Spearhead has considered the corporate governance as a paramount important factor to improve the efficiency in all aspects. This shall encompass a relationship between Board of Directors, Management members and other stakeholders in order to maintain a systematic management approach with transparency, efficient internal control system and highly standardized quality of work, which shall contribute to our competitive advantages and added value for the utmost satisfaction of our stakeholders.

Nowadays, the rapid change of society, economy and technology has enormously influenced the adaptation requirement to sustain the competitive advantages. Internet of Things (IoT) is considered as an essential tool enabling the internet linkage and the gigantic data storage which could not have been done in the past. This will lead to a so called “Digital Transformation”, one of a key success factors for the digital economy in Thailand. With reference to NBCT, it is foreseen that IoT will play an important role in various dimensions in Thailand. The spending in IoT will be increased by 249% in the year 2022 in comparison to the year 2017. We, therefore, have equipped ourselves in order to serve the development of IoT with the consideration of our vision, mission and core values. We remain in continuously developing our personnel with the up-to-date knowledge, know-how and competencies in professional manner to cope with the constant changes in technology to fulfill the customer satisfaction.

Lastly, on behalf of the Company’s Board of Directors, executives and employees, we would like to express our gratitude to all shareholders, business partners, customers, vendors, financial institution and stakeholders for your continuous support and confidence in our business operations that contributed to the performance of ICN during the past year. In the year 2019, we all are determined to be a part of elevating and creating the innovation in telecommunication system to enhance Thailand’s economy and society under good governance and to conduct business under environmental friendly consciousness by using natural resources effectively for the ultimate and sustainable benefit of our shareholders and stakeholders.



## Board of Directors



1. **Mr.Segsan Roylapcharoenporn** <sup>2</sup>  
Chairman, Audit Committee Chairman and Independent Director
2. **Mr.Monchai Manepairoj**  
Director and Chief Executive Officer (Authorized Director)

3. **Mr.Ronapoom Rungruangpol** <sup>1</sup>  
Director (Authorized Director)
4. **Mr.Pira Laohasomboon**  
Director (Authorized Director)





**5. Mr.Anuwat Luengtaweekul**  
Audit Committee and Independent Director

**6. Mr.Chanachai Kulnoppaleark**  
Audit Committee and Independent Director

**7. Ms.Patnarin Maliwal<sup>3</sup>**  
Director, Chief Financial Officer and  
Company Secretary (Authorized 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 the 2017 Annual General Meeting of Shareholders 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.

<sup>3</sup> is the director who was appointed by the Meeting of the Board of Directors No. 4/2018 on 6 November 2018. Ms.Patnarin Maliwal is the Company Secretary appointed by the Meeting of the Board of Directors No. 2/2016 on 31 March 2016.



# BOARD OF DIRECTORS



## Directors' Profile



Mr. Segsan Roylapcharoenporn

Chairman, Audit Committee Chairman and Independent Director

Age: 74 years

### Education

- Bachelor of Engineering (Telecommunication Engineering), King Mongkut's Institute of Technology Ladkrabang
- Director 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 (28/12/2018)

-

### Relationship Directors and Executives

-





Mr. Monchai Manepairoj  
Director and  
Chief Executive Officer  
(Authorized Director)  
Age: 56 years



Mr. Ronapoom Rungruangpol  
Director  
(Authorized Director)  
Age: 68 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 (28/12/2018)

19.43%

#### Relationship Directors and Executives

-

#### 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 (28/12/2018)

0.07%

#### Relationship Directors and Executives

-



Mr. Pira Laohasomboon  
Director  
(Authorized Director)  
Age: 51 years



Mr. Anuwat Luengtaweekul  
Audit Committee and  
Independent Director  
Age: 55 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

- 2015 - Present Director  
Information and Communication Networks Public Company Limited
- 2007 - 2014 Chief Executive Officer  
Information and Communication Networks Company Limited

#### Shareholding (28/12/2018)

7.77%

#### Relationship Directors and Executives

-

#### Education

- Master of Business Administration, Rangsit University
- Bachelor of Science (Accounting), Kasetsart University
- Director Certification Program (DCP) 24/2002
- Successful Formulation & Execution the 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
- 2010 - Present Director  
Ratchathani Leasing Public Company Limited
- 2009 - Present Vice President  
Thanachart Bank

#### Shareholding (28/12/2018)

0.07%

#### Relationship Directors and Executives

-



Mr. Chanachai Kulnoppaleark

Audit Committee and  
Independent Director

Age: 55 years



Ms. Patnarin Maliwal

Director,  
Chief Financial Officer and  
Company Secretary  
(Authorized Director)

Age: 43 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
- 2008 - Present      Asst. Vice President /  
Company Secretary  
Kulthorn Kirby Public Company  
Limited
- 2014 - 2017      Director  
Kulthorn Materials and Controls  
Co., Ltd.

#### Shareholding (28/12/2018)

0.07%

#### Relationship Directors and Executives

-

#### Education

- Master of Business Administration, Assumption University
- Bachelor of Arts, Chulalongkorn University
- Company Secretary Program 73/2016
- Director Accreditation Program (DAP) 155/2018

#### Working experience in the past 5 years

- 2018 - Present      Director, Chief Financial Officer and  
Company Secretary  
Information and Communication Networks  
Public Company Limited
- 2016 - Present      Chief Financial Officer and  
Company Secretary  
Information and Communication Networks  
Public Company Limited
- 2014 - Present      Chief Financial Officer  
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 (28/12/2018)

0.14%

#### Relationship Directors and Executives

-



# MANAGEMENT MEMBERS



## Management Members



1. **Mr. Monchai Manepairoj**  
Director and Chief Executive Officer  
(Authorized Director)
2. **Ms. Patnarin Maliwal**  
Director, Chief Financial Officer and Company Secretary  
(Authorized Director)
3. **Mr. Thammawat Uchupaiboonwong**  
Chief Marketing Officer
4. **Mr. Suwat Youcharoen**  
Chief Operating Officer
5. **Mr. Surasak Kongjantra**  
Vice President - Sales and Marketing 3



6. **Mr. Worapoj Wongsawat**  
Vice President - Sales and Marketing 4
7. **Mr. Akeapot Boonyarattapun**  
Vice President - Project Management

8. **Mrs. Wilaiporn Thamwichai**  
Vice President - Business Administration
9. **Ms. Wanlapa Luangdilok**  
AVP - Finance and Accounting and Chief Accountant



## Management's Profile



Mr. Monchai Manepairoj  
Director and Chief Executive Officer  
(Authorized Director)  
Age: 56 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 (28/12/2018)

19.43%

### Relationship Directors and Executives

-



Ms. Patnarin Maliwal

Director,  
Chief Financial Officer and Company Secretary  
(Authorized Director)

Age: 43 years

#### Education

- Master of Business Administration , Assumption University
- Bachelor of Arts, Chulalongkorn University
- Company Secretary Program 73/2016
- Director Accreditation Program (DAP) 155/2018

#### Working experience in the past 5 years

- 2018 - Present                      Director, Chief Financial Officer and Company Secretary  
Information and Communication Networks Public Company Limited
- 2016 - Present                      Chief Financial Officer and Company Secretary  
Information and Communication Networks Public Company Limited
- 2014 - Present                      Chief Financial Officer  
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 (28/12/2018)

0.14%

#### Relationship Directors and Executives

-



Mr. Thammawat Uchupaiboonwong  
Chief Marketing Officer  
Age: 49 years



Mr. Suwat Youcharoen  
Chief Operating Officer  
Age: 46 years

#### Education

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

#### Working experience in the past 5 years

- 2018 - Present Chief Marketing Officer Information and Communication Networks Public Company Limited.
- 2015 - 2017 Chief Operating Officer Information and Communication Networks Public Company Limited.
- 2010 - 2015 Senior Vice President Loxley Wireless Public Company Limited.

#### Shareholding (28/12/2018)

0.14%

#### Relationship Directors and Executives

-

#### Education

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

#### Working experience in the past 5 years

- 2018 - Present Chief Operating Officer Information and Communication Networks Public Company Limited
- 2015 - 2017 Vice President - Project Management Information and Communication Networks Public Company Limited.
- 2011 - 2015 Asst.Vice President Loxley Wireless Public Company Limited.

#### Shareholding (28/12/2018)

0.05%

#### Relationship Directors and Executives

-





Mr. Surasak Kongjantra  
Vice President -  
Sales and Marketing 3  
Age: 50 years



Mr. Worapoj Wongsawat  
Vice President -  
Sales and Marketing 4  
Age: 50 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

- 2018 - Present Vice President - Sales and Marketing 3  
Information and Communication  
Networks Public Company Limited
- 2014 - 2017 Vice President - Sales Special Project  
Information and Communication  
Networks Public Company Limited
- 2011 - 2015 Vice President Loxley Wireless  
Public Company Limited

#### Shareholding (28/12/2018)

0.32%

#### Relationship Directors and Executives

-

#### Education

- Master of Business Administration, Sripatum University
- Bachelor of Engineering, Southeast Asia University

#### Working experience in the past 5 years

- 2018 - Present Vice President - Sales and Marketing 4  
Information and Communication  
Networks Public Company Limited
- 1994 - 2017 Vice President  
United Telecom Sales & Services Co., Ltd.

#### Shareholding (28/12/2018)

0.01%

#### Relationship Directors and Executives

-



Mr. Akeapot Boonyarattapun  
Vice President -  
Project Management  
Age: 46 years



Mrs. Wilaiporn Thamwichai  
Vice President -  
Business Administration  
Age: 51 years

#### Education

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

#### Working experience in the past 5 years

- 2018 - Present Vice President - Project Management Information and Communication Networks Public Company Limited
- 2015 - 2017 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 (28/12/2018)

0.09%

#### Relationship Directors and Executives

-

#### Education

- Bachelor of Business Administration, Bangkok University

#### Working experience in the past 5 years

- 2018 - Present Vice President - Business Administration Information and Communication Networks Public Company Limited
- 1998 - 2017 Senior Vice President Loxley Wireless Public Company Limited

#### Shareholding (28/12/2018)

0.01%

#### Relationship Directors and Executives

-



Ms. Wanlapa Luangdilok

Asst. Vice President - Finance and Accounting and Chief Accountant

Age: 47 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 and Chief Accountant  
Information and Communication Networks Public Company Limited
- 2007 - Present  
Director  
SingThai.com Company Limited
- 2015 - 2016  
F&A Senior Manager  
Information and Communication Networks Company Limited
- 2014 - 2015  
Accounting and Tax Manager  
PTT Retail Management Company Limited
- 2000 - 2013  
Accounting Manager  
Yeenin Frozen Foods Company Limited

#### Shareholding (28/12/2018)

0.03%

#### Relationship Directors and Executives

-



## Policy and Business Overview

Information and Communication Networks Public Company Limited (ICN) has been officially established on 13 September 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 18 April 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 27 April 2017, the Company achieved 165 million Baht of its paid-up capital. On 15 September 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 Core 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.

### Core Values

- Attitude
- Happiness
- Sustainability

## Significant Business Development

Our significant business development can be explained below:

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### 2007

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- 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.

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### 2009

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- 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.

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### 2012

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- 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.

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### 2014

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- 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.

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### 2015

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- 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.
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## 2016

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- 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.

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## 2017

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- The Annual General Meeting of Shareholders 2017 on 18 April 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 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 15 September 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 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.

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## 2018

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- Appointed as reseller to be responsible for the distribution of software products under the IBM brand provided by IBM Singapore Pte Ltd.
  - Appointed as reseller to be responsible for the distribution of software products under the Oracle brand provided by Oracle Corporation.
  - Appointed as reseller to be responsible for the distribution of software products under the HPE brand provided by Hewlette Packard Enterprise.
-



## 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 2016 - 2018 are as follows:

Type	2016		2017		2018	
	MB	%	MB	%	MB	%
<b>Sales Revenue</b>						
<b>Sales Revenue from Turnkey Business</b>						
- Sales Revenue from Telecommunication System	207.74	36.38	456.34	47.61	615.96	60.65
- Sales Revenue from Construction and Electrical System	51.62	9.04	88.78	9.26	0.05	0.01
<b>Sales Revenue from Supply and Maintenance</b>						
- Sales Revenue from Supply of Telecommunication System	90.71	15.89	109.40	11.42	210.87	20.76
- Sales Revenue from Maintenance of Telecommunication System	219.70	38.48	302.33	31.54	188.67	18.58
<b>Total Sales Revenue</b>	<b>569.77</b>	<b>99.79</b>	<b>956.85</b>	<b>99.83</b>	<b>1,015.55</b>	<b>99.76</b>
<b>Other Income*</b>	<b>1.19</b>	<b>0.21</b>	<b>1.67</b>	<b>0.17</b>	<b>2.40</b>	<b>0.24</b>
<b>Total Revenue</b>	<b>570.96</b>	<b>100.00</b>	<b>958.52</b>	<b>100.00</b>	<b>1,017.95</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:

#### 1) 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) Transport Network

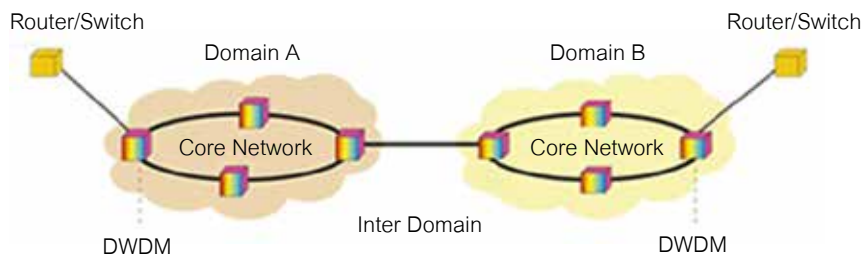
Transport Network is a fundamental communication device used to transmit the data remotely by using various transmission techniques. The transport network equipment, which is required to be installed in the core network to ensure effective transmission of big data. ICN is specialized in design and perform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

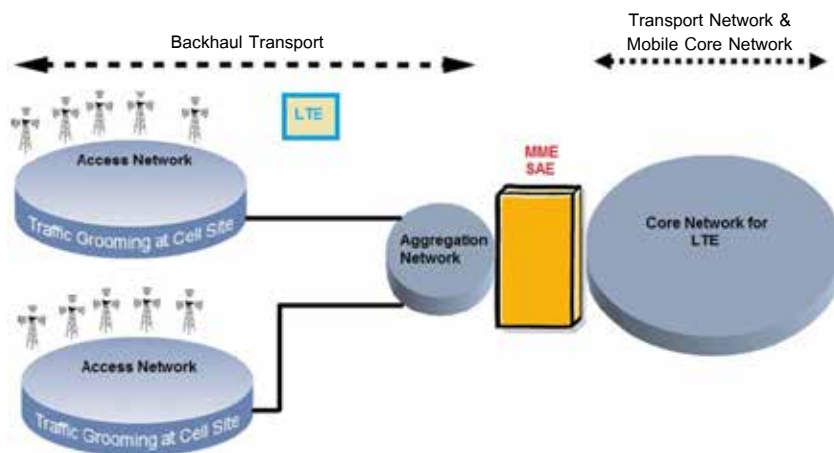


Figure 1: Scope of MPLS in Mobile Backhaul Initiative

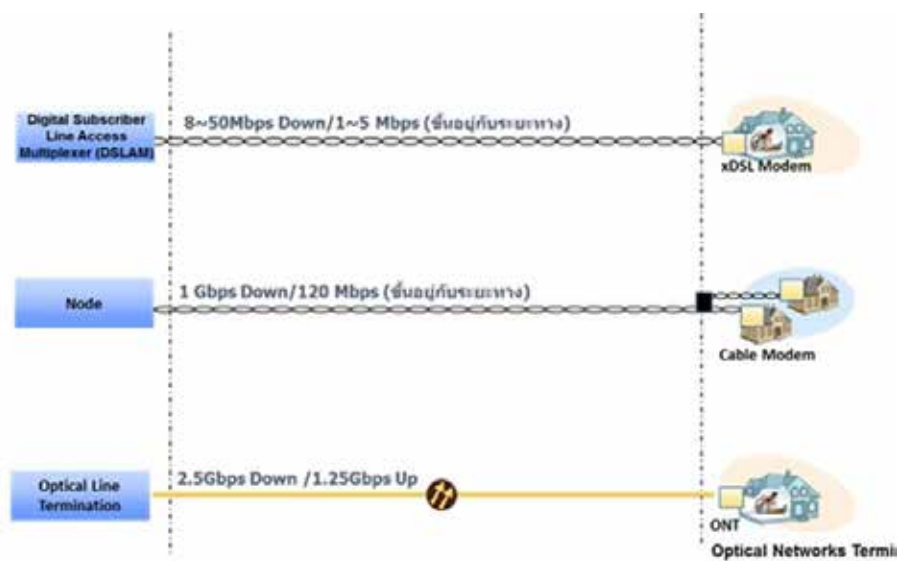
Sample Picture Mobile Backhaul Transport

### (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.

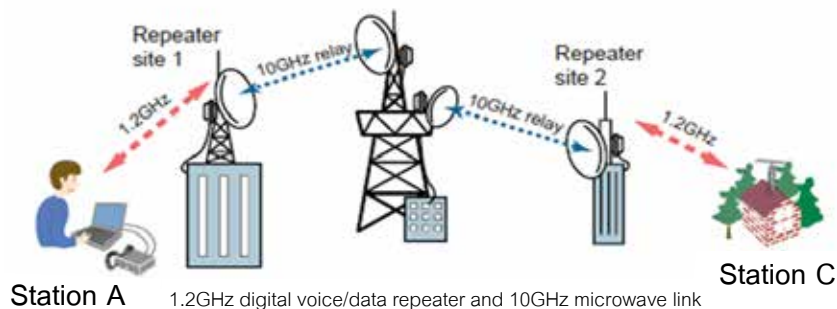


Sample Picture of Fiber Optic Cable



#### 4) 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

#### 5) 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

## 6) Equipments related to 3G / 4G Mobile Network

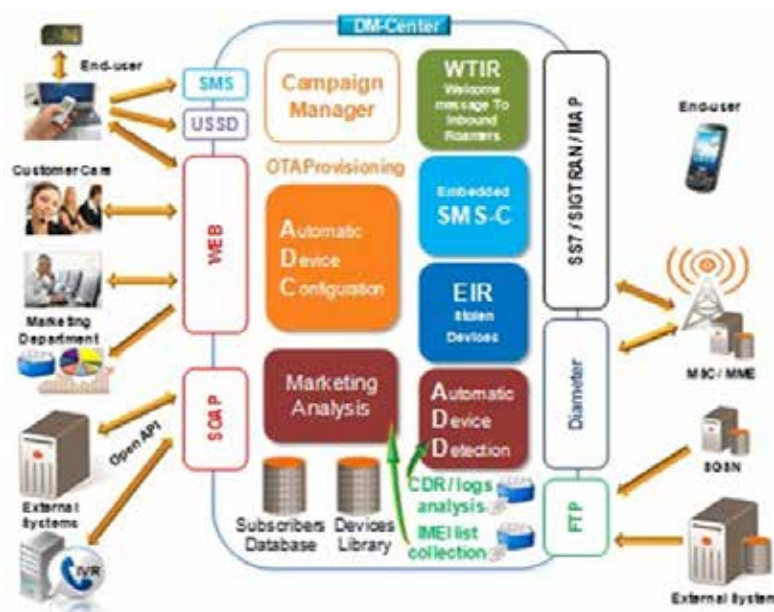
ICN is capable of providing 3G and 4G mobile broadband services, also known as the Long-Term Evolution (LTE) technology, considered the groundbreaking wireless communication systems that combine voice, video telephony, high-speed data, Internet access, and other additional services together. ICN is highly 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.

## 7) Other Related Devices

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

- **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

- **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.

- **Order Management (OM)**

Order Management is a software system to manage for opening, modifying and canceling various services which provides services on 3G / 4G LTE mobile networks such as activating / deactivating SIM cards for both prepaid or monthly payment (Postpaid), National Roaming service, opening / closing data services, services for changing the new SIM card with the existing number.

- **Service Activation At once Management System (SAAM)**

Service Activation At once Management is a system that connects to the OM system (Order Management) to convert the work order from the OM system to the terminal device of the mobile telephone exchange system, which has a variety of protocol and data transmission formats by terminal connecting devices such as:

- HLR (Home Location Registering) is a database system to collect ID information and information of all users.
- PCRF (Policy and Charging Rules Function) is function for managing the usage of data within the user network based on fair consumption model having service quality suitable as specified in the system, such as the condition that when a user use the data in maximum amount according to the specified amount the speed of data usage of that user the size of the bandwidth will be reduced according to the speed conditions of data usage from the normal value. With such principle it will enable the telecommunication service provider to guarantee the quality of service to all users in the system.
- Value-Added Service (VAS) is various value added service systems such as RBT (Ring Back Tone), MCN (Missed Call Notification) etc.

- **Over The Air System (OTA)**

OTA platform is a software for managing the SIM card on a 3G / 4G LTE mobile phone network remotely by means of data transmission over a network called Over-The Air (OTA), allowing management SIM card (which is sold and used) from a remote location. Mobile phone users do not need to request service at the service center or need to contact the service provider's call center such as network management, the user's SIM card information update service, download and installation of new application information on the subscriber's SIM card without changing the new SIM card.

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 Telecommunication Turnkey Projects during 2016-2018

Project Name	Customer	Effective Contract Period	Contract Value (million Baht)
Installation of ADSS optical fiber cable for DMS to supports FRTU 970 units	MEA	5 Oct 2015 - 1 Jun 2016	71.22
DWDM signal amplification of NSC and LE levels totaling 38 stations	TOT	19 Nov 2015 - 18 Apr 2016	46.26
Channel expansion for ISP	CAT	22 Aug 2015 - 18 Jan 2016	39.45
Procurement and installation of enhanced high-speed bandwidth in the northern region	PEA	11 Oct 2016 - 8 Apr 2017	35.25
Microwave link construction in the central, eastern, and western regions	CAT	19 Feb 2016 - 17 Jul 2016	20.80
Procurement and service contract for installation, test of Mobile Device Management totaling 1 system	CAT	14 Jul 2016 - 10 Nov 2016	39.60
Procurement and service contract for installation, test of ATN totaling 1 system	CAT	21 Nov 2016 - 20 May 2017	48.06
Service for design, and installation of PEA fiber optic cable in the northeastern region	SVOA	9 Dec 2015 - 4 Oct 2016	20.71
Service for expansion equipment and channel improvement for 1 ISP System	CAT	28 Dec 2016 - 27 Apr 2017	18.89
Procurement of Storage Cabinet ONU and other devices and service for TOT Public Company Limited	AIT	22 Mar 2017 - 3 Oct 2017	109.12
Installation of signalling device for regional network integration (NSL-LE)	TOT	23 May 2017 - 29 Sep 2017	41.75
Service Contract for signalling device Backhaul between central station and cable landing station totaling 1 system	CAT	1 Sep 2017 - 28 May 2018	136.22
Supply and installation of IP Device Access Network (MPLS Router)	PEA	25 Oct 2017 - 18 Apr 2019	313.82
Supply and service for installation of Mobile NE Device	AIT	2 Nov 2017 - 27 Sep 2018	119.88
Service Contract for Enhancement and Expansion of BBIP on regional network level for east and upper southeast region	TOT	14 Nov 2017 - 13 Apr 2018	45.39
Service Contract for Core Network Improvement for Mobile Network	TOT	17 Nov 2017 - 16 May 2018	32.99
Installation of equipment to replace the synchronization system	TOT	1 Apr 2017 - 31 Aug 2017	24.89
Service contract for OM (Order Management) system expansion	TOT	4 Jun 2018 - 31 Dec 2018	41.98
Service contract for SAMM system expansion	TOT	4 Jun 2018 - 31 Dec 2018	39.98
Service contract for OTA (Gemalto) system expansion	TOT	4 June 2018 - 1 Dec 2018	19.97
Service contract for enhancement and expansion of BBIP on regional network level for upper and lower southern regions	TOT	26 Dec 2018 - 24 May 2019	45.98

Project Name	Customer	Effective Contract Period	Contract Value (million Baht)
Service contract for communication system for distribution management system (DMS) 1 system	MEA	17 Dec 2018 - 13 Sep 2019	128.93
Supply and installation of microwave radio communication system for the Royal Thai Air Force	AVA	17 Dec 2018 - 17 Dec 2019	24.07
Project for providing high speed internet service in remote areas (Zone C), Group 5, North East Region 3 for service to Office of the Broadcasting and Telecommunications Commission (NBTC)	CAT	31 Jan 2019 - 27 Oct 2024	1,156.63

**Remark** MEA refers as Metropolitan Electricity Authority  
PEA refers as Provincial Electricity Authority  
TOT refers as TOT Public Company Limited  
CAT refers as CAT Telecom Public Company Limited  
SVOA refers as SVOA Public Company Limited  
AIT refers as Advanced Information Technology Public Company Limited  
AVA refers as Naviation Comtech Co.,Ltd.

## 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.

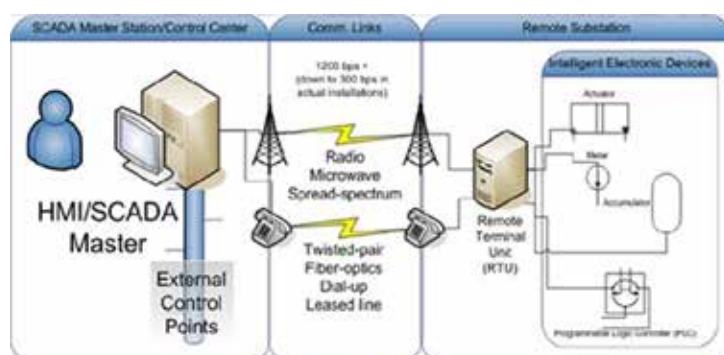
### Details of Outstanding Construction and Electrical System Projects during 2016-2018

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, 2017	155.69

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

## (2) Supervisory Control and Data Acquisition (SCADA)

Supervisory Control and Data Acquisition, also known as SCADA, has been developed to facilitate real-time data validation and analysis used for monitoring the status of information and controlling industrial and engineering systems, varying in telecommunication and communication, water supply, wastewater treatment, energy management, and so on. Current circumstances shall be shown for user acknowledgement and timely problem solving to increase work efficiency. SCADA can support both wired and wireless networks, whereby ICN is proficient in this system with highly experienced personnels and business partners and good products. ICN is currently under the preparation of proposing the service for customer to install the said 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. ICN shall provide the equipment to the operators with 1-2 years warranty.

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.

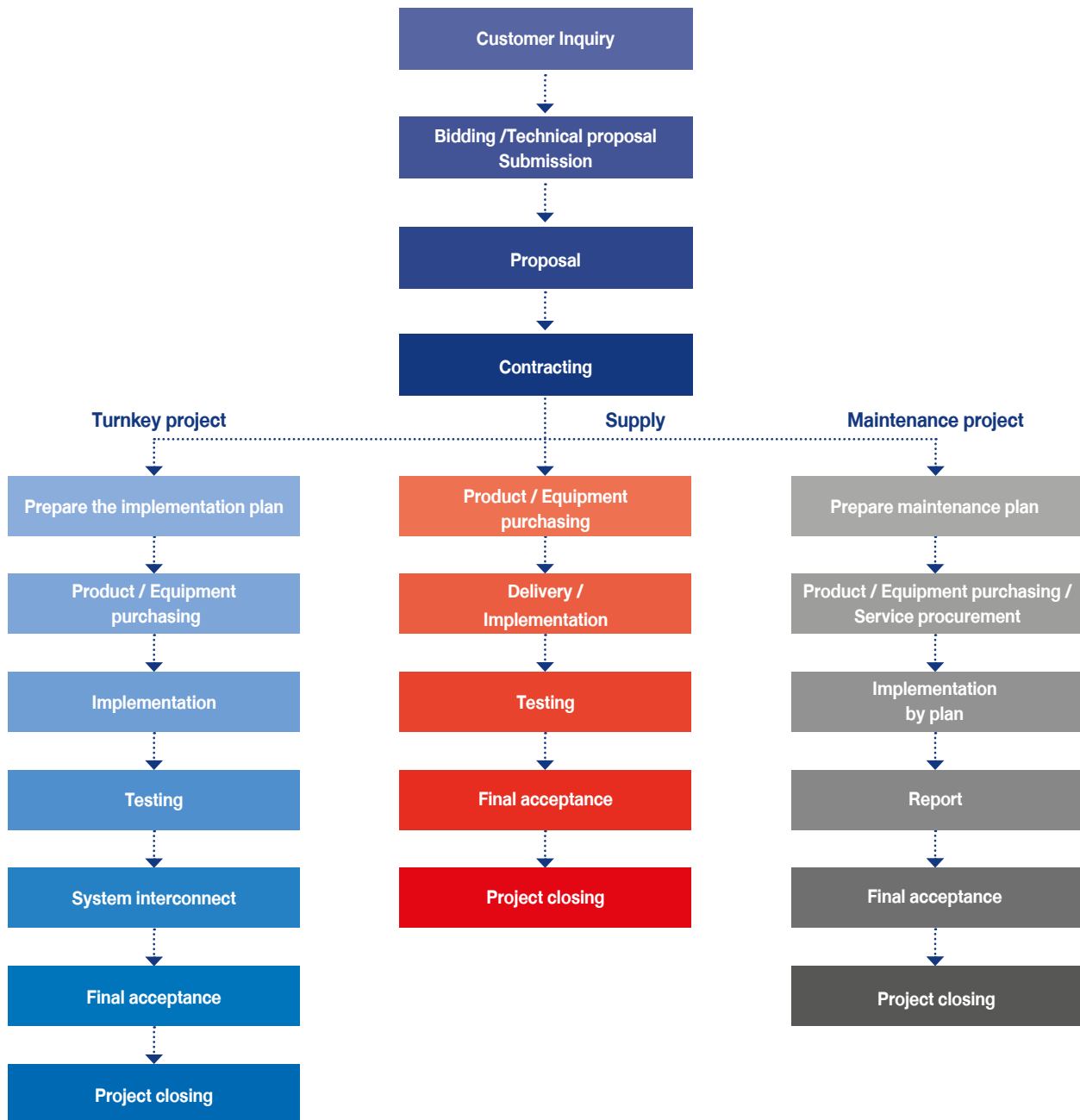
## Details of Network Maintenance Projects during 2016-2018

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	AIT	1 Feb 2016 - 30 Sep 2016	101.23
Maintenance, repair, correction, and alteration of fiber optic cable of the Office of the Higher Education Commission	AIT	1 Oct 2016 - 30 Sep 2017	79.00
Maintenance, repair, correction, and alteration of fiber optic cable of the Office of the Higher Education Commission	SVOA	1 Oct 2016 - 30 Sep 2017	42.39
Maintenance of core switch and management of other spare parts	TOT	1 Feb 2016 - 31 Jan 2017	40.45
Maintenance, repair, correction, and alteration of fiber optic cable of the Office of the Higher Education Commission	AIT	1 Oct 2017 - 30 Sep 2018	71.55
Maintenance, repair, correction, and alteration of fiber optic cable of the Office of the Higher Education Commission	SVOA	1 Oct 2017 - 30 Sep 2018	42.99
Service contract for equipment management for spare parts maintenance for base stations (Node B), Huawei brand	TOT	1 Mar 2017 - 31 Aug 2017	41.21
Service contract for equipment management for spare parts maintenance for base stations (Node B), Nokia brand	TOT	1 Mar 2017 - 31 Aug 2017	41.21
Maintenance of the core switch equipment and manage other parts of Transport Network, Alcatel-Lucent brand	TOT	1 Mar 2017 - 31 Aug 2017	41.20
Maintenance of the core switch equipment and manage other parts of Transport Network, Alcatel-Lucent brand	TOT	11 Mar 2017 - 28 Feb 2018	40.75
Supply of the spare parts of Alcatel-Lucent brand for 28 items	TOT	19 Jan 2018 - 19 Mar 2018	29.88
Maintenance of core switch equipment and manage other parts of Transport Network, Alcatel-Lucent brand	TOT	1 Mar 2018 - 28 Feb 2019	36.90
Supply of Multi-Service, 10x10 Gbps speed, 18 units by special methods	CAT	1 May 2018 - 27 Sep 2018	46.10
Supply of DWDM Network capacity expansion equipment in the central, eastern and southern areas for 1 unit	CAT	28 Jun 2018 - 24 Nov 2018	29.57
Installation, demolition and repair the fiber optic network in 8 provinces in the eastern region	W&W	1 Oct, 2018 - 30 Sep 2020	45.38
Supply of communication spare parts ,Nokia brand, for16 items	TOT	6 Nov 2018 - 3 Feb 2019	43.49
Supply of DWDM equipment for customers, ISP and IPLC, in the amount of 20 units	CAT	29 Nov 2018 - 27 Apr 2019	35.77



**Remark**    AIT refers as Advanced Information Technology Public Company Limited  
              TOT refers as TOT Public Company Limited  
              SVOA refers as SVOA Public Company Limited  
              W&W refers as Wire & Wireless Co., Ltd.  
              CAT refers as CAT Telecom 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. In addition, ICN also has co-operated with companies that provide IT services, software and solutions in the Internet of Things (IoT), Big Data, Chatbot such as Siemens, Oracle, IBM, Inspur, Acer (Taiwan) etc. 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 & Marketing 1 is responsible for both public and private sectors such as CAT Telecom Public Company Limited, TOT Public Company Limited, Royal Thai Air Force Communications Department.
- Sales & Marketing 2 is responsible for both public and private sectors such as the Provincial Electricity Authority, Bank for Agriculture and Agricultural Co-operatives.
- Sales & Marketing 3 is responsible for both public and private sectors such as Wire & Wireless Co.,Ltd. and True Corporation Group and exploring new products and services to new customer bases such as Expressway Authority of Thailand, Transport Co., Ltd.
- Sales & Marketing 4 is responsible for both public and private sectors such as the Metropolitan Electricity Authority, Ministry of Education, Bangkok Metropolitan Administration.

### 2) Subcontractor

Backed by experiences and expertise of ICN, 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, SMART 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 2016-2018 can be elaborated as follows:

Type of Service	Y 2016		Y 2017		Y2018	
	MB	%	MB	%	MB	%
Distribution of products and services directly to customers	227.03	39.85	568.42	59.41	674.65	66.43
Distribution of products and services via business partners	342.74	60.15	388.43	40.59	340.90	33.57
<b>Total</b>	<b>569.77</b>	<b>100.00</b>	<b>956.85</b>	<b>100.00</b>	<b>1,015.55</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 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 Sky ICT Public Company Limited, Turnkey Communication Services Company Limited, and Thai Transmission Industry Company Limited.

## 3. Small-sized Companies

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.

## 5 Communications Market in Thailand

The relevant telecommunications market of Thailand as announced by the Office of the National Broadcasting and Telecommunications Commission ("NBTC") on the definition of the market and the scope of the relevant telecommunications market, consisting of 11 markets, divided into 5 retail service markets, and 6 wholesale service markets. The Significant Market Power (SMP) is divided into 3 markets, namely (1) the fixed-line telephone service market for reaching the terminal point (2) the mobile telephone service market for reaching the terminal point and (3) the market for broadband access services.

Communications Market in Thailand from Quarter 1/2018 to Quarter 3/2018

Type of Market	Main Service Provider	Q1/2018 Average Cost/ Usage Volume	Q2/2018 Average Cost/ Usage Volume	Q3/2018 Average Cost/ Usage Volume
<b>Retail Service Market</b>				
1. Domestic Fixed Line Telephone Service Market	TOT	268 Baht/Month/ Number	213 Baht/Month/ Number	190 Baht/Month/ Number
2. Domestic Mobile Telephone Service Market	AIS Group TRUE Group DTAC Group CAT Group TOT Group	240 Baht/Month/ Number	244 Baht/Month/ Number	240 Baht/Month/ Number
3. International Telephone Service Market	TOT, CAT, AIN, DTN, TTT, GN, TUC	21.68 Baht/Minute	21.80 Baht/Minute	21.80 Baht/Minute
4. Fixed Line Internet Service Market	TICC, TOT, 3BB, AWN	617 Baht/Month	619 Baht/Month	615 Baht/Month
5. Mobile Internet Service Market	AIS Group DTAC Group TRUE Group CAT, TOT and others	0.14 Baht/MB	0.15 Baht/MB	0.15 Baht/MB
<b>Wholesale Service Market</b>				
6. International Internet Gateway Service Market	-	2,151 Gbps	2,180 Gbps	2,191 Gbps
7. International Telephone Gateway Service Market	CAT	250.8 Million Minutes	244.0 Million Minutes	241.8 Million Minutes
8. Fixed Line Telephone Network Connection Service Market	CAT, TOT, TTTBB, TUC, AWN	182.7 Million Times or 355.1 Million Minutes	172.6 Million Times or 334.9 Million Minutes	162.4 Million Times or 334.6 Million Minutes
9. Mobile Telephone Network Connection Service Market	CAT, DTN, TUC, AWN	4,980.0 Million Times or 7,900.0 Million Minutes	4,799.8 Million Times or 7,184.3 Million Minutes	4,718.7 Million Time or 7,082.9 Million Minutes
10. Broadband Access Service Market	CAT, TOT, TUC	5,983.5 Gbps	6,054.9 Gbps	6,134.3 Gbps
11. Leased Circuit Service Market	TIC, CAT, Symphony	1,021.0 Gbps	1,051.0 Gbps	1,077.4 Gbps

Source: The Office of the National Broadcasting and Telecommunications Commission ("NBTC")

## 1. Domestic Fixed Line Telephone Service Market

There is 1 main remaining service provider, TOT Public Company Limited for the fixed line telephone service retail market. At the end of the third quarter of 2018, there are approximately 3.05 million fixed line numbers and 14.25 % of household users. The revenue for fixed line telephone service is totaling 1,790.0 Million Baht, decreased from the previous quarter by 246.0 Million Baht or equivalent to 12% for the average monthly revenue per number that calculated the weighted average from basic telephone service and public telephones at 196 Baht, which decreased from the previous quarter, by 8%.

Revenue	1Q2561	2Q2561	3Q2561	%Change YoY	%Change QoQ
Fixed line telephone service revenue (Million Baht)	1,986.2	2,036.0	1,790.0	-6%	-12%
Average revenue per month per number (Baht/Month)	268	213	196	-9%	-8%
Fixed line	281	225	204	-9%	-9%
Public phone	23	18	23	-19%	34%

Source: The Office of the National Broadcasting and Telecommunications Commission ("NBTC")

## 2. Domestic Mobile Telephone Service Market

In mobile telephone service retail market, the mobile telephone service providers can be classified into 2 groups: (1) mobile phone service providers that have network or have network access rights (Mobile Network Operators: MNOs) such as AIS Group, DTAC Group, TRUE Group, CAT and TOT Group and (2) Mobile Virtual Network Operators (MVNOs) such as Real Move Company Limited, Loxley Public Company Limited

At the end of the third quarter of 2018, the market share from the number of subscribers of the mobile phone market showed that AIS Group had market share 43.8 %, TRUE Group 31.0%, DTAC Group 23.0%, CAT Group 1.92% and TOT Group 0.13% respectively.

Revenue from mobile telephone service is classified into 2types (1) average monthly revenue per mobile telephone service number (or APRU which is calculated by excluding interconnection revenue) at the end of the third quarter 2018, APRU of mobile telephone service was at 240 Baht decreased by 1.7% from the previous quarter. When classifying as per service type, the prepaid system has an average monthly revenue at 151 Baht per telephone number decreased by 3.1 % from the previous quarter. The postpaid system has an average monthly revenue at 525 Baht per per telephone number decreased by 1.3 % from the previous quarter. The average service rate of voice type is 0.59 Baht per minute, which is equal to the previous quarter and (2) service revenue at the end of the third quarter of 2018 was 71,200 Million Baht, equal to the previous quarter. The revenue from voice and non-voice services were 63,400 Million Baht and other revenue were 7,800 Million Baht.

Revenue	1Q2561	2Q2561	3Q2561	%Change YoY	%Change QoQ
Mobile telephone service revenue (Million Baht)	69,200	71,200	71,200	4.9%	0.0%
Voice and non-voice revenue	62,900	63,400	63,400	4.4%	0.0%
Other revenue	6,300	7,800	7,800	8.3%	0.0%
Average revenue per month per number (Baht/Month)	241	244	240	1.0%	-1.7%
Prepaid	154	156	151	-2.0%	-3.1%
Postpaid	532	532	525	-2.4%	-1.3%

Source: The Office of the National Broadcasting and Telecommunications Commission ("NBTC")

### 3. International Telephone Service Market

At present, the use of international telephone services can be divided into 3 major systems, namely (1) International Direct Dialing (IDD) provides service via access code or IDD by automatically connecting via 3-digit numbering system or via fixed line telephone service and mobile telephone (2) Voice over Internet Protocol (VoIP) System is a connection between the Internet Protocol (IP), which is available through fixed line telephone or mobile telephone by means of converting audio signals to forward to the destination via internet service and (3) International Calling Card System whereby users, willing make international calls, shall purchase international calling cards from distributors or service providers.

For the international telephone market, it is only considered to make international calls using the fixed telephone service. When considering market share from revenue at the end of the third quarter of 2018, CAT possessed the largest market share at 66.67%, followed by TIC at 30.86 %, TOT at 1.29% and Jasmine at 1.09% respectively.

### 4. Fixed Line Internet Service Market

There are 3 major service providers for high speed internet retail market, namely True Internet Corporation Limited (TICC), TOT Public Company Limited (TOT) and Triple T Broadband Public Company Limited which known as the 3BB brand and Advanced Wireless Network Co., Ltd. (AWN). Market share from the number of subscribers showed that at the end of the third quarter of 2018, TICC had the highest market share at 37.8%, followed by 3BB at 32.4%, TOT at 17.5%, AWN at 7.4% and other small service providers had a combined market share approximately at 5.0%.

When considering revenue from all broadband internet services, it was found that in the third quarter of 2018, the total revenue was 17,000 Million Baht increased by 1.8 % from the previous quarter. The average monthly revenue per telephone number was approximately 615 Baht per month decreased from the previous quarter by 0.7 %. The average service rate is at 0.02 Baht per Kbps which is equal to the previous quarter.

Revenue	1Q2561	2Q2561	3Q2561	%Change YoY	%Change QoQ
Fixed line internet service revenue (Million Baht)	16,300	16,700	17,000	11.1%	1.8%
Average service rate (Baht/Kbps)	0.02	0.02	0.02	20.5%	-9.6%
ADSL	0.02	0.03	0.03	27.3%	-15.1%
FTTX	0.01	0.01	0.01	7.0%	7.0%
Average revenue per month per number (Baht/Month)	617	619	615	-4.2%	-0.7%
TOT	583	594	602	-12.1%	1.3%
TRUE	618	618	607	0.8%	-1.8%
3BB	650	654	654	1.6%	0.0%
AWN	618	610	597	-6.3%	-2.1%

Source: The Office of the National Broadcasting and Telecommunications Commission ("NBTC")

## 5. Mobile Internet Service Market

Mobile internet market has a similar structure to the mobile phone market due to the fact that the voice service provider in the mobile phone market will also provide mobile internet service. The market share from non-voice service at the end of the third quarter of 2018 showed that the AIS Group had the highest market share at 46.4 %, increased from the previous quarter by 1.3%, DTAC Group at 30.2% slightly decreased from the previous quarter and TUC Group at 21.1% decreased from the previous quarter by 2.0%

Revenue from mobile internet service market has the tendency to increase continuously. The non-voice revenue of service providers for the third quarter of 2018 was totally 34,511.4 Million Baht which increased from the same quarter of the previous year by 4,279.10 Million Baht or 14.2%. Mobile internet service rate was found at the end of the third quarter of 2018 at the value of 0.15 baht / MB equal to the previous quarter.

Revenue	1Q2561	2Q2561	3Q2561	%Change YoY	%Change QoQ
Mobile internet service revenue (Million Baht)	32,646.3	34,188.4	34,511.4	14.2%	0.9%
AIS Group	17,125.8	18,201.1	18,511.0	20.8%	1.7%
DTAC Group	9,733.2	9,992.1	9,987.1	8.2%	-0.1%
TUC Group	5,603.4	5,812.3	5,832.1	6.2%	0.3%
TOT	83.9	81.1	79.9	-6.1%	-1.5%
CAT	75.3	76.5	76.3	3.2%	-0.3%
Others	24.5	25.2	25.0	5.5%	-0.8%
Average service rate (Baht/MB)	0.14	0.15	0.15	-3.0%	0.0%

Source: The Office of the National Broadcasting and Telecommunications Commission ("NBTC")



**6. International Internet Gateway Service Market**

At present, there are 17 service providers that have been licensed and operated. The amount of bandwidth used to connect to provide international internet gateway services shows an increasing trend continuously. Market share calculated by bandwidth at the end of the third quarter of 2018 showed that CAT had the highest market share at 26.99% decreased from the previous quarter by 0.11%, TIG at 20.22% decreased from the previous quarter by 1.24%.

**7. International Telephone Gateway Service Market**

At present, there are 5 international telephone gateway service providers with license. For the number of international telephone gateway services in the third quarter of 2018, the total usage was 241.8 million minutes decreased from the previous quarter by approximately 2.1 million minutes or equivalent to 1%. CAT had 145.1 million call volume, which was 60.01% of the total minutes while other service providers had volume of 96.7 million minutes.

**8. Fixed Line Telephone Network Connection Service Market**

At present, there are 8 fixed line telephone service providers that provide service to consumers or end users. For the third quarter of 2018, the amount of traffic using Fixed Call Termination service was 162.4 million times categorized by receiving calls from mobile networks (Mobile-to-Fixed) at 160 million times and receiving calls from fixed-line networks (Fixed-to-Fixed) at 2.4 million times. If measured by minutes, the amount of traffic using Fixed Call Termination service was 334.6 million minutes breakdown into receiving calls from mobile telephone networks (Mobile-to-Fixed) at 330 million minutes and receiving calls from mobile telephone networks (Mobile-to-Fixed) 4.6 million minutes.

**9. Mobile Telephone Network Connection Service Market**

At present, there are 5 mobile telephone service providers that provide services to consumers or end users. For the third quarter of 2018, The amount of traffic using Mobile Call Termination service was 4,718.7 million times divided by receiving call from the mobile telephone network (Mobile-to-Mobile) at 4,580.0 million times and receiving call from fixed-line networks (Fixed-to-Mobile) at 138.7 million times. If measured by minutes, the amount of traffic using Mobile Call Termination service was 7,082.9 million minutes divided into receiving calls from mobile telephone network (Mobile-to-Mobile) at 6,900 million minutes and receiving calls from mobile telephone networks (Fixed-to-Mobile) at 182.9 million minutes.

**10. Broadband Access Service Market**

There are a variety of broadband access providers nowadays. There are 57 telecommunication licensees and service providers that have their own networks and are licensed to provide broadband access divided into 31 licensees who are licensed to provide more than one type of telecommunication network, and 26 service providers who provide services through a single telecommunication network. The volume of internet usage via mobile telephone is increasing continuously. Broadband access by using fiber optic technology has higher traffic volume than other technologies while the broadband access by xDSL technology has second rank traffic volume.

Revenue from broadband access service also has tendency to increase continuously. At the end of the third quarter of 2018, the revenue was at 25,782.3 million Baht increased to 1.53% from the previous quarter divided into income from self-use and service for group companies for 10,113.1 million Baht and the revenue from the service sold to other companies for 15,669.2 million Baht.

#### 11. Leased Circuit Service Market

Service providers in the leased circuit wholesale market are divided into 3 groups (1) wholesale service providers are licensees who are state enterprise operators and provide infrastructure services. The main business of service providers in this group is the production and distribution of electricity. The leased circuit service focuses on bringing the remaining resources or fiber optic to other operators for leasing, such as MEA, PEA, EGAT (2) service providers with large networks running retail and wholesale business and having networks that cover nationwide or being the telecommunication enterprises such as CAT, TOT and (3) service providers with small networks doing retail and wholesale operations and having networks not covering nationwide, such as Loxley, CS Loxinfo. In the third quarter of 2018, the service providers with the top 3 market share are (1) TRUE had the largest market share at 20.2% (2) CAT had 16.1% market share and (3) Symphony had 14.8% market share.

The usage of leased circuit service is likely to increase continuously. At the end of the third quarter of 2018, the usage amount was 1,077.4 Gbps increased by 3% from the previous quarter. The use of leased circuit services based on Ethernet Leased Line technology has higher traffic volume than other technologies, followed by MPLS technology for the second rank traffic volume. Revenue from leased circuit service is also likely to increase continuously as well. At the end of the third quarter of 2018, the revenue from leased circuit service was at 2,731.7 million Baht increased by 13% from the previous quarter.

## 6 Backlogs

As of 31 December 2018, ICN recorded its backlogs amounting to 1,456.03 million Baht, which shall be recognized as sales revenue in the year 2019 onwards.

## Risk Factors



The Company is aware of the impact of risk factors and has prepared a measure in reducing such risks to an acceptable level. Meanwhile, the Company has also revised and evaluated the risk factors and obstacles that may affect the Company and related stakeholders. The Company has established the Risk Management Committee to set guidelines for prevention of risks that will occur and classified as major risks as follows.

### 1. Risk of Reliance on Product Distributors

With the main business of the Company is telecommunications installation and networking services (Turnkey Project) that have to purchase products directly from the authorized distributors. If the said distributors are unable to provide the equipment required by the telecommunications installation and networking services for the Company or fail to deliver the equipment that the Company order on schedule will be affected the sales and profits of the Company

However, the Company has a good relationship with the manufacturers and had no any problems to be a partner or distributor of products. In addition, the Company has also found other manufacturers in the same or similar product group. Therefore, the Company has the flexibility to adjust according to the situation if necessary and can diversify the risk of rely on only one single product

### 2. Risk of Inconsistency of Revenue

The Company provides integrated telecommunications system services ranging from consulting, design, procurement, installation, testing, inspection, system connection and selling related equipment in the telecommunication network system for customers who are telecommunication service providers who want to expand, improve or repair their telecommunication systems. In the year 2016-2018, comparing to the total revenue from sales and service, the Company has revenue from turnkey and supply businesses for 59.58%, 68.40% and 81.42% 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, the Company would directly be affected by such risk factor.

After realizing a possible impact of such risk, the Company 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. The Company has always been approved with contract renewal, where the Company's revenues obtained from network maintenance services, both sales and service revenue, were 40.42% in 2016 31.60% in 2017 and 18.58% in 2018, amounting to 230.30 million baht, 302.33 million baht and 188.67% million baht, increased respectively. In addition, the Company has a policy to expand new customer base for example, CCTV maintenance services (CCTV of Traffic and Transportation Department, Bangkok Metropolitan Administration), expand to Information Technology (IT) system and new technologies communication systems or computer system that facilitates various aspects such as the automatic chat platform (Chatbot), participate in large projects bidding such as Provision of High Speed Internet Services for Remote area (Zone C) project which help the Company has additional income from such policies and from the experience of the Company for a long time making a good relationship and understanding the needs of telecom service providers including offering services for development improve the telecommunications system of the customer group. As of 31 December 2018, the Company has the undelivered work amount 1,456.03 million baht, thus ensuring that it can maintain business growth supported by the consistency of revenue achievement.

### 3. Risk of Reliance on Key Customers

Dependency on large customers especially government customers and state enterprises if the government and state enterprises have to delay spending on the budget may affect the operating results and financial position of the Company. At present, the competition in the business is highly competitive in terms of prices, technology and services, both from domestic competitors and foreign competitors which may affect the revenue of the Company. However, with the government having a policy vision of Thailand's economic development into the Thailand 4.0 era, investment in government and government agencies in telecommunications and IT is expected to continue which the company's service quality has been improved and the technology is suitable for the market conditions and the needs of the customers as much as possible including maintaining a close relationship with business partners.

In addition, the Company plans to continue drive long term maintenance services agreement project to ensure stability and recurring revenues, expand its customer base and maintain its existing customer base to minimize the risk of reliance on a few key customers.

### 4. Risk of Change of Communication Technology

Communication technology is rapid changing in the era of Digital Transformation, the need of new technology to support large amounts of data according to the growing data usage. Thus enabling service providers to continuously develop systems and networks to provide services as well. If the Company cannot provide the new up-to-date equipment or systems to offer services and meet customer's requirement, the Company may lose business and affect the operating results of the Company.

The Company has provided employee training and seminar with manufacturers, distributors, public and internal business partner, local and abroad training on a regular basis in order to know and understanding of new technology, new products and new service in the market. To be able to build on business development, advice the modern service conforming to customers' various demands

### 5. Risk of Reliance on Engineer

The Company's business has to rely on management and employees (engineers), who possess the knowledge pertaining to technology, design, and operation. This has subsequently led to the Company's dependence on their

capabilities and experiences. If The Company loses these executives and employees, which may affect the operations and competitive position of the Company in the market. In the past, the Company has developed professional management skills and new management and employees in order to further expand the business. There is also an opened communication provided to management to discuss on policy and plan in order to encourage understanding and know-how in business management. Furthermore, incentives, including salary, benefits, and working environment, have been provided. Meanwhile, the Company has also developed an organization structure that will allow possible replacement in a case that the employee cannot perform their tasks, and that there will an immediate substitution. A weekly meeting is organized for internal discussion, and timely actions provided that potential problems occur.

## **6. Risk of Providing Services or Purchasing Orders before Signing Contract**

In certain circumstances, The Company must offer services or order equipment before signing contract with customer. To be able to provide services according to customer specifications Or in order to be able to deliver the equipment in a timely manner according to the requirements of the customers, the Company may be at risk of not receiving payment from customers and may be affected by the costs incurred if not receiving the contract eventually which will affect the performance of the Company both revenue and profit.

However, predicable difficulties in collecting payment of work performed under contract can be planned and the Company will only consider projects which have no potential threads. Though, from time to time it is necessary for the Company to purchase order before the contract is signed. In this situation, term of agreement between the Company and vender will offer the cancelation of those products if contract is failed to sign or any disagreement over terms at last. Similarity to any sectors, such as state enterprises or some private agencies, the Company will ask the customer to conduct a letter of intent (LOI) to confirm the employment first. For the projects that the Company continuously hired, such as maintenance work to provide continuous maintenance service and reduce the risk of many outstanding accrual jobs, therefore the Company must provide services before receiving contract renewals from customers and even if the risk that the customer does not renew the contract is relatively low, the Company still has additional risk protection which will not enter into a contract with the subcontractor until the Company Will receive a contract from the customer. In the past, the Company has never had problems from the service before contracting and has not been signed in the contract.

## **7. Risk of Unpaid Payment from Subcontracting Employment**

In some projects, the Company becomes a subcontract for customers which also being hire from another parties who owns the project or the end users. Sometimes, in this case the payment term arises a risky “pay-if-paid” part also known as “Back-to-Back” payment term. Contractor can be left holding the money if an upstream party does not pay which impacts liquidity and cash flow of the Company.

In order to deal with customers with Back-to-Back payment term, the Company does consider the contractor and end-user with the capabilities to pay, most likely large party. Furthermore, the Company can also set the condition as Back-to-Back with the downstream parties to maintain the Company's liquidity.

## **8. Risk of Reliance on Contractors**

The Company provides equipment installation services, system installation and network maintenance services for telecommunication service providers with coverage throughout the country. Therefore, the Company has to hire contractors to install equipment or providing network maintenance services to various projects for customers. If the Company is unable to find contractors or the contractor cannot install the equipment or provide standard network maintenance services as specified or delayed installation or cannot maintain the network according to the terms agreed in the contract that will affect the reputation and performance of the Company as well.



However, the Company owns the Approved Vendor Lists, consist of total 42 suitable contractors widespread throughout the country. The Company will consider selecting contractors from many features such as quality of work, relevant work experience, team work and talented personnel, financial status including familiarity with customers and related networks by selecting contractors. In each project, the Company will consider selecting contractors about 3-4 contractors that offer prices to the Company. During the implementation of each project, the Company's engineers will closely control the quality of the contractor and evaluating the quality of the contractor after the completion of the past, the Company has no problem in procuring and hiring contractors to install the equipment or provide network maintenance services in various projects of the Company.

## 9. Risk of Project Delay

The duration to complete and deliver the outcome of projects is cautiously set, with guarantee performances specify in the contract. If the Company fails to complete the operation agreed in the contract or defects discovered from the project caused any damages to external parties or properties, the Company must recompense the fine stated in the contract. Regarding to this matter, the Company realized the importance to reduce and prevent such risks by arranging insurance in each project, or distributing risks to other parties such as product owners and contractors. In addition, the Company foreseen the significant of developing personnel's skills including knowledge, abilities, and responsibility for the organization.

The key factor of delay usually rises from external aspects that the Company is incapable of controlling such as the interruption from product owner's shipment or the duty to change any breakdown equipment installed before handing over the project to customers. The Company decided to explicitly manage this particular risk by prudently track each step of the processes and wisely form an understanding coordination between the Company, customers and manufacturing companies which makes it possible to identify the cause of the problem and reduce various impacts that may occur in advance to track and check project delivery period regularly.

## 10. Risk of Exchange Rates

The key factor of delay usually rises from external aspects that company is incapable of controlling such as the interruption from product owner's shipment or the duty to change any breakdown equipment installed before handing over the project to customers. Company decided to explicitly manage this particular risk by prudently track each step of the processes and wisely form an understanding coordination between company, customers and vendors. The cause of project delays can be predicted and identified if every parties are able to effectively communicate among each other and work through the related issues and problems to salvage the project.

Because of the Company's revenue from providing system services including selling telecommunication equipment and maintenance determined in the form of Baht while the Company has purchased related telecommunication equipment from abroad and ordering equipment from some distributors in foreign currency which the payment of goods from foreign currency causes the Company to exchange rate risk. If the Thai Baht has depreciated against foreign currencies may increase the cost of project work of the Company. However, the Company has strategically developed its efficient measures to prevent such risk pf foreign currencies by indicating the agreed exchange rate with the distributors or adopting a forward contract. This approach hels reduce impacts caused by the fluctuation or foreign exchange rates, urging the Company to keep evolving greater performances.

## Company Assets

### Detail of assets

As of 31 December 2018, The Company has the assets as follows :

Type of asset	Type of ownership	Obligation	Net book value (MB)
Office renovation	Owner	-	0.35
Office supplies	Owner	-	1.11
Project tool and equipment	Owner	-	3.18
Vehicles	Leasing Contract / Owner	-	2.24
IT Hardware	Owner	-	1.16
Total			8.04

### Leases of office building and warehouse

Agreement name	:	Rental of office building
Party	:	D.K.J. Construction Co., Ltd. ("Renter") and the company ("Rentee")
Agreement period	:	3 years during 30 June 2017 to 30 June 2020
Agreement extension	:	Rentee must request to renew agreement before expiration not less than 2 months
Essence of the agreement	:	<ul style="list-style-type: none"> <li>- Renter wishes to rent the office building named "D.K.J. Building" to the rentee which locates at 5<sup>th</sup> Floor, 393 Sukhontasawat Rd., Latphrao, 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>

Agreement name	:	Rental of office building
Party	:	D.K.J. Construction Co., Ltd. ("Renter") and the company ("Rentee")
Agreement period	:	3 years during 30 June 2017 to 30 June 2020
Agreement extension	:	Rentee must request to renew agreement before expiration not less than 2 months
Essence of the agreement	:	<ul style="list-style-type: none"> <li>- Renter wishes to rent the office building named "D.K.J. Building" to the Rentee which locates at 4<sup>th</sup> Floor (partial), 393 Sukhontasawat Rd., Latphrao, Bangkok 10230, 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 office building
Party	:	D.K.J. Construction Co., Ltd. ("Renter") and the company ("Rentee")
Agreement period	:	2 years 6 months during 1 January 2017 to 30 June 2020
Agreement extension	:	Rentee must request to renew agreement before expiration not less than 2 months
Essence of the agreement	:	<ul style="list-style-type: none"> <li>- Renter wishes to rent the office building named "D.K.J. Building" to the Rentee which locates at 3<sup>th</sup> Floor (partial), 393 Sukhontasawat Rd., Latphrao, Bangkok 10230, with total area 99 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 1 September 2017 to 30 June 2020
Essence of the agreement	:	<ul style="list-style-type: none"> <li>- Renter wishes to rent the warehouse named "D.K.J. Building" to the Rentee which locates at 1<sup>st</sup> Floor (partial), 391 Sukhontasawat Rd., Latphrao, Bangkok 10230, 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")
Period	:	3 months during 27 December 2018 to 27 March 2019
Essence of the agreement	:	<ul style="list-style-type: none"> <li>- Renter wishes to rent the warehouse named "D.K.J. Building" to the Rentee which locates at 391 Sukhontasawat Rd., Latphrao, 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 31 December 2018, The Company has no legal dispute.

## General Information and Other Important Information

### General

#### Company's information

Company Name (Thai)	: บริษัท อินฟอร์เมชั่น แอนด์ คอมมูนิเคชั่น 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., Latphrao, 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	: 3,010 shareholders (As of 28 December 2018)
% Free float	: 57.31%

#### 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, New Ratchadaphisek Road, Klongtoey, Bangkok 10501
Telephone	: 0-2264-0777
Fax	: 0-2264-0789 - 90
Website	: <a href="http://www.ey.com/th/en/home/ey-thailand">www.ey.com/th/en/home/ey-thailand</a>

## 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 Authorized Capital and Paid-Up Capital

As of 31 December 2018, the Company's authorized capital and paid-up capital was 225,000,000 Baht being classified into 450,000,000 ordinary shares at par value of 0.50 Baht per share.

### Shareholders

Shareholder structure of the Company referred on 28 December 2018 can be summarized as follows.

Shareholder Name	No. of Shares	%
1. Mr. Monchai Manepairoj	87,454,512	19.43
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	42,759,094	9.51
3.1 Mr. Dan Rungruangpol	21,000,000	4.67
3.2 Ms. Ida Rungruangpol	20,999,964	4.67
3.3 Mr. Preeda Hutachuta	459,130	0.1
3.4 Mr. Ronapoom Rungruangpol	300,000	0.07
4. Chonkadeedamrongkul Group	12,916,039	2.87
4.1 Mr. Sompong Chonkadeedamrongkul	5,941,639	1.32
4.2 Mr. Pongpat Chonkadeedamrongkul	2,861,000	0.64
4.3 Ms. Nataya Chonkadeedamrongkul	1,981,000	0.44
4.4 Ms. Kanittha Chonkadeedamrongkul	1,932,400	0.43
4.5 Ms. Warunee Chonkadeedamrongkul	200,000	0.04
5. Ms. Pattawan Sangnet	18,685,610	4.15
6. Ms. Chantana Krasaesan	16,490,201	3.66
7. Ms. Worapan Jeungsuppaisan	10,709,960	2.38
8. Mr. Vijayakuma Balakrisnan	7,167,372	1.59
9. Mr. Annop Limprasert	6,700,000	1.49
10. Mr. Sittiluck Leeangkulsatien	6,100,100	1.36
Other shareholders	183,325,808	40.74

## Issuance of Other Securities

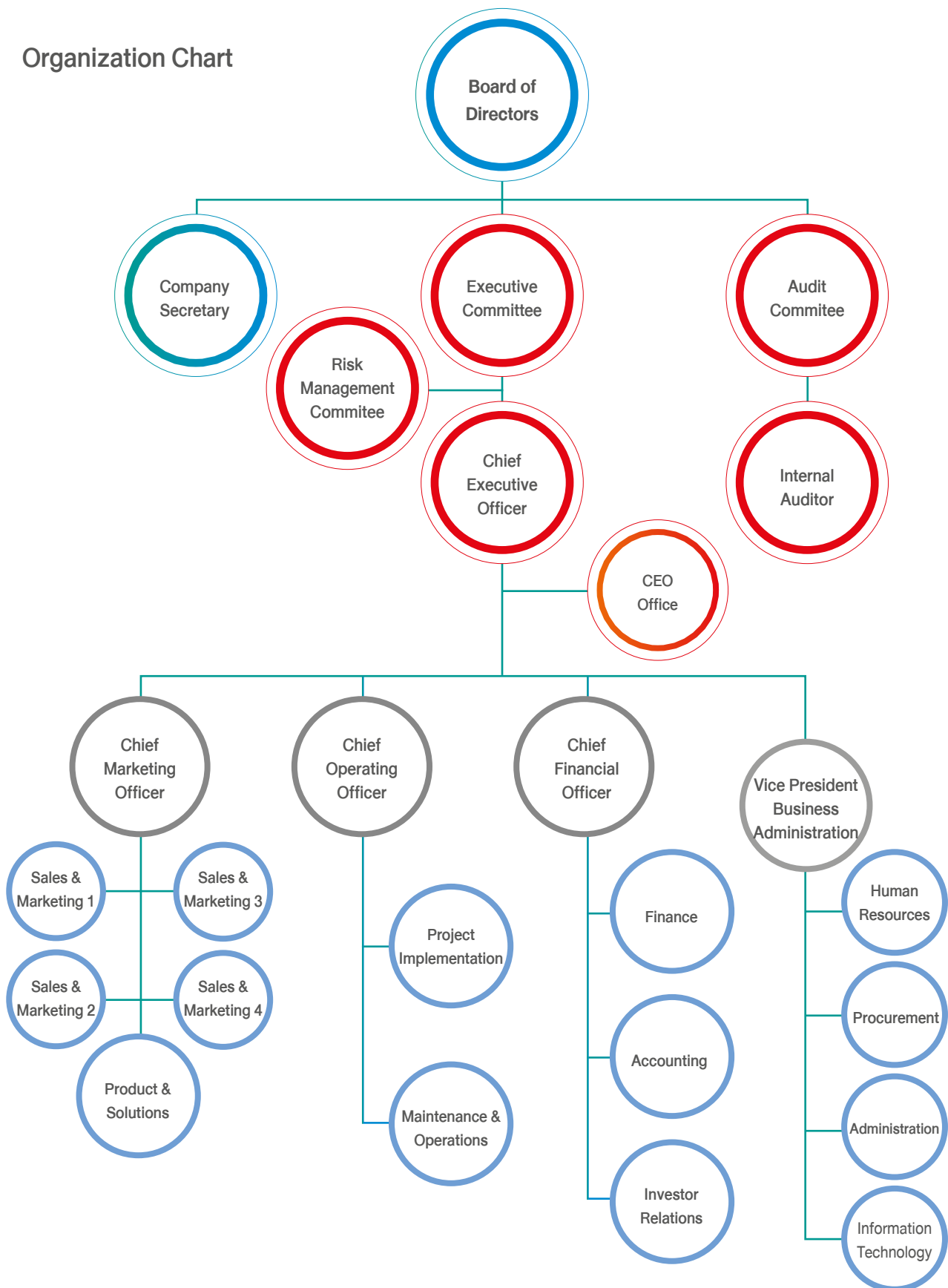
-None-

## 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 of 31 December 2018, the management structure of the Company consists of the Board of Directors and three Sub-Committees which are the Audit Committee, Executive Committee and Risk Management Committee (the Company does not have a specific Nomination and Remuneration Committee but shall appoint Board of Directors to act as representation). 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 Directors consists of:

Name	Position
1. Mr. Segsan Roylapcharoenporn <sup>2</sup>	Chairman of the Board and Chairman of the Audit Committee
2. Mr. Monchai Manepairoj	Director and Chief Executive Officer
3. Mr. Ronapoom Rungruangpol <sup>1</sup>	Director
4. Mr. Pira Laahasomboon	Director
5. Mr. Anuwat Luengtaweekul	Independent Director and Audit Committee
6. Mr. Chanachai Kulnoppaleark	Independent Director and Audit Committee
7. Ms. Patnarin Maliwal <sup>3</sup>	Director, Chief Financial Officer and Company Secretary

**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.

<sup>3</sup> is the director who was appointed by the Meeting of the Board of Directors No. 4/2018 on 6 November 2018.

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 Mr. Monchai Manepairoj, Mr. Pira Laahasomboon, Mr. Ronapoom Rungruangpol and Ms. Patnarin Maliwal shall jointly affix their signatures with the Company's seal.

### The Board of Director's Meeting

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

**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.

<sup>2</sup> On 25 July 2018, Ms. Prapharat Tangkawattana resigned from the director office and Ms. Patnarin Maliwal was appointed as director in the Meeting of the Board of Directors No. 4/2018 on 6 November 2018.

## Audit Committee consists of:

Name - surname		Position
1. Mr. Segsan	Roylapcharoenporn	Chairman of the 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. Chanachai 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 Meeting

Name - Surname		No. of Attendances/ No. of Meeting	
		2017	2018
1. Mr. Segsan	Roylapcharoenporn <sup>1</sup>	3/4	4/4
2. Mr. Anuwat	Luengtaweekul	2/4	3/4
3. Mr. Chanachai	Kulnoppaleark	4/4	4/4
4. Mr. Sivanun	Na Nakorn <sup>1</sup>	1/4	-

**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 the Executive Committee
2. Mr. Ronapoom	Rungruangpol	Executive Committee
3. Ms. Patnarin	Maliwal	Executive Committee
4. Mr. Thammawat	Uchupaiboonwong	Executive Committee
5. Mr. Suwat	Youcharoen <sup>1</sup>	Executive Committee

**Note:** <sup>1</sup> Mr. Suwat Youcharoen was appointed as an executive committee in the Meeting of the Board of Directors No. 1/2018 on 22 February 2018.

Whereas Mr. Surasak Kongjantra was appointed as the Secretary of the Executive Committee in the Meeting of the Board of Directors No. 1/2017 on 29 March 2017.

### Executive Committee's Meeting

Name - Surname	No. of Attendances/ No. of Meeting	
	2017	2018
1. Mr. Monchai Manepairoj	5/5	3/3
2. Mr. Ronapoom Rungruangpol	4/5	3/3
3. Ms. Patnarin Maliwal	5/5	3/3
4. Mr. Thammawat Uchupaiboonwong	5/5	3/3
5. Mr. Suwat Youcharoen <sup>1</sup>	-	3/3

**Note:** <sup>1</sup> Mr. Suwat Youcharoen was appointed as an executive committee in the Meeting of the Board of Directors No. 1/2018 on 22 February 2018.

### Risk Management Committee consists of:

Name - surname	Position
1. Mr. Ronapoom Rungruangpol	Chairman of the Risk Management Committee
2. Ms. Wilaiporn Thamwichai	Risk Management Committee
3. Ms. Wanlapa Luangdilok	Risk Management Committee
4. Mr. Nopphadol Jirayuwanon	Risk Management Committee
5. Mr. Chatchai Chaitekul	Risk Management Committee
6. Mr. Kachornkit Chongsanguan	Risk Management Committee

### Risk Management Committee's Meeting

Name - Surname	No. of Attendances/ No. of Meeting	
	2018	
1. Mr. Ronapoom Rungruangpol	4/5	
2. Ms. Wilaiporn Thamwichai	5/5	
3. Ms. Wanlapa Luangdilok	5/5	
4. Mr. Nopphadol Jirayuwanon	5/5	
5. Mr. Chatchai Chaitekul	5/5	
6. Mr. Kachornkit Chongsanguan	3/5	



## Management Group

There are 9 members of management group consisting of :

Name - surname		Position
1. Mr. Monchai	Manepairoj	Chief Executive Officer
2. Ms. Patnarin	Maliwal	Chief Financial Officer
3. Mr. Thammawat	Uchupaiboonwong	Chief Marketing Officer
4. Mr. Suwat	Youcharoen	Chief Operating Officer
5. Mr. Surasak	Kongjantra	Vice President - Sales and Marketing 3
6. Mr. Worapoj	Wongsawat	Vice President - Sales and Marketing 4
7. Mr. Akekapot	Boonyarattapun	Vice President - Project Management
8. Mrs. Wilaiporn	Thamwichai	Vice President - Business Administration
9. Ms. Wanlapa	Luangdilok	AVP - Finance and Accounting and Chief Accountant

## 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. Supervise and give counsel to the directors and executives related to compliance of laws, requirements, rules and regulations of the Company and monitoring and supervising for proper and regular practice.
2. Being responsible for organizing the Meeting of the Board of Directors and the Meeting of the Shareholders, and supervise and coordinate for compliance with resolution of such Meeting.
3. Supervise the disclosure of data and report the information in responsible part in accordance with rules and requirements of Stock Exchange of Thailand and Office of Securities and Exchange Commission, including relevant laws.
4. Prepare and retain the following documents.
  - 4.1 Registration of Directors
  - 4.2 Appointment Letter for the Meeting of the Board of Directors, and the Meeting Minutes of the Board of Directors
  - 4.3 Appointment Letter for the Meeting of the Shareholders and the Meeting Minutes of the Shareholders
  - 4.4 Annual Report of the Company
  - 4.5 Stakeholding Report for Directors and Executives

## Remuneration for Directors and Executives in 2018

### Monetary Remuneration

#### Remuneration for Board of Directors

In Annual General Meeting of the Shareholders for 2018 on 26 April 2018, it resolved the determination of annual remuneration for directors for 2018 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 2017 and 2018, the Company paid remuneration to the Board of Directors under the following details.

Name-Surname		2017		2018	
		Meeting Allowance	Other	Meeting Allowance	Other
1. Mr. Segsan	Roylapcharoenporn	90,000.00	-	160,000.00	-
2. Ms. Prapharat	Tangkawattana <sup>2</sup>	70,000.00	-	30,000.00	-
3. Mr. Monchai	Manepairoj <sup>1</sup>	-	-	60,000.00	-
4. Mr. Ronapoom	Rungruangpol	50,000.00	720,000.00	60,000.00	960,000.00
5. Mr. Pira	Laohasomboon	30,000.00	-	60,000.00	-
6. Mr. Anuwat	Luengtaweekul	35,000.00	-	45,000.00	-
7. Mr. Chanachai	Kulnoppaleark	65,000.00	-	80,000.00	-
8. Ms. Patnarin	Maliwal <sup>2</sup>	-	-	10,000.00	-
<b>Total</b>		<b>350,000.00</b>	<b>720,000.00</b>	<b>505,000.00</b>	<b>960,000.00</b>

**Note:** <sup>1</sup> In the Year 2017, Mr. Monchai Manepairoj requested to waive the right not to receive meeting allowance of the director.

<sup>2</sup> On 25 July 2018, Ms. Prapharat Tangkawattana resigned from the director office and Ms. Patnarin Maliwal was appointed as director in the Meeting of the Board of Directors No. 4/2018 on 6 November 2018.

#### Remuneration for Executives

In 2016 - 2018, the Company paid remuneration to the executives for 24.27 million Baht, 23.03 million Baht and 31.19 million Baht, respectively. The said remuneration includes salary, bonus, and contribution to provident fund.

Year	No. of Executive (person)	Remuneration (Baht)
2016	8	24,271,770
2017	8	23,025,102
2018	9	31,191,061

## Personnel

As at 31 December 2018, the number of staffs of the Company has been as follows.

Department	No. of employees (person) 31 December 2018
1 Sales Department	9
2 Product and Solutions	6
3. Operation Department	
3.1 Project Management	25
3.2 Service and Maintenance	11
4. Finance and Accounting and Business Administration	13
<b>Total</b>	<b>64</b>

**Note :** Number of staffs in the Table excludes 9 executives

### Labor Dispute

- None -

### Remuneration for Staffs

#### Monetary Remuneration

In 2016 - 2018, the Company paid remuneration to its personnels (excluding executives) in the amount of 40.87 million Baht, 37.38 million Baht and 45.37 million Baht, respectively, as remuneration in term of salary, bonus, overtime pay, contribution to provident fund, Employee Joint Investment Program (EJIP) and other welfares.

#### Other Remuneration

- None -

## Personnel Development Policy

The Company is fully aware that employees are valuable resources and an important factor to bring the company towards the success of being a leader in engineering and digital technology. The Company has defined human resources strategies and policies that focus on increasing the efficiency of personnel management and development to be suitable for business operations in accordance with its vision and mission, as well as a career development plan including development plan for potential capability at all levels to create sustainable organizational growth and in response to such policies in human resource management. In order to fulfil the above-mentioned plan, the Company has focused on several aspects as follows.

### 1. Recruitment and Selection Policy

Proactive recruitment is considered as essential in securing competitive candidates. Therefore, the company has emphasized on knowledge, ability, skill, personality, and integrity as an important requirement. Recruitment and selection of personnel process is mutually conducted by several related departments together with human resource personnel so that the selection is transparent and suitable for the job position.

### 2. Performance Management Policy

The Company has a policy for evaluating employees' performance fairly in accordance with the policies and strategies of the organization by implementing the competency measurement system at all levels (Competency) to be able to monitor and manage personnel performance which can be further deployed in personnel development plans.

### 3. Welfare and Compensation Policy

A fair agreement and a clear career path have been implemented to all employee levels. Meanwhile, competitive remuneration packages, which are competitive compared to the industry market, are offered in order to further encourage motivation such as provident fund, life and health insurance for all employees, life and accident insurance for each individual, annual medical examination, and other monetary supports. In 2018, the Company has established an employee joint investment program to encourage the ownership and motivation, as well as to set up long-term incentives for our employees.

### 4. Employee Engagement Policy

The Company has created an employee engagement survey to acknowledge their opinions and further develop a strategy and plan regarding personnel management and other management plan to be in line with the needs for employee development to have a good attitude, happiness, ownership, and pride as a part of the organization in order to perform the best of their skills and knowledge, pushing the company forward according to the vision and mission of the organization .

In the past years, the company has organized various activities such as new employee orientation by having executive management attended the event to encourage engagement among them. In addition, the executive management has conducted knowledge sharing session regarding the Company history and growth to motivate employees to further grow the entire organization. Furthermore, there has been a National Mother's Day photo contest to express love and family bonding. The Company always opens to receiving and exchanging other creative opinions, and places great emphasis on relationship building and two-way communication among the company, executive management, and employees in all levels. The definite goal is to adopt all constructive opinions to further develop an operation plan for a greater quality.

## 5. Training and Personnel Development Policy

The Company has continuously developed greater knowledge and skills of all employee levels, and applied several means of conduct for personnel development. This is in order to encourage and develop capabilities of both executive management and employees to perform their best to align and reach strategy and objective with effectiveness and efficiency by dividing into groups of courses as follows.

- Leadership program for executive management such as Digital CEO.
- Functional course focuses on allowing employees to develop their knowledge and abilities to work efficiently affecting the success of the organization such as investment accounting courses in associates, subsidiaries and joint ventures, PMP Exam Prep Boot camp, revenue recognition, human resource management techniques for HR, organization and organization development (Practical), measuring methods, purchasing and reporting, purchasing, IR Fundamental Course.
- Managerial course for higher-level employees such as Coaching and Mentoring Techniques and Leader as Success.
- New technology and innovation courses encourage employees to learn and keep up with changes in technology and innovation both at present and in the future such as IoT Technology, 5G strategy for Thailand, Big Data, Digital Business Transformation, Data Center Standard in Thailand.

# Corporate Governance

## Policy of Corporate Governance

Information and Communication Networks Public Company Limited ("Company") considers good corporate governance as paramount important due to its consideration and opinion that it is a 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 adoption of good corporate governance is the instrument for value addition, competitiveness building and promotion of long-term sustainable growth of the Company. Therefore, the Company endorsed the policy for good corporate governance as prescribed by the Stock Exchange of Thailand and the Securities and Exchange Commission in the Meeting of the Board of Directors No. 1/2017 on 29 March 2017 and has applied the principle of compliance with Code of Best Practices as operating guideline of the Company. The principle of good corporate governance of the Company covers the principles of 5 sections as follows:

Section 1 The Rights of Shareholders

Section 2 The Equitable Treatment of Shareholders

Section 3 The Role of Stakeholders

Section 4 Disclosure and Transparency

Section 5 Responsibilities of the Board of Directors

In the Year 2017, the Securities and Exchange Commission issued the Corporate Governance Code for Listed Companies 2017 ("CG Code 2017") laying down 8 main practices for the Board of Directors as follows:

1. Establishing clear leadership role and responsibilities of the Board, contributing to the sustainable value creation for the business;
2. Defining objectives and goals that promote sustainable value creation;
3. Enhancing the Board effectiveness;
4. Ensuring effective CEO and personnel management
5. Promoting innovation and conducting business with responsibility;
6. Strengthening effective risk management and internal control system;
7. Ensuring disclosure and maintaining financial integrity;
8. Ensuring engagement and communication with shareholders.

These practices are for adoption by the Board of Directors in the corporate governance to ensure good business results in the long term, reliability for shareholders, for the benefit in creating value for the business with sustainability. In this regard, the Board of Directors' Meeting No. 5/2018 held on 12 December 2018 considered reviewing the Company's corporate governance policy by applying the Corporate Governance Code for Listed Companies 2017 as it deemed appropriate for the Company's business context as much as possible, and also added suitable practices for company improvement and the Board of Directors shall consider reviewing the CG Code at least once a year as appropriate.



## Section 1 The Rights of Shareholders

The Company is aware of the importance of the rights of shareholders and promotes the shareholders to use their rights according to basic rights of shareholders by allowing them to receive sufficient information and supporting them to vote during the annual general meeting and will not commit any action that will violate the rights of shareholders. The Company determines the policy to provide facilitation and to promote all shareholders both Thai and foreign investors, individual investors and institutional investors to participate in the meeting of the shareholders as following details

### **Policy for Facilitating and Promoting the Shareholders to Attend the Shareholders' Meeting**

1. The Annual General Meeting of Shareholders is determined to be held every year within 4 months after the end of the fiscal year of the Company. The Extraordinary General Meeting of Shareholders can be called upon on a case-by-case basis by the Board of Directors of the Company, in case of urgent matter or issues to consider any special agenda that may affect or relate to the benefits of the shareholders.

2. Invitation letter to the Annual General Meeting of Shareholders is prepared and sent to every type of shareholders including institutional shareholders, together with the details of meeting agendas; important and necessary information for the shareholders consideration including opinion of the Boards of Directors, minutes of previous annual general meeting of shareholders, annual report, all types of proxies named Form A, Form B and Form C as determined by the Ministry of Commerce with instructions by indicating location, date, time and a map of meeting venue. In the meeting invitation letter, details of documents that shareholders need to present in the meeting in order to preserve the right in attending the meeting will be given. The invitation letter will be sent to shareholders at least 21 days prior to the meeting day so that shareholders will receive sufficient, accurate, complete and transparent information for making a decision to cast a vote. In addition, the invitation letter will be announced in the newspaper in Thai for 3 consecutive days before the meeting day at least 3 days. Moreover, the Company aims to distribute a complete invitation letter of the Annual General Meeting of Shareholders together with related documents about the meeting on the website in Thai version for at least 30 days prior to the meeting day and in English version for at least 7 days prior to the meeting day. The shareholders can use such information to make a decision for voting with completeness and honesty. The provided documents are intended for the shareholders to be prepared before attending the meeting. The Company also publicizes this news via SET portal that the Company has already distributed invitation letter and related documents on the Company's website.

3. On the meeting day, shareholders will be equally assisted by arranging sufficient receptionists to provide information and inspect documents for registration. The Company uses efficient and rapid system for registration and prepares stamp duty for the shareholders to affix proxy with free of charge. The Company also arranges a spacious meeting place which is convenient in Bangkok area for shareholders to reach and attend the meeting.

4. The Company will not take any actions that are considered limiting the rights of attendance of shareholders. Every shareholder has the right to attend the meeting of shareholders throughout the length of the meeting.

5. Prior to every meeting commencement, the Company will introduce all of the rules relevant in the meeting such as commencement ceremony of the meeting, the methods of voting and counting of votes of shareholders in order to reach a resolution for each agenda according to the articles of association of the Company. For counting vote, the Company will carry on counting the votes of shareholders who do not cast a vote for every agenda and the resolution of each agenda will be clearly summarized in the meeting venue. The Company will ensure to separate the votes for each agenda clearly in order to preserve the rights of shareholders.

6. For vote counting procedure, the company will arrange an independent outsider e.g. auditor or shareholder who is selected and approved by the meeting to count or examine the vote counting for both the Annual General Meeting of Shareholders and the Extraordinary General Meeting of Shareholders. The vote counting will be disclosed to the meeting and recorded in the minutes of the meeting.

7. The Chairman of the Board of Directors will allocate meeting time adequately and proceed the meeting properly and transparently. During the meeting, attendants are given an opportunity to exercise their rights for protecting their benefits by asking questions, sharing opinions, giving recommendations and casting a vote in the meeting of shareholders regarding important issues that may affect the Company such as the appointment or removal of directors, nomination of an independent director, approval of the auditor, dividend allocation, increase or decrease of capital, determination of amendment of articles of association or memorandum of association and approval of a special resolution.

8. The Chairman, directors and management are responsible for attending the Annual General Meeting of Shareholders to answer questions raised by shareholders.

9. The Company grants the shareholders, who delay in meeting, to exercise their rights by balloting for agenda under consideration and has not yet concluded.

10. The Company has indicated the interests of directors in the invitation letter to the meeting of shareholders. During the meeting of shareholders, if any director has an interest or is related in any agendas, the Chairman of the meeting will inform attendants in advance prior to considering such agenda. The directors with an interest to such agenda will not attend the meeting and be refrained from casting vote in such agenda.

11. The Company will announce resolutions of the meeting by notifying them to SET portal of the Stock Exchange of Thailand and have them disseminated on the Company's website on the following day after the Annual General Meeting of Shareholders.

12. The Company will prepare minutes of the Annual General Meeting of Shareholders submitted to the Stock Exchange of Thailand within 14 days after the meeting day according to the requirement of the Stock Exchange of Thailand. Details of the meeting which comprised of the minutes of meeting, voting and questions from shareholders of each agenda will be completely and suitably disseminated.

## Section 2 The Equitable Treatment of Shareholders

The Company is aware of the equitable treatment of shareholders to every group of shareholders not only major shareholders but also minor shareholders, institutional shareholders or foreign shareholders and endeavor to implement any mechanism to support the genuine equality.

1. The Company has a policy to treat and protect the rights of every shareholder equally and fairly for management shareholders and non-executive shareholders, Thai shareholder, foreign shareholders, major shareholders or minority shareholders by allowing shareholders to exercise their rights to propose additional agenda and nominate qualified candidates to be elected as directors of the Company at least 3 months before the end of the fiscal year and disseminating such criteria for exercising such rights through the channel of the Stock Exchange of Thailand including notifying the criteria for determining whether to accept the proposed proposal clearly by publishing on the Company website.

2. The shareholders have the right to authorize proxies to attend and vote in the meeting and to receive documents and proxy instructions to legitimate proxies. When submitting the proxy form to the director at the meeting, proxies shall have the right to attend the meeting and vote as same as shareholders.

3. The Company will propose names of independent directors in the Company's proxy form to be an alternative for shareholders to have the opportunity to proxy to any independent directors.

4. The Company will conduct the shareholders' meeting in accordance with the agenda specified in the invitation letter. The Company has no policy to add on agenda to the meeting without notifying the shareholders in advance so that the shareholders have opportunity to study the information on the agenda before making a decision.

5. The Chairman, relevant directors and executives are responsible for attending shareholders' meetings to answer questions to shareholders including recording important questions and comments in the minutes of the meeting for later examination by the shareholders.

6. To provide the opportunity to the shareholders without losing their rights, the Company allows the shareholders who wish to attend the meeting to register even after the time of registration.

7. The ballot cards will be prepared separately by important matters for every agenda so that the shareholders can vote as they think appropriate. The result of the vote will be calculated with the votes received in advance in the proxy form. Before announcing the resolution of the vote in the meeting with transparency, the Company will collect ballots from shareholders for later examination.

8. The Company will disclose updated information through the Company's website to notify shareholders with regard to the change of the important Company information as well as information to be disclosed by the Company in accordance with various requirements such as the minutes of the General Meeting of Shareholders. After the disclosure to the Stock Exchange of Thailand, the Company will also publish such information on the Company's website to allow shareholders to ask questions and receive information equally.

9. The Company identifies that directors and executives of the Company are not allowed to conduct any security trading during the 1 month period before the publicization of financial statements or other information that affects the price of the Company's security and shall not trade the Company's security within 24 hours after the disclosure of all information to the public. When a director or an executive performs the security trading, the report for the change of security holding shall be delivered to the Securities and Exchange Commission within 3 working days for further disclosure.

10. The directors or executives are required to report their conflict of interest to the Board of Directors for acknowledgment.

11. The Company 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 of Directors 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).

12. 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 Department is responsible for providing necessary information to the investors.

### 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: [www.icn.co.th](http://www.icn.co.th) and Email [icn\\_ir@icn.co.th](mailto:icn_ir@icn.co.th).
- 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 take the importance of the disclosure of the Company information into account since it will affect the price of Company security and impact the decision making process of the investors and its stakeholders. It is therefore very important to control and determine relevant criteria in information disclosure including financial data and general information in accordance to the rules and regulations by law from The Security and Exchange Commission and The Stock Exchange of Thailand. These information will contain important matters which are clear, complete, sufficient, reliable, transparent, updated and be accessible by all parties and it will be publicized via SET Portal System of the Stock Exchange of Thailand and the Company website [www.icn.co.th](http://www.icn.co.th) in order that all relevant parties may access to this information equally. Such information is for instance the policy report and corporate governance structure in the annual information form (Form 56-1), annual report (56-2), minutes of shareholders' meeting so that the shareholders can follow the details in the meeting.

The Board of Directors is aware of their responsibility towards the financial statements report whereby the data must be 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 the 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 assets and realizing on weaknesses to prevent fraud or malfunction.

The Board of Directors has appointed the audit committee comprising of non-executive directors who are in an independent role. The audit committee shall be responsible for the quality of financial statement and internal control system and will review the financial statements, related parties transactions and internal control system. The audit committee shall directly report to the Board of Directors.

In case of any inquiries, you may contact the Investor Relations Department at the telephone number 02-5530755 ext. 502 and email: [icn\\_ir@icn.co.th](mailto:icn_ir@icn.co.th) for an equal information access towards shareholders and stakeholders.

## Section 5 Responsibilities of the Board of Directors

The Board of Directors recognizes the responsibility and role in identifying the policy and the direction of the operation of the Company to be in accordance with laws, objectives, The Company's articles of association as well as the resolution of the shareholders' meeting by supervising the management to proceed in accordance with the policy effectively and efficiently to protect the interests of the Company and maximize economic value to the highest benefit of the shareholders based on good corporate governance principles. The Board of Directors will monitor the implementation of business strategies in order to achieve sustainable growth. With consideration of its importance, the Board of Directors consists of professional with leadership skills, vision, knowledge, capability and experience in various fields appropriately and full of integrity and is independent in making decisions for the best interests of the Company and shareholders.

The Board has followed the best practices of the Stock Exchange of Thailand in various areas as follows.

### 1. Structure of the Board of Directors

The Board of Directors comprises of the experts with knowledge, competency and experiences in the executive office level from different 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 about maximum interests for the Company and shareholders. The Board of Directors shall play the crucial roles in formulating the policies and overview of the organization, and play the crucial 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 maximum interests 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 in accordance with targets 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 allocates roles, duties and responsibilities between the Board of Directors and executives. The Board of Directors shall perform duties in formulating the policies and governs the operation of the executives while the executives shall perform managerial duties of the Company in various areas in accordance with the formulated policies to prevent authoritarianism. The Company therefore clearly determines the scope of authorities in operating power of the Company (Authority Table).

The Board of Directors establishes the policy on the number of listed companies in which each director will hold office as director, which shall not exceed 5 companies without any exemption. It is deemed that such number enables all directors to devote their time to regularly attend the meetings. The Board of Directors also appoints the Company Secretary in accordance with the guideline for the CG Code to provide suggestions relating to various laws and regulations as required by the Board of Directors and to supervise activities of the Board of Directors as well as coordinating to ensure compliance with the Board of Directors' resolutions.

The Board of Directors establishes the policy for the Company's CEO on holding of office as director in other companies which shall not exceed 5 listed companies by notifying to the Board of Directors' Meeting the reasons and details in which he/she holds such office.

## **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, targets of business operation, 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 interests of the Company and shareholders.



The Board of Directors is responsible and accountable for the overall affairs of the company and may delegate important day-to-day duties to management by written e.g. transaction authorization. However, the said delegation does not release the Board of Directors from duties and responsibilities. The Board of Directors should monitor management to perform duties entrusted by the Board of Directors. Duties and responsibilities of the Boards of Directors, the Chief Executive Officer (CEO) and the Executive Management are as follows:

- (1) Matters for which the board has primary responsibility are matters that the board should fully consider for suitable operation consisting of as follows:
  - a) Define objectives and business objectives.
  - b) Develop culture of compliance and ethical conduct, and lead by example.
  - c) Strengthen an effective board structure and practices being conducive to achieving the company's objectives.
  - d) Ensure suitable CEO selection, remuneration, development and performance evaluation.
  - e) Ensure appropriate compensation architecture that supports achievement of the company's objectives.
- (2) Matters involving shared responsibility of the board and management are matters requiring joint consideration between the Board of Directors, Chief Executive Officer and management. The Board of Directors shall closely monitor these matters and seek regular reports periodically from management consisting of as follows:
  - a) Formulate and review strategies, business plans and annual work plans.
  - b) Ensure sufficient risk management and internal control system.
  - c) Define appropriate authorities in accordance to management responsibilities.
  - d) Oversee appropriate policies, development plans and budget for resource allocation, including human resource management and development and plan for IT.
  - e) Monitor and evaluating corporate performance.
  - f) Ensure integrity of financial and non-financial information disclosure.
- (3) Matters that the board should not perform are matters in which the Board of Directors should refrain from active involvement in normal circumstances and delegate to CEO and management consisting of as follows:
  - a) The management will be responsible with its decision by execution to be in line with strategies, policies and plans approved by the Board of Directors. The Board of Directors will monitor the result of performance without intervention unless there is a necessity.
  - b) Prohibition such as the approval of conflict of interest of directors, etc.

### 3. Roles, Duties and Responsibilities of the Chairman

The Chairman of the Company shall be appointed by the Board of Directors. To ensure the clear division of duties of the Company's policy formulation and operation, and the role of Board to lead and monitor the management's performance, the Company stipulates that the Chairman and CEO must not be the same person. The Chairman's duties and responsibilities are as follows:

- (1) Call Board meetings, chair Board meetings and shareholders' meeting, as well as set meeting agenda in collaboration with CEO
- (2) Control meeting efficiently in compliance with the Company's Articles of Association while supporting and giving opportunity for directors to express their independent views.
- (3) Encourage the Board to work to their utmost ability, based on their duties and responsibilities, under corporate governance, and support the work of CEO.
- (4) Supervise and follow up the work of the Board and the committees to ensure that the Company's objectives are reached.
- (5) Cast a decisive vote in Board meetings in case of equal votes of both sides.

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

The Company has set the schedule for the board meeting in advance which allows directors to be able to arrange time and attend meeting. Unless there is a special agenda, the Chairman of the board or directors according to the number specified by law, can call additional meetings as necessary. The Board of Directors has scheduled regular meetings every 3 months. The meeting agenda in each meeting shall be clearly specified. The meeting agenda will be determined by mutual consideration between the Chairman and the Chief Executive Officer. 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 Chairman of the board will act as the chairman of the meeting for ensuring careful consideration of each agenda and allowing all directors to express opinions and discuss together. The high-level executives will attend the meeting to clarify the information as a person related to direct work until satisfied before voting in each agenda. 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.

The Board of Directors has a policy to have a meeting between non-executive directors without management attending the meeting in order to allow the directors to have independent discussion and exchange of opinions and able to monitor the operations of the management efficiently.

In addition, the Board of Directors has a policy to prohibit directors and executives who are connected persons or have interests in the agenda to consider attending the meeting or voting on that agenda. The Board of Directors will consider from the report of conflict of interest which every director and executive has a duty to prepare such report as the Board of Directors has a policy for directors and executives to prepare the report of conflict of interest for disclosure such information to the Chairman of the Board of Directors and the Chairman of the Audit Committee. The Board of Directors has set a policy regarding the minimum number of quorum as the Board of Directors will vote in the Board of Directors meeting which shall have at least two-thirds of the total number of directors.

## 5. 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 in part of remuneration for the executives in accordance with the principle and policy prescribed by the Board of Directors by considering from duty and responsibility, and performance of each executive in accompany with the Company's overall operation.

## 6. Development of the Directors and Executives

The Board of Directors formulates the policy for promotion and facilitation in arranging training and providing knowledge of corporate governance system of the Company to the related persons consisting of director, audit committee, executive, and company secretary for continuous working improvement, for instance, course of Thai Institute of Directors Association (IOD).

For the year 2018, Mr. Pira Laohasonboon and Ms. Patnarin Maliwal, on behalf of the directors and executives of the Company attended the seminar on the issue of Corporate Governance Orientation for New Listed Company on 16 July 2018 at the Stock Exchange of Thailand. This seminar was held for the board and management of new listed companies to understand and realize the importance of corporate governance to grow stronger together with creating an economic, social and environmental balance. Moreover, it will increase the confidence for shareholders and stakeholders of the organization which will lead the business growth and increase long-term business value.

In addition, Ms. Patnarin Maliwal, who was appointed by the Board of Directors' Meeting No. 4/2018 on 6 November 2018, to be a director of the Company in place of Ms. Prapharat Tangkawattana, attended the Director Accreditation Program (DAP), Class 155/2018, organized by the Thai Institute of Directors Association (IOD) on 3 December 2018.

## 7. Orientation for New Directors

The Company also arranged orientation for newly-appointed directors, whereby the Board of Directors assigns the Company Secretary to meet newly-appointed directors by convening a meeting with the relevant directors and/or executives and/or officers for clarification and answer to questions, as well as preparing documents and briefing for new directors, such as, information relating to the Company, business overview, shareholding structure, organization structure, the CG Code, code of ethics, authorization and duties of the Board of Directors, the annual schedule of the Board of Directors' meetings. Meanwhile, the Company allows directors to attend the training course as suggested by the Office of the SEC and organized by Thai Institute of Directors (IOD).

## Sub-Committees

The management structure of the Company consists of the Board of Directors and another 3 Sub-Committees consisting of the Audit Committee, Executive Committee and Risk Management Committee (the Company does not have a specific Nomination and Remuneration Committee but shall appoint Board of Directors to act as representation). 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 power, 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. Prepare 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. Formulate 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 companywide 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 power 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 perform any acts in lieu of the Board under control of the Board or may authorize the said person to have power as deemed appropriate by the Board within period deemed appropriate by the Board. The Board may cancel, revoke, revise or alter 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, removing, 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 the minimum 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 appropriateness 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 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 table of operation power which is passed for approval from 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 power 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 Committee or may authorize to the said person to have power as deemed appropriate by the Executive Committee within the period deemed appropriate by the Executive Committee. The Executive Committee may cancel, revoke, alter or revise 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 Committee shall not have the nature of authorization or sub-authorization that allows the person who is authorized by the Executive 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 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 Risk Management Committee

1. Consider policy and the overall risk management approach of the Company which covers important risks such as financial risk, investment risk and the risk that affect the reputation of the Company etc., to present to the Board of Directors for approval.
2. Formulate strategies and guidelines for risk management of the Company in accordance with the risk management policy by being able to evaluate, track and view the amount of the risk of the Company to be at an appropriate level.
3. Supervise and monitor the adoption of risk management policy under the guidelines and policies approved by the Board of Directors.
4. Set the risk measurement criteria and risk limitation that are acceptable by the Company.
5. Determine measures to be used to manage risks appropriately to the situation.



6. Review the adequacy of policies and risk management systems including the effectiveness of the system and compliance with the stipulated policy.
7. Report to the Board of Directors regularly regarding the management, operations and status of the company risks and changes, including what needs to be improved to comply with the policies and strategies.
8. Present a risk management working group as necessary and support the working group on personnel, budget and other necessary resources in accordance with the scope of responsibility.

## Nomination and Appointment of the Directors and Topmost Executive

Since the company has not yet appointed the Nomination and Remuneration Committee, The Board of Directors therefore assigned a number of directors as a working group for recruiting, selecting and proposing person to hold the position of director and high-level executive of the Company by considering selection from experience, knowledge, ability and qualifications as required by law as well as considering the remuneration to be appropriate for the duties and responsibilities and propose to the Board of Directors for approval including the appointment of new directors or retired directors. The selection of persons to be appointed as directors will be presented to the Board of Directors meeting to consider before proposing to the shareholders' meeting to consider the selection of directors in accordance with the criteria and procedures as specified in the Company's Articles of Association.

### 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 select 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 selected 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 selected as directors in equal number of directors who are supposed to have or supposed to select in that time. In case where the selected person in descending order has equal vote in excess of number of directors who is supposed to have or supposed to be selected 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 is indivisible to be consistent to three portions, the closest 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.

Each independent director has a tenure of not more than 9 years without exception.

### 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 shall be additionally qualified as follows.

1. Not being the director who is entrusted by the Board to make the decision on the business operation of the Company, holding company, subsidiary, associated company, and subsidiaries in same level, or juristic person that may have conflict.
2. Not being the director of the holding company, subsidiaries or subsidiaries in 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.

## Element and Appointment of the Executive Committee

The Board of Directors appoints the Executive Committee which will be selected from the directors or high-level executives of the company that can manage the matters relating to normal business operations and management of the company and can set policies, business plans, budgets, management structures including monitoring the Company's performance in accordance with the policies set by the Board of Directors.

## Element and Appointment of the Risk Management Committee

The Risk Management Committee has been selected from directors, high-level executives and employees in business lines and support lines to be responsible for the matters related to the risks of the Company.

## Element and Appointment of the Chief Executive Officer

The Board of Directors has duty to nominate and appoint the appropriate qualified person in holding the office of 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. Chief Executive Officer shall not be the same person as the Chairman of the Board of Directors.
3. The roles, authority 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 Chief Executive Officer and regularly assesses the performance every year. The assessment criteria is divided into 3 sections as follows:

Section 1: Progress of the plan

Section 2: Performance measurement contains with

- |  |   |
|--|---|
| (1) Leadership                         | (6) Relationship with 3rd parties                         |
| (2) Strategy formulation               | (7) Management capability and relationship with personnel |
| (3) Compliance with strategies         | (8) Succession plan                                       |
| (4) Financial planning and performance | (9) Knowledge of products and services                    |
| (5) Relationship with the board        | (10) Personal attributes                                  |

Section 3: Development of Chief Executive Officer

5. Chief Executive Officer has duty to assess the operation 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.

## 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.

## Self-evaluation of the Boards

The Board of Directors will arrange the annual performance evaluation of the Board of Directors and Sub-committee with reference to the self-evaluation form provided by the Stock Exchange of Thailand in 2015, of which the results will be used for further duties development.

1. The Board of Directors and sub-committees will evaluate the performance at least once a year to allow the Board to consider the work and problems for further improvement. The criteria will be set and used to compare with the results of the performance.
2. For the evaluation of performance, the committee should be evaluated which must be at least a self-evaluation method. The criteria, procedure and result of the overall evaluation will be disclosed in the annual report.

In the year 2018, the evaluation of the performance of the Board of Directors and the Sub-Committees summarized as follows:

Board of Directors / Sub-Committees	Performance Evaluation (%)
1. The Board of Directors	94.82
2. The Audit Committee	94.00
3. The Executive Committee	87.50

## Succession Plan for Topmost Executive

In order to continue the business operation smoothly, the Board of Directors will supervise the adoption of a succession plan for the position of Chief Executive Officer and high level executives. The performance according to the succession plan will be reported to the Board for acknowledgment periodically.

## 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 turnover 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 deliver 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 secret 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 non-full age 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 non-full age 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 non-full age 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.

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

## Internal Control System

The Company gives precedence to internal control system both for managerial 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 the clear business operation target of which its operating results are measurable. The Management regularly and monthly compares actual operating result with the formulated target and both internal and external risk factors detected in operation shall be assessed, analyzes the causative factors, formulates monitoring measure for the causative event of risk factors, as well as abatement measure for risks, continuously entrusts the related work units to monitor the said risks, and reports progress to the Board of Directors.



## 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 shall assign the Audit Committee or auditor as the case may be to consider auditing and remarking opinion on the appropriateness of price and validity 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).

## Auditors

The Audit Committee has considered the selection of the auditors according to the Company's assessment criteria such as the independence of the operation, quality, standard of operation and the corresponding qualification according to the announcement of the Stock Exchange of Thailand and must be approved by the Securities and Exchange Commission.

However, the auditors of the Company shall be qualified according to the announcement of the Stock Exchange of Thailand and must be approved by the Securities and Exchange Commission including no relationship or interest with the Company, subsidiaries, executives, major shareholders or any person related to aforesaid persons. The auditors must be independent in reviewing and expressing opinions on the financial statements.

## Investor Relations

The Company has established an Investor Relations Department under the supervision of Finance and Accounting Department with its roles and responsibility in communicating and disclosing information accurately, completely, truthfully and thoroughly to investors, analysts, media and other stakeholders equally and fairly through various media such as published documents Information dissemination on the website, email, etc., taking into account the investor relations ethics as follows.

1. Disclose important and necessary information for making accurate and timely investment decisions.
2. Maintain internal information and not use internal information for personal or others gain in order to illegally exploit oneself or others
3. Disclose information equally and fairly by allowing all related parties to access and inquire information.
4. Perform duties professionally with integrity and good faith based on the principle of equality. Do not act on any bribery that can be considered as personal motivation and self-interest rather than the benefit of the Company and related stakeholders.

## Risk Control and Management

The Company recognizes the importance of various risks that may affect the business operations of the Company and therefore, has established a Risk Management Committee. The Board of Directors will ensure that The Company has a risk management and internal control system to achieve objectives effectively and complying with relevant laws and standards.

## Anti-corruption

The Company has established anti-corruption policy which is an important principle in the business that will not support the business, group of people or people who are involved or witnessed with undesirable benefits whether directly or indirectly from misuse of authority by clear guidelines to cooperate and support with the government and private sectors.

## Promoting Innovation of Directors and Doing Responsible Business Practices

1. The Board of Directors gives importance and supports the innovation that creates value for the business together with creating benefits for customers or those involved and has responsibility to society and environment with the following guidelines:

- 1.1 The Board of Directors recognizes the importance of creating an organizational culture that encourages innovation and supervises the management to take this matter to review as part of strategy, planning, developing, improving operations and monitoring performance.
- 1.2 The Board of Directors supports innovation promotion in order to add value to the business according to the ever changing environmental conditions which may cover the business model, the way of thinking in the design and development of products and services, research, work process improvement including cooperation with business partners

2. The Board of Directors will monitor and supervise the management to conduct business with responsibility to society and environment that must be reflected in the operational plan to ensure that every department of the organization has implemented with the objectives, main goals and strategies of the business with the following guidelines:

- 2.1 The Board of Directors oversees that there are mechanisms that ensure the business conducting with ethics under social and environmental responsibility, not violating the rights of stakeholders, to be a guideline for all departments of the organization to be able to achieve the main goal sustainably by creating policies or guidelines which should cover at least the following matters:
  - (1) Responsibility to employees by complying with relevant laws and standards by treating employees fairly and respecting human rights such as determining compensation and other fair benefits, providing welfare that is not less than the legal limit or more as appropriate, supporting health care and work safety, providing knowledge training to develop potential and promote progress for employees as well as providing opportunities to employees in order to develop their skills in other areas.
  - (2) Responsibility to customers by complying with relevant laws and standards, fairness, retention of customer information, after-sales service throughout the product and service warranty, monitoring of customer satisfaction for the improvement of products and services including advertising and sales promotion which must do responsibly and not cause misunderstanding or take advantage of the customer's misunderstanding.
  - (3) Responsibility to business partners by having a transparent procurement process and fair contract conditions or agreements and developing the ability for standardized services.
  - (4) Responsibility to community by bringing knowledge and business experience to develop projects that can create concrete benefits for the community and having tracking and measuring progress and long-term success.

- (5) Environmental responsibility by preventing, reducing, managing and ensuring that the Company will not create or produce negative impact on the environment which covers energy consumption, water consumption, renewable resources, waste management from business operations, greenhouse gas emissions, etc.
- (6) Fair competition by conducting business transparently without creating unfair competitive advantages.
- (7) Anti-corruption by complying with relevant laws and standards, the company shall have and announce the anti-corruption policy to the public.

3. The Board of Directors will monitor the efficient and effective allocation and management of resources performed by Management by considering the impact and development of resources throughout the value chain in order to achieve the objectives and main goals sustainably with the following guidelines:

- 3.1 The Board of Directors recognizes the need for resources to be used and realizes that the use of each type of resource affects each other.
- 3.2 The Board of Directors recognizes that different business models cause different impacts on resources. In deciding the business model; therefore, the impact and worthiness on resources will be considered based on ethics, responsibility and value creation for sustainable business.
- 3.3 The Board of Directors will ensure that in achieving the objectives and main business goals the management will review and develop the use of resources effectively and efficiently with consideration of the changes of internal and external factors.

4. The Board of Directors will provide an information technology development plan that corresponds to the needs of the business as well as supervises the use of information technology for increasing business opportunities and improves the risk management to enable the Company achievement as per its achieve objectives and main goals with the following guidelines:

- 4.1 The Board of Directors will provide information technology development plans which covers sufficient resource allocation for business operation.
- 4.2 The Board of Directors will oversee the risk management of the organization which covers information management and risk management.
- 4.3 The Board of Directors shall establish policies and security measures for its information systems.

## Remuneration for the Auditor

In the accounting year of 2017 and 2018, the Company paid audit fee to the auditors of EY Office Limited as follows.

Unit : Baht		
Description	2017	2018
Audit Fee	1,520,000.00	1,520,000.00
Non-Audit Fee	196,000.00*	-
<b>Total</b>	<b>1,716,000.00</b>	<b>1,520,000.00</b>

**Note** \* Service fee paid for the preparation for listing to the Stock Exchange of Thailand

## Applying Good Corporate Governance Principles for Listed Companies in 2017

As the Securities and Exchange Commission has issued the Corporate Governance Code for Listed Companies 2017 or CG Code of 2017, the Company has reviewed and revised the corporate governance policy of the Company as follows:

1. The Board of Directors Meeting No. 3/2561 on 7 August 2018 has reviewed the corporate governance policy of the Company to be consistent with the CG Code of 2017 as above mentioned.
2. The Board of Directors' Meeting No. 5/2018 on 12 December 2018 has reviewed the corporate governance policy of the Company with reference to the recommendation letter from the Corporate Governance Development Department of The Stock Exchange of Thailand for the development of corporate governance according to the CGR project of the year 2018.

In the year 2018, the Company adopted the principles of good corporate governance for listed companies in 2017 to apply as follows:

- The Board of Directors has set the schedule for the Board of Directors meeting in advance so that the directors can arrange time to attend the meeting. The Company, however, has set the meeting schedule in advance since 2017.
- The Board of Directors has established the annual performance evaluation of the 2018 for the Board of Directors and sub-committees.
- The Board of Directors has set a policy to limit the number of listed companies that each director will hold the office no more than 5 places without exception.
- The Board of Directors has set a policy for holding positions as a director at other companies for the Chief Executive Officer not more than 5 places by notifying the Board of Directors the reasons and details of such companies.

## Compliance with Good Corporate Governance Principles in Other Matters

The Company has regularly reviewed the guidelines to comply with good corporate governance principles. The Company participated in the assessment of the Annual General Meeting of Shareholders in 2018 with the Thai Investors Association that the Company has passed the assessment with a score of 94 percent.

In the year 2018, the Company has complied with the principles of good corporate governance except for the following matters which the Board of Directors considered not applicable to proceed at this time.

- (1) Disclosure of remuneration policy for Chief Executive Officer both short term and long term.
- (2) Appointment of the Remuneration Committee and the Nomination Committee.

## Others

None-



# Corporate Social Responsibility

## Corporate Social Responsibility

The Company adheres to the principles of social responsibility practices of The Securities and Exchange Commission of Thailand to achieve the main objective and lead to sustainable development. By conducting business under the law, rules and regulations as well as moral principles and good corporate governance principles, the Company takes into account the maximum benefit and the rights as required by law of stakeholders in various groups such as business partners, employees, shareholders, society and the environment by coordinating mutual benefits appropriately to ensure that these rights are well protected and treated including receive fair returns through the “Corporate Governance Policy” to define appropriate governance principles. Also the Company uses “Code of Conduct” to be a guideline for employees to strictly comply with regarding to equality, fairness, no exploitation, being honest in business including cultivating a sense of social responsibility for employees at all levels continuously with unity participate in social activities to promote work balance.





## Corporate Social Responsibility Guidelines

### 1. Fair Business Practices

The Company has a policy to conduct business by treating all stakeholders with ethics, transparency, fair competition with competitors under the rules and the law on trade competition practices, antitrust or resist the wrongful of the authority over the market, giving/receiving bribes or other benefits, distortion of competition mechanisms, not violate the secrets or know the trade secrets of competitors in a fraudulent manner, and not destroying competitors and the reputation of competitors through dishonest means.

In the past, the Company has operated business with good corporate governance, transparency, trustworthiness and commitment to create a sustainable business in order to increase the maximum share value for shareholders and able to pay dividends to shareholder regularly. The Company aims to establish good relationships with partners, having a fair procurement, no trade barriers or restrict competition and follow the framework of honest trade competition by adhering to the ethics contract that are strictly provided to customers with regarding to benefits and follow the agreement commitment

### 2. Anti-Bribery and Corruption

The Company has a policy to resist all forms of corruption as well as supporting the creation of an

organization culture to be honest, committed to creating consciousness and a positive attitude for the executives and employees to work in accordance with the rules by honesty, including announcing and reviewing the anti-corruption policy and regulations for giving or accepting gifts, entertainment and donations for charity or public benefit.

In addition, the Company has a risk management and audit process to prevent and suppress corruption and misconduct including setting up the organizational structure in accordance with the principles of good corporate governance in order to have an examination and review of work processes at all stages to ensure that the Company has a strict risk prevention system to prevent the occurrence of corruption.

### 3. Respect for Human Rights

The Company has a policy to follow human rights principles by adhering to respect for human dignity, rights, freedom and treat all parties equally with the following guidelines.

- Execute, promote, protect and encourage respect for the right to protect and respect basic human rights at all levels without any person being treated unfairly or discriminated against whether discrimination due to race, ethnicity, complexion, origin, national or

social, religion, social status, gender, age, characteristics or physical appearance, language, political opinion, property or any other status

- All employees have a duty and responsibility, including promoting rights under social regulations in everywhere and in order to ensure that such business operations do not involve, act or abstain from acts that violate human rights. Employees therefore pay close attention to business relationships with customers or partners that respect such human rights principles.
- Committed to maintaining fair working conditions and being a good role model in business operation and other areas according to human rights, such as not using child labor or other matters that represents the disrespect of human rights principles or do not act on international standards regarding human rights, freedom and equality.

#### 4. Fair Treatment of Employees

The Company recognizes the importance of human resource development and treats employees fairly which is a factor that help to increase the value and enhance the competitiveness and sustainable growth of the Company in the future. The Company has established policies and guidelines as follows.

1. Respect the rights of employees according to human rights principles and comply with labor laws
2. Provide employment process and fair employment conditions, including compensation and consideration of the work under the fair evaluation process
3. Promote employee development by arranging training seminars, various training courses related to develop knowledge, ability and cultivate good attitude, morality, ethics and team work.

4. Provide various welfare for employees as required by law, such as social security, etc. and other than those prescribed by law such as health insurance, accident insurance, annual health check, provident fund, Employee Joint Investment Program, including providing various types of grants to employees.
5. Conduct the work safely for employees And have good hygiene in the workplace by providing measures to prevent accidents and strengthen employees to have safety consciousness.

#### 5. Responsibility toward Consumers

The Company has a policy to focus on customers who are direct consumers, and social communities which are indirect consumers. Educating and information that is accurate, transparent, having system engineering standards, also follow the fair contract to the customer as well as being responsible for keeping the customer information safe and secret by setting policies as follows.

- Conduct business with a commitment to provide quality products and provide standardized services to add value including continuously responding to the needs of customers along with providing the information needed to make decisions without distorting the facts.
- Conduct business by adhering to honesty, integrity, fairness and without taking any action that violates the rights of customers to keep customers' s trade secrets including resist to use for personal gain or wrongful conduct.
- Comply with trade agreement. In case of unable to perform as trade agreement condition, the Company has to inform customers in advance in order to jointly find solutions and prevent damage.
- Provide communication method through various channels such as websites so that customers can complain to the Company and complaints will be responded by fair action.



## 6. Environmental Preservation

The company realizes that preserving environment is important, which benefits to employees in the organization, customers, society and national level. The Company is committed to promote environmental protection by setting environmental policies that are in line with the goals. The Company emphasizes cooperation in carrying out the duties of preserving the environment of every department in the organization with the unity under the organization's goals and compliance with the environmental requirements as follows.

1. Environmental protection and pollution prevention

The Company is committed to protect the environment, including pollution prevention and improvement of the workplace environment for the Company to have a good environment by starting to give priority to recycling (Re-use) to reduce the use of wasteful resources.

2. Conserve energy and use energy efficiently.

The Company sets up the guidelines for saving electricity by allowing each department in the organization and employees to operate in the same way using economically and the most effective, such as turning off the power switch, switching off the air conditioner and electrical equipment at the specified time. The Company chooses to use electrical equipment with electrical energy-saving features, especially light bulbs, air conditioners, indoor electrical equipment.

## 7. Society and Community Development

The Company has a policy to continuously develop the community and society by recognizing the responsibility whether to provide youth educational support, educational equipment donation and supporting scholarships. or to support the surrounding society such as giving money to various foundations for using in helping the needy, providing financial support to religious affairs and hospitals to improve the medical equipment.

In addition, the Company has a policy to support activities that are beneficial to the community which is considered as a part that helps promote and develop local economies in each province which must not act or support any illegal action may cause negative effects to the community and society.

## 8. Having innovation and disseminating innovations derived from socially responsibility

The Company has promoted and supported the creation of ideas or searching and developing new knowledge including applying the knowledge gained in business practices as well as management in creating innovation. The Company will encourage innovation both at the work process level in the organization and at the level of cooperation between organizations which is meant of doing things by new methods, and may be also meant of changes in thinking, action to increase value. The mission of innovation is positive change to make things changed in a better way, produce more productivity in order to maximize social benefits.



## Social Responsibility Operations

The company is aware of the importance of all stakeholder groups, such as employees, which are the driving force of the organization in business operations and to promote good relations between the company and employees to create unity through various activities, under the policy of employee development concrete compensation and welfare management. The company provides training and development of knowledge, understanding, skills as well as creating a positive attitude for employees through appropriate processes and tools which is defined as an annual training plan and has operated throughout the year. There is an orientation for new employees to educate enhancing the correct understanding of how to behave in accordance with the regulations, as well as the organizational culture, can quickly adapt to work when new employees come to work, they will be trained to understand their duties. and learn the work process during work. There are workshops in the unit to exchange knowledge, experience, and other information.

The Company focuses on building good relationships for smooth operation with activities to strengthen employees in various departments to know each other between departments that makes a greater coordination within the organization, such as the New Year party, to connect the relationship between the management and employees to do activities together and also allow employees to participate in offering opinions through various channels in the organization.

### Guidelines for Compliance with Anti-Corruption Policy

The Company operates business with transparent, morality under the laws and business ethics. The Company has set the principles in business ethics, prohibiting employees from demanding assets or any other benefits from partners, contractors or other related parties. All executives and employees cannot use the property or falsify the name of the Company, including using the authority to seek personal benefits and should avoid to accept gifts from contractor partners, except the gifts for traditional festive with reasonable value. The Company has considered the opportunity of corruption in assessing the risk to achieve the organization's objectives, having carefully reviewed the operational

goals that are feasible reasonable compensation and not encourage employees to act improperly, including the Audit Committee asked the management about the likelihood of fraud and the preventive measures of such matters.

The Company has established the guidelines for employees to treat all contractors equally by taking into account the fair benefits of both parties in accordance with trade agreements made between parties including waive any action that is beneficial to the contractor. If violating, the Company shall consider it as a serious offense with heavy punishment. The Company has taken steps to prevent involvement in corruption as follows.

- The Company has communicated the policy to either director, executives and employees to act with integrity under strict laws and adhere to the Company's ethics
- The Company has provided a channel for reporting behavior sightings that may involve the corruption within the Company.
- All level of employees shall fully cooperate with internal auditors and external auditors including providing completely information to the internal audit office and the Company's auditor which is responsible for monitoring and evaluating the process steps as well as the internal control system that is sufficiently effective, able to fully respond to the target.

### Follow-up and evaluation in accordance with the policy to prevent involvement with corruption

The Company has monitored and evaluated according to the anti-corruption policy which the human resources department is responsible for monitoring and overseeing. The Company expects everyone to report in good faith about the contrary or suspected practices to the principles to their direct supervisors. Or in case of unable to report the supervisor, they can report to human resources department which the information provided will be treated as confidential. The supervisor also has an obligation to monitor and recommend subordinates in the hierarchy to comply with the policy and code of conduct that the Company has set in principle on a regular basis.

## Environmental Responsibility Operations



The Company is well aware of the roles, duties and responsibilities that should have on the society especially supporting projects and activities for public benefit and have continued to build activities for the aim of contributing to the development and rewarding to society. With ongoing operations throughout the year, for example, "Our Home Clearing Project, Sharing Them" is a project that the Company realized that the poor people is still a large number of needy people in Thailand. The Company is able to cooperate to help those in need by looking for the 4 basic needs remaining or unused factors that can benefit and can help others together with the use of free time to store the remaining items by donating to the poor by organizing a campaign to receive donations of good condition clothes, books, bags, shoes and any items which a part of donation will be delivered to the needy, the community, the victims in both the city and up-country. Another part can also be sold in the form of fundraising at the sharing store to use as a fund to support activities in various projects of the Mirror Foundation whether it is bringing the lost child back home, exploitation from beggars, promoting the volunteer in hospitals, road volunteers, or even in disaster times. The purpose of such activities is to help and alleviate the misery of human which is unconditional giving.

The Company supports the reduction of electricity usage and the use of communication technology to save energy, travel time and having better speed of communication, including reducing paper usage, etc. At present, the population needs to use more energy which resulting in energy shortages and resource destruction. Thailand still has to spend a lot of money on importing energy that is necessary to humans and overall national development. The Company therefore indoctrinates the ideas and the need to employees to know the word "energy" and how to save energy in daily life with a campaign to save energy such as turning off the power switch, turning of air conditioner between 12.00-13.00 hrs. including to save all the nonrenewable resources in the office such as using paper in a cost-effective manner as if each sheet of paper would mean a tree that had to lose.

Not only the abovementioned activities, the Company also supports other social activities to continuously giving back to society such as granting funds to the Thai Disability Foundation in the project of arm-prosthesis, the fund-raising projects for prosthetic arms and other accessories for people with disabilities by using funds to purchase materials and produce artificial arms which will be donated to the disabled person, including granting scholarships to Koh Panyee School, Phang Nga Province, through the project to fulfill dreams for children with clean energy.



# Internal Control and Risk Management

## Project Risk Management

Due to the Company's main project tender-focused business doing, the Company therefore realizes on 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 assessing risks occurred both from finance, management of project, technique and internal factors and external factors in order to suggest the guideline of risk management to be in acceptable level so that the project will be successful and enable to yield proper return for the Company.

## 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 saving 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 element of control in each area as follows.

### 1. Control Environment

The Company establishes 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 work unit 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 2018 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 Goog 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 audit since 2015 under the lead of Ms. Boonnee Kusolsopit. The internal audit 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 considering 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 2018 which was approved by the Board of Directors in the Meeting of the Board of Directors No. 1/2018 under the following details of internal audit plan.

Auditing or Monitoring Cycle/System	Period of Auditing Documentary Information	Auditing Entry Date
1. Control of fixed assets, petty cash and advances	Oct - Dec 2017	Feb 2018
2. Control of procurement	Jan - Mar 2018	May 2018
3. Control of personnel and payment	June - July 2018	Aug 2018
4. Control of information systems and expenses	Jan - Sep 2018	Nov 2018

The Audit Committee considered, reviewed and approved the said annual audit plan and follow up the auditing result and performance of internal audit section on a quarterly basis. In addition, internal audit section of the Company has also referred to the professional internal audit work standard of the Institute of Internal Auditors of Thailand as the operation framework. The internal auditors are independent and impartial and receive full support in all matters.



## 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 2018, 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 2018 internal control assessment, as well as inquiring additional information and reviewing related supporting documents 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 and risk management suitable to the nature of business to efficiently comply with the stipulated 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 2018 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 2018 of BK IA & IC Company Limited, under the role of internal auditor of the Company, and concluded that the performance was satisfactory. There was no material indication 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 2019.
6. The Audit Committee considered, selected, and proposed the Company's auditor for 2019, including the audit fee, to the Board of Directors in order to obtain approval from 2019 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 2019, 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 2019 was proposed to be THB 1,800,000 (One Million Eight Hundred 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 31 December 2018 were under appropriate internal control and internal audit systems. The financial statements were accurate, complete, having risk management suitable to the nature of business 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 2018, the Company performed certain 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 2018 and 2017 are as follows.

(Unit: Million Baht)

	2018	2017	Transfer Pricing Policy
<b>Transactions with shareholders</b>			
Interest expense	-	0.3	5 percent per annum
Guarantee fee	0.2	0.4	1 percent per annum
<b>Transactions with related party</b>			
Sales and services income	-	135.9	Close to market price

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

(Unit: Thousand Baht)

	2018	2017
<b>Accrued expenses to related party</b>		
Shareholders	-	410
Total accrued expenses to related party	-	410

### Remuneration for Director and Executive

During the year ended 31 December 2018 and 2017, the Company had the expense of remuneration provided to directors and executives as follows.

(Unit: Million Baht)

	2018	2017
Short-term employee benefits	29.8	23.0
Post-employment benefits	1.4	1.1

## 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 transaction 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 in 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 31 December 2018. The financial statements are accurate, complete, and in compliance with Thai Financial Reporting Standards as well as applicable laws and regulations.



(Mr. Segsan Roylapcharoenporn)

Chairman



(Mr. Monchai Manepairoj)

Chief Executive Officer

## Independent Auditor's Report

To the Shareholders of Information and Communication Networks Public Company Limited

### 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 2018, 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 2018, 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.



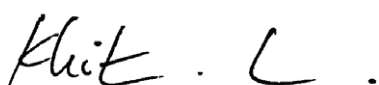
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material 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: 20 February 2019

## Statements of financial position

Information and Communication Networks Public Company Limited

As at 31 December 2018

		(Unit: Baht)	
	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	350,281,450	188,468,292
Current investments - bank fixed deposits accounts		37,517,585	643,799
Trade and other receivables	8	144,787,004	308,057,553
Unbilled receivables		177,416,758	143,668,591
Inventories	9	55,967,444	148,748,085
Advance payment for goods and services		1,952,367	18,557,122
Other current assets		7,910,661	24,146,050
<b>Total current assets</b>		<b>775,833,269</b>	<b>832,289,492</b>
<b>Non-current assets</b>			
Restricted bank deposits	10	67,216,899	128,955,795
Office improvement and equipment	11	8,046,003	5,241,001
Intangible assets		198,796	112,039
Deferred tax assets	17	2,326,720	1,737,494
Other non-current assets		560,749	2,924,540
<b>Total non-current assets</b>		<b>78,349,167</b>	<b>138,970,869</b>
<b>Total assets</b>		<b>854,182,436</b>	<b>971,260,361</b>

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

## Statements of financial position (continued)

Information and Communication Networks Public Company Limited

As at 31 December 2018

		(Unit: Baht)	
	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables	12	250,118,410	372,641,424
Unbilled payables		44,953,937	35,888,410
Advanced receipts from customers		16,509,989	40,630,666
Current portion of liabilities under hire purchase agreements		464,730	421,487
Other current liabilities		16,080,156	18,846,921
<b>Total current liabilities</b>		<b>328,127,222</b>	<b>468,428,908</b>
<b>Non-current liabilities</b>			
Liabilities under hire purchase agreements, net of current portion		965,986	1,430,716
Provision for long-term employee benefits	13	6,035,636	5,059,558
<b>Total non-current liabilities</b>		<b>7,001,622</b>	<b>6,490,274</b>
<b>Total liabilities</b>		<b>335,128,844</b>	<b>474,919,182</b>

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

## Statements of financial position (continued)

Information and Communication Networks Public Company Limited

As at 31 December 2018

			(Unit: Baht)
	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Shareholders' equity</b>			
Share capital			
Registered			
450,000,000 ordinary shares of Baht 0.50 each		<u>225,000,000</u>	<u>225,000,000</u>
Issued and fully paid up			
450,000,000 ordinary shares of Baht 0.50 each		225,000,000	225,000,000
Share premium		155,062,688	155,062,688
Retained earnings			
Appropriated-statutory reserve	15	10,300,000	6,000,000
Unappropriated		<u>128,690,904</u>	<u>110,278,491</u>
<b>Total shareholders' equity</b>		<u>519,053,592</u>	<u>496,341,179</u>
<b>Total liabilities and shareholders' equity</b>		<u>854,182,436</u>	<u>971,260,361</u>

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

## Statement of comprehensive income

Information and Communication Networks Public Company Limited

For the year ended 31 December 2018

		(Unit: Baht)	
	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>			
Sales and services income		1,015,546,157	956,848,580
Other income		2,402,212	1,670,120
<b>Total revenues</b>		<u>1,017,948,369</u>	<u>958,518,700</u>
<b>Expenses</b>			
Cost of sales and services		844,399,312	811,615,473
Selling and distribution expenses		23,249,885	21,634,021
Administrative expenses		42,424,343	39,605,813
<b>Total expenses</b>		<u>910,073,540</u>	<u>872,855,307</u>
<b>Profit before finance cost and income tax expenses</b>		<u>107,874,829</u>	<u>85,663,393</u>
Finance cost		(13,440)	(57,536)
<b>Profit before income tax expenses</b>		<u>107,861,389</u>	<u>85,605,857</u>
Income tax expenses	17	(23,080,687)	(19,430,331)
<b>Profit for the year</b>		<u>84,780,702</u>	<u>66,175,526</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain - net of income tax		931,332	-
<b>Other comprehensive income for the year</b>		<u>931,332</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>85,712,034</u>	<u>66,175,526</u>
<b>Earnings per share</b>	18		
Basic earnings per share			
Profit for the year		<u>0.19</u>	<u>0.20</u>

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

## Statement of changes in shareholders' equity

Information and Communication Networks Public Company Limited  
For the year ended 31 December 2018

	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
<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>
<b>Balance as at 1 January 2018</b>	225,000,000	155,062,688	6,000,000	-	496,341,179
Total comprehensive income for the year	-	-	-	85,712,034	85,712,034
Dividend paid (Note 22)	-	-	-	(62,999,621)	(62,999,621)
Transferred to statutory reserve (Note 15)	-	-	4,300,000	(4,300,000)	-
<b>Balance as at 31 December 2018</b>	<u>225,000,000</u>	<u>155,062,688</u>	<u>10,300,000</u>	<u>128,690,904</u>	<u>519,053,592</u>

(Unit: Baht)

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

## Cash flow statement

Information and Communication Networks Public Company Limited

For the year ended 31 December 2018

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Profit before tax	107,861,389	85,605,857
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	1,986,651	1,362,317
Loss on write off of office improvement and equipment	29,803	220,363
Loss on write-off of withholding tax	4,906,132	4,441,273
Provisions for project delayed and warranty	1,993,270	907,349
Provision for long-term employee benefits	2,140,243	1,676,760
Unrealised (gain) loss on exchange	(25,671)	971
Interest income	(1,870,471)	(1,234,955)
Interest expenses	13,440	57,536
Profit from operating activities before changes in operating assets and liabilities	117,034,786	93,037,471
Operating assets (increase) decrease		
Trade and other receivables	163,270,549	(78,904,744)
Unbilled receivables	(33,748,167)	(16,259,063)
Inventories	92,780,641	(147,602,207)
Advance payment for goods and services	16,604,755	(14,235,563)
Other current assets	13,794,693	(13,396,677)
Other non-current assets	(29,017)	9,000
Operating liabilities increase (decrease)		
Trade and other payables	(122,705,751)	206,271,097
Unbilled payables	9,065,527	(11,223,797)
Advanced receipts from customers	(24,120,677)	14,988,130
Other current liabilities	(7,401,263)	5,486,092
Cash from operating activities	224,546,076	38,169,739
Cash paid for interest expenses	(13,440)	(219,436)
Cash paid for income tax	(21,261,519)	(21,038,739)
<b>Net cash from in operating activities</b>	<b>203,271,117</b>	<b>16,911,564</b>

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



## Cash flow statement (continued)

Information and Communication Networks Public Company Limited  
For the year ended 31 December 2018

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities</b>		
Increase in current investments	(36,873,786)	(435,260)
Decrease (increase) in restricted bank deposits	61,738,896	(76,549,560)
Acquisition of equipment	(4,551,579)	(1,577,979)
Acquisition of intangible assets	(161,860)	(54,500)
Interest income	1,811,478	832,615
<b>Net cash from (used in) investing activities</b>	<u>21,963,149</u>	<u>(77,784,684)</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)
Decrease in trust receipts	-	(37,939,014)
Decrease in short-term loans from shareholders	-	(21,946,379)
Payments of liabilities under hire purchase agreements	(421,487)	(56,242)
Dividend paid	(62,999,621)	-
<b>Net cash from (used in) financing activities</b>	<u>(63,421,108)</u>	<u>203,686,725</u>
<b>Net increase in cash and cash equivalents</b>	161,813,158	142,813,605
Cash and cash equivalents at beginning of year	188,468,292	45,654,687
<b>Cash and cash equivalents at end of year</b>	<u>350,281,450</u>	<u>188,468,292</u>
	-	-
<b>Supplemental cash flows information</b>		
Non-cash transactions		
Increase in equipment from other payables	194,775	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.

## Notes to financial statements

Information and Communication Networks Public Company Limited

For the year ended 31 December 2018

### 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 a number of the 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 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 for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

**TFRS 15 Revenue from Contracts with Customers**

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

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

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

The management of the Company expects the adoption of this accounting standard to result in the following adjustments.

- Service-type warranties - The Company has determined that warranty for services and maintenance provided additionally to customers beyond quality assurance service should be recognised as revenue over the periods in which the service will be provided. Previously, revenue was recognised as part of sales and services income.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**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 and the employee joint investment program 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.

	<u>2018</u>	<u>2017</u>	(Unit: Million Baht) <u>Transfer Pricing Policy</u>
<u>Transactions with shareholders</u>			
Interest expense	-	0.3	5 percent per annum
Guarantee fee	0.2	0.4	1 percent per annum
<u>Transactions with related party</u>			
Sales and services income	-	135.9	Close to market price

As at 31 December 2018 and 2017, the balances of the accounts between the Company and that related party are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<b><u>Accrued expenses to related party (Note 12)</u></b>		
Shareholders	-	410
Total accrued expenses to related party	-	410

**Directors and management's benefits**

During the year ended 31 December 2018 and 2017, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	29.8	23.0
Post-employment benefits	1.4	1.1

**7. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cash	17	9
Bank deposits	350,264	188,459
Total	350,281	188,468

As at 31 December 2018, bank deposits in saving accounts carried interests between 0.1 and 0.9 percent per annum (2017: between 0.1 and 0.4 percent per annum).

## 8. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	95,835	171,601
Past due		
Up to 3 months	44,553	69,908
3 - 6 months	2,129	42,090
6 - 12 months	2,128	23,952
Total trade receivables - unrelated parties	144,645	307,551
Total trade receivables	144,645	307,551
<u>Other receivables</u>		
Advance payments	73	-
Other	69	506
Total other receivables	142	506
Total trade and other receivables	144,787	308,057

## 9. Inventories

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Work in progress	55,967	148,748
Total	55,967	148,748

## 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 2017	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
Additions	-	173	3,606	-	967	4,746
Write off	-	(26)	-	-	(382)	(408)
31 December 2018	551	4,696	3,650	4,523	2,929	16,349
<b>Accumulated depreciation</b>						
1 January 2017	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
Depreciation for the year	55	600	464	465	327	1,911
Depreciation on write off	-	(21)	-	-	(357)	(378)
31 December 2018	199	3,585	468	2,286	1,765	8,303
<b>Net book value</b>						
31 December 2017	407	1,543	40	2,702	549	5,241
31 December 2018	352	1,111	3,182	2,237	1,164	8,046
<b>Depreciation for the year</b>						
2017 (Baht 0.30 million included in cost of sales and services, and the balance in administrative expenses)						1,283
2018 (Baht 0.93 million included in cost of sales and services, and the balance in administrative expenses)						1,911

As at 31 December 2018, the Company had vehicles with net book value of Baht 1.9 million (2017: Baht 2.4 million) which were acquired under hire purchase agreements.

As at 31 December 2018, 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 4.9 million (2017: Baht 5.1 million).

## 12. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Trade payables - unrelated parties	233,972	352,954
Other payables	1,507	1,052
Retention payable	484	1,875
Accrued expenses	14,155	16,350
Accrued expenses to related party (Note 6)	-	410
<b>Total trade and other payables</b>	<b>250,118</b>	<b>372,641</b>

## 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>2018</u>	<u>2017</u>
<b>Provision for long-term employee benefits at beginning of year</b>	<b>5,060</b>	<b>3,383</b>
Included in profit or loss:		
Current service cost	2,043	1,572
Interest cost	97	105
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	(125)	-
Financial assumptions changes	9	-
Experience adjustments	(1,048)	-
<b>Provision for long-term employee benefits at end of year</b>	<b>6,036</b>	<b>5,060</b>

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

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cost of sales and services	437	392
Selling, distribution and administrative expenses	1,703	1,285
<b>Total expenses recognised in profit or loss</b>	<b>2,140</b>	<b>1,677</b>

The Company expects not to pay of long-term employee benefits during the next year (2017: Nil).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10.65 years (2017: 9.62 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>2018</u>	<u>2017</u>
Discount rate	3%	3%
Salary increase rate	3%	3%
Turnover rate	7%-12%	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 2018 and 2017 are summarised below:

	(Unit: Thousand Baht)			
	2018		2017	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(533)	606	(390)	438
Salary increase rate	596	(534)	541	(484)
Turnover rate	(568)	149	(423)	100

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 0.3 million. The Company will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.



#### 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>2018</u>	<u>2017</u>
Salaries and wages and other employee benefits	77,301	69,153
Depreciation and amortisation expenses	1,987	1,362
Project delayed and warranty	1,993	907
Entertainment fee	5,864	10,005
Purchase goods	378,827	402,158
Subcontractor	311,218	510,128
Changes in inventories of finished goods and work in progress	92,781	(147,602)

## 17. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>		
Current income tax charge	23,903	18,525
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(822)	(529)
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>23,081</u>	<u>19,430</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial gain	233	-
Total	<u>233</u>	<u>-</u>

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

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Accounting profit before tax	107,861	85,606
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	21,572	17,121
Effects of:		
Non-deductible expenses	1,624	2,369
Additional expense deductions allowed	(115)	(60)
Total	<u>1,509</u>	<u>2,309</u>
Income tax expense reported in the statement of comprehensive income	<u>23,081</u>	<u>19,430</u>

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	<u>Statements of financial position</u>	
	<u>2018</u>	<u>2017</u>
<b>Deferred tax assets</b>		
Payables arising from forward exchange contract	-	5
Provision for long-term employee benefits	1,207	1,012
Provision for project delayed and warranty	1,103	704
Accumulated amortisation of intangible assets	17	16
Total	<u>2,327</u>	<u>1,737</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.

	<u>2018</u>	<u>2017</u>
<b>Basic earnings per share</b>		
Profit for the year (Thousand Baht)	84,781	66,176
Weighted average number of ordinary shares (Thousand shares)	450,000	335,319
Profit attributable to equity holders of the Company (Baht/share)	0.19	0.20

## 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 2018, the Company has revenue from 4 major customers in amount of Baht 871 million, arising from sales and services in the system integration in telecommunication business segments (2017: Baht 807 million derived from 4 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 2018 amounting to approximately Baht 2.4 million (2017: Baht 2.1 million) were recognised as expenses.

## 21. Employee Joint Investment Program

On 22 February 2018, the Board of Directors' Meeting passed a resolution approving Employee Joint Investment Program. The scheme is for a term of 3 years beginning from 1 August 2018 to 31 July 2021. Details of contributions are as follows:

- Employees contribute 5 percent of their basic monthly salary
- Year 1, the Company additionally contributes 50 percent of employees' contribution
- Year 2, the Company additionally contributes 100 percent of employees' contribution
- Year 3, the Company additionally contributes 150 percent of employees' contribution

Employee Joint Investment Program is managed by Phillip Securities (Thailand) Public Company Limited. The contribution for the year 2018 made by the Company amounting to approximately Baht 0.5 million.

## 22. Dividends

Dividends	Approved by	Dividend per share (Baht)	Total dividends (Thousand Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 26 April 2018	0.09*	40,500
Interim dividends for 2018	Board of Directors' meeting on 6 November 2018	0.05*	22,500
Total dividends for 2018			63,000

(Note \* The Company paid dividends by 449,996,900 shares and 449,998,000 shares as specified by Thailand Securities Depository Company Limited.)

## 23. Commitments and contingent liabilities

### 23.1 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>2018</u>	<u>2017</u>
Payable:		
In up to 1 year	3	2
In over 1 and up to 4 years	1	3

## 23.2 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 1,456 million (2017: Baht 672 million).

## 23.3 Guarantees

23.3.1 As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 194 million (2017: Baht 182 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>2018</u>	<u>2017</u>
Guarantee of contractual performance	130	112
Guarantee of advance payment bond	64	70
Total	<u>194</u>	<u>182</u>

As at 31 December 2018, the above credit facilities on bank guarantees are secured by fixed deposit of the Company (2017: secured by land of Company's shareholder and fixed deposit of the Company).

23.3.2 As at 31 December 2018, the Company has outstanding letters of credit of USD 1.14 million and Baht 25.02 million (2017: USD 0.98 million and Baht 49.79 million).

## 24. Financial instruments

### 24.1 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, 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 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 2018 and 2017, 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 2018							
	Fixed interest rates					Total	Effective interest rate (% per annum.)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing		
<b>Financial assets</b>							
Cash and cash equivalent	350.3	-	-	-	-	350.3	0.1 - 0.9
Current investments	37.5	-	-	-	-	37.5	0.9
Trade and other receivables	-	-	-	-	144.8	144.8	-
Deposits at bank with restrictions	67.2	-	-	-	-	67.2	0.1 - 0.9
	455.0	-	-	-	144.8	599.8	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	250.1	250.1	-
Liabilities under hire purchase agreements	0.4	1.0	-	-	-	1.4	6.0 - 6.3
	0.4	1.0	-	-	250.1	251.5	



(Unit: Million Baht)

As at 31 December 2017							
	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	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 agreement	0.4	1.4	-	-	-	1.8	6.0 - 6.3
	0.4	1.4	-	-	372.6	374.4	

### 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, the balances of financial liabilities denominated in foreign currencies (2018: Nil) are summarised below.

Foreign currency	Financial liabilities	Average exchange rate
	<u>2017</u>	<u>2017</u>
	(Million)	(Baht per 1 foreign currency unit)
US dollar	0.32	32.85

As at 31 December 2017, foreign exchange contracts outstanding (2018: Nil) are summarised below.

Foreign currency	Bought amount	Contractual exchange rate	Contractual maturity date
		Bought	
	<u>2017</u>	<u>2017</u>	
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.32	32.70	14 March 2018

## **24.2 Fair values of financial instruments**

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

## **25. 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 2018, the Company's debt-to-equity ratio was 0.65:1 (2017: 0.96:1).

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

Events occurring after the reporting period were as follows:

1. On 2 January 2019, the Company signed an agreement to transfer common shares in Expert Engineering & Communication Co., Ltd., which was incorporated in Thailand, in the amount of 102,000 shares at a par value of Baht 100 each, at Baht 350 per share. The Company's interest in such company is 51%. The Company paid Baht 35.7 million for such shares on 3 January 2019.
2. On 20 February 2019, 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 4.3 million of the 2018 annual profit to the statutory reserve and the payment of a dividend in respect of the operating results of 2018 of Baht 0.09 per share, which is an addition of an interim dividend payment of Baht 0.05 per share.

## **27. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2019.

## Management Discussion and Analysis for the year 2018

### Executive Summary

The year 2018 is another remarkable year for ICN as the Company has been awarded a mega project i.e. high-speed internet provision in remote areas (Zone C), Group 5 in the north eastern area 3. In total there are 8 zones for the whole biddings and the Company together with our consortium partner under the name “IR Consortium” successfully won this bidding at the price of 2”426.66 Billion THB including VAT, out of which ICN partakes in 51% of the total contract price equivalent to 1”237.60 Billion THB including VAT.

The company performance for the year 2018 reflects a continuous growth compared to the same period of the year 2017. The Company reports its total revenue of 1,017.95 million THB, increased by 59.43 million THB or 6.20% compared to the year 2017, mainly derived from the major projects awarded e.g. IP Access Network, Backhaul System with Submarine Station, USO Mobile Network project, Fiber Optic Cable Network Maintenance project, etc.; while sales revenue of the year 2018 is at the amount of 1,015.55 million THB equivalent to 99.76% of total revenue, in the year 2017 the sales revenue is reported at 956.85 million THB equivalent to 99.83%. In term of cost of sales and expenses for the year 2018, it is equivalent to 910.09 million THB or 89.40% of total revenue compared to the same period of last year at the amount of 872.91 Million THB or 91.07%. Net profit shows a significant growth in 2018 in comparison to the previous year at 85.71 million THB or 8.42% of total revenue, therein other comprehensive income generated by gain from actuarial benefit in the amount of 0.93 million THB is also included. In comparison to the year 2017, net profit is reported at 66.18 million THB or 6.90% of total revenue.

Considering the performance in 4<sup>th</sup> quarter of 2018, the Company reports its total revenue at 286.52 million THB categorized into sale revenue at 285.83 million THB and other revenue at 0.69 million THB compared to total revenue of 357.61 million THB in the same period of 2017. There is a significant decline in sales revenue in this quarter compared to last year because there was certain deferral of some projects in contract signing, resulting in being unable to recognize the sales revenue as planned. Its cost of sales and expenses are at 257.65 Million THB or 89.92% of total revenue in Q4/2018 and at 328.40 million THB or 91.83% of total revenue in Q4/2017. This reflects a positive outcome since the Company has completed the projects with highly favorable gross margin. Lastly, net profit is equivalent to 22.43 million THB or 7.83% of total revenue in Q4/2018 and equivalent to 21.94 million THB or 6.13% of total revenue for Q4/2017.

Moreover, the Company has entered into a share transfer agreement with effective date on 2<sup>nd</sup> January 2019 in purchasing 51% of total shares of Expert Communication Networks Co., Ltd. in order to expand and strengthen the telecommunication engineering business, whereby the legal formalities have been smoothly completed.

## 1. Business Performance Analysis

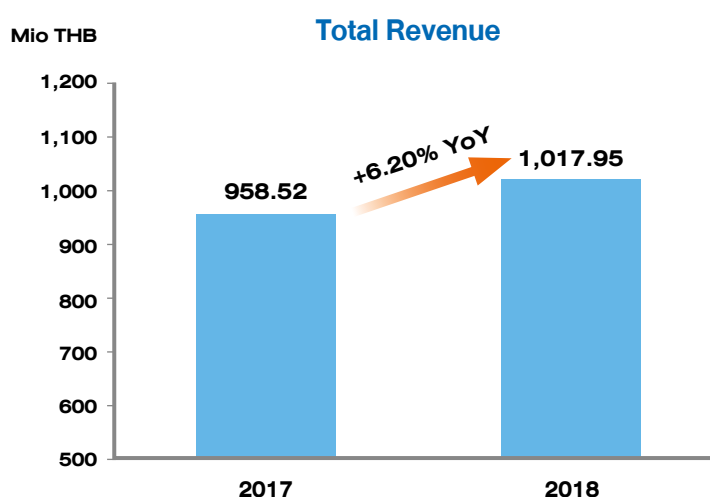
### 1.1 Revenue

For the year 2018 the Company reports its total revenue of 1,017.95 million THB with the growth of 6.20% compared to the last year showing its total revenue of 958.52 million THB because revenue recognition have been realized in major projects awarded e.g. IP Access Network, Backhaul System with Submarine Station, USO Mobile Network project, Fiber Optic Cable Network Maintenance project etc.

Type	2017		2018	
	MB	%	MB	%
1. Sales Revenue	956.85	99.83	1,015.55	99.76
2. Other Revenue*	1.67	0.17	2.40	0.24
<b>Total Revenue</b>	<b>958.52</b>	<b>100.00</b>	<b>1,017.95</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 2018 and 2017, sales revenue is accounted for 99.76%, and 99.83% of total revenue and other revenue is equivalent to 0.24% and 0.17% respectively.

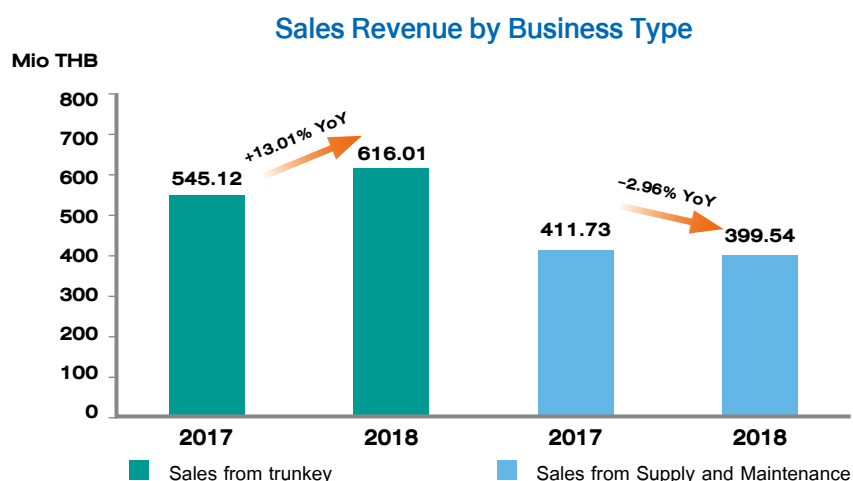


## Sales Revenue

Sales revenue in 2018 consists of turnkey business including telecommunication system and construction and electrical system, supply and maintenance.

Type	2017		2018	
	MB	%	MB	%
Sales Revenue				
Sales Revenue from Turnkey Business	545.12	56.97	616.01	60.66
- Sales Revenue from Telecommunication System	456.34	47.69	615.96	60.65
- Sales Revenue from Construction and Electrical System	88.78	9.28	0.05	0.01
Sales Revenue from Supply and Maintenance	411.73	43.03	399.54	39.34
- Sales Revenue from Supply of Telecommunication System	109.40	11.43	210.87	20.76
- Sales Revenue from Maintenance of Telecommunication System				
Total Sales Revenue	956.85	100.00	1,015.55	100.00

In 2018, sales revenue from turnkey business and supply and maintenance are reported at 616.01 million THB and 399.54 million THB or proportionately at 60.66% and 39.34% of total sales revenue respectively. Sales revenue from turnkey business shows a growth rate of 13.01% compared to the same period of last year. As a result of the government stimulus campaign in 2017, the revenue can be recognized from the major awarded contracts leading to higher growth in sales revenue. Sales revenue from supply and maintenance decreases by 2.96% based on the fact that the contract awarding has been delayed from our plan; therefore, the revenue cannot be recognized as foreseen.



## Other Revenue

In the year 2017 and 2018, the Company reports its other revenue at 1.67 million THB and 2.40 million THB respectively, equivalent to 0.17% and 0.24% 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 finance cost. In the year 2017 and 2018, the Company shows its cost of sales and expense at 872.91 million THB and 910.09 million THB respectively, proportionately at 91.07% and 89.40% of total revenue.

CoS and Expenses	2017		2018	
	MB	%	MB	%
Cost of Sales	811.61	84.67	844.40	82.95
Selling Expense	21.63	2.26	23.25	2.28
Administrative Expense	39.61	4.13	42.43	4.17
Financial Cost	0.06	0.01	0.01	0.00
Total CoS and Expenses	872.91	91.07	910.09	89.40
Total Revenue	958.52	100.00	1,017.95	100.00

## Cost of Sales

Cost of sales in 2017 and of 2018 are 811.61 million THB and 844.40 million THB respectively, resulting in gross margin of 15.18% and 16.85%. 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)	2017		2018	
	MB	GM (%)	MB	GM (%)
CoS for Turnkey Business	457.15	16.14	515.85	16.26
CoS for Supply and Maintenance	354.46	13.91	328.55	17.77
Total CoS	811.61	15.18	844.40	16.85

## Cost of Sales for Turnkey Business

CoS for Turnkey business are 457.15 million THB in 2017 and 515.85 million THB in 2018 with the gross margin of 16.14% and 16.26% respectively.

### Cost of Sales for Supply and Maintenance

The Company reports its cost of sales for supply and maintenance for 2017 and 2018 at 354.46 million THB and 328.55 million THB respectively with the gross margin 13.91% and 17.77%. The positive development of gross margin in Q3/2018 derived mainly from better project cost management than plan and this can be mostly realized at project closing stage.

### Selling Expenses

In 2017 and 2018, the Company reports its selling expenses at 21.63 million THB, and 23.25 million THB, equal to 2.26% and 2.28% of total revenue. Selling expenses consist of personnel related expenses, which are for instance salary, social security, provident fund, etc., whereby the personnel related expenses from Sales and Products and Solution members at the amount of 2.96 million THB was allocated to the projects based on their contribution during the year 2018 leading to a slight increase from the previous year.

### Administrative Expenses

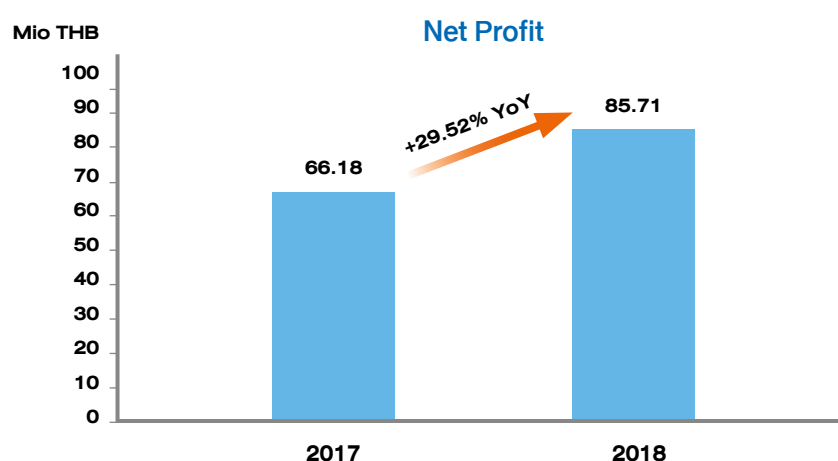
The Company reports its administrative expenses at 39.61 million THB and 42.43 million THB in the year 2017 and 2018 at the proportion 4.13% and 4.17% of total revenue respectively. Administrative expenses mostly comprise of personnel related expenses including new headcounts in 2018, office expenses and professional fees.

### Financial Cost

The Company reports its financial cost for the year 2017 and 2018 at 0.06 million THB and 0.01 million THB at the proportion of 0.01% and 0.00% of total revenue. Most of financial cost is interest expense after allocation to projects.

## 1.3 Net Profit

As a result of overall business performance, the Company reports its net profit for 2017 and 2018 at 66.18 million THB and 85.71 million THB respectively, accounted for 6.90% and 8.42% of total revenue therein other comprehensive income generated by gain from actuarial benefit in the amount of 0.93 million THB is also included. For the year 2018, the net profit is increased compared to the last year because of significant increase in sales revenue and efficient project cost controlling.





## 2 Financial Status

### 2.1 Assets

At the end of 2017 and 2018, the Company reports its total assets of 971.26 million THB and 854.18 million THB respectively. The major asset items are cash and cash equivalents, trade receivables, unbilled receivables and inventories; at the end of 2017 proportionately at 19.40%, 31.72%, 14.79% and 15.31% of total assets respectively and at the yearend 2018 proportionately at 41.01%, 16.95%, 20.77% and 6.55% of total assets. Total current assets are accounted for 85.69% for the yearend 2017 and 90.83% for the yearend 2018 to total assets.

#### Trade Receivables

At the end of 2017 and of 2018, the Company reports net trade receivables 307.55 million THB and 144.65 million THB or equal to 31.67% and 16.93% of total assets respectively.

Outstanding Period	At 31 Dec. 2017		At 31 Dec. 2018	
	MB	%	MB	%
<u>Trade Receivables</u>				
Undue	171.60	55.80	95.84	66.26
Overdue				
Less - equal to 3 months	69.91	22.73	44.55	30.80
More than 3 months but less than 6 months	42.09	13.69	2.13	1.47
More than 6 months but less than 12 months	23.95	7.78	2.13	1.47
<b>Total Trade Receivables</b>	<b>307.55</b>	<b>100.00</b>	<b>144.65</b>	<b>100.00</b>
Deduct Allowance for doubtful debt	-		-	
<b>Trade Receivables - Net</b>	<b>307.55</b>		<b>144.65</b>	

The table depicts trade receivables of the Company in the year 2017 with undue at 55.80% and overdue with less or equal to 3 months at 22.73%, overdue for 3 to 6 months at 13.69% and overdue between 6 to 12 months at 7.78% of net trade receivables.

At the yearend 2018, 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 66.26%, 30.80%, 1.47% and 1.47% of net trade receivables. Net trade receivables decreases when compared with the same period of last year, since the long outstanding trade receivables, due to the customer contract amendment was not finalized at the end of 2017, are paid fully after the amendment was completed.

### **Unbilled Receivables**

Due to its turnkey business, the revenue recognition is performed based on percentage of completion method which may deviate from the payment term according to the contractual conditions. Unbilled receivables are reported at the end of 2017 and of 2018 at 143.67 million THB and 177.42 million THB or equivalent to 14.79% and 20.77% of total assets respectively because there are some projects under delivery and acceptance as per its scope prior to the billing conditions.

### **Inventories**

At the end of 2017 and of 2018, the Company reports the inventories at 148.75 million THB and 55.97 million THB in conjunction to the computation based on percentage of completion method. At the end of 2017, inventories are reported with drastic increase due to the equipment was delivered to the project sites for certain projects; however, the installation could not be performed. The equipment was therefore reported as inventories at that stage. In this year, the installation could be conducted resulting in lower inventories in this period.

### **Other Current Assets**

Other current assets comprises of VAT, undue VAT, A/R Revenue Department, etc. At the yearend 2017 and 2018, the Company reports other current assets in the amount of 24.15 million THB and 7.91 Million THB respectively. Other current assets at the yearend 2017 are mostly from A/R Revenue Department from VAT 11.67 million THB.

### **Restricted Bank Deposits**

At the yearend 2017 and 2018, the amount of restricted bank deposits are at 128.96 million THB and 67.22 million THB respectively. The change is subject to the credit facilities required for operating the business. However, the balance decreased from former year because the Company has negotiated for a better credit condition i.e. the percentage of collateral required in order to increase the liquidity in business operation.

## **2.2 Sources of Fund**

### **Liabilities**

The Company reports its total liabilities at 474.92 million THB at the end of 2017 and 335.13 million at the end of 2018 and the major items are account payables and unbilled payables which are regarded as working capital for running the business.

Most of the liabilities are current liabilities with its proportion as at 2017 and at 2018 at 98.63% and 97.91% of total liabilities respectively.

### **Trade and Other Payables**

The Company reports its trade and other payables at the end of 2017 and of 2018 at 372.64 million THB and 250.12 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. 2017		At 31 Dec. 2018	
	MB	%	MB	%
Trade Payables	352.95	94.72	233.97	93.55
Other Payables	1.05	0.28	1.51	0.60
Trade Payables - Retention	1.88	0.50	0.48	0.19
Accrued Expenses	16.76	4.50	14.16	5.66
<b>Total Trade and Other Payables</b>	<b>372.64</b>	<b>100.00</b>	<b>250.12</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 2017 and 2018 at 35.89 million THB and 44.95 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 2017 and of 2018, the amount for advance receipts from customer are 40.63 million THB and 16.51 million THB respectively. The advance receipts shall be recognized as revenue along with the project progress.

#### Shareholders' Equity

The shareholders' equity is in the amount of 496.34 million THB at the year end of 2017 and of 519.05 million THB at the year end of 2018 which has constantly increased corresponding to the business result of which the legal reserve is accounted for 10.30 million THB and the rest of retained earnings is 128.69 million THB after deducting dividend payment amounting to 63.00 million THB.

#### Funding Structure

D/E ratio of the Company is at 0.96, and 0.65 at the end of 2017 and of 2018 respectively.



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