



SECURITY SOLUTIONS LEADER

ANNUAL REPORT 2019



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Vision

Move towards of being the leader in information technology, offering solutions, and providing professional and comprehensive services in the ASEAN Economic Community.



Mission

We are a professional in presenting our nationwide IT products and services, taking into account maximum cost-effectiveness, transparency and ethics in work, confidence and good returns for investors.



Message from the Chairman

FY 2019 is again a remarkable year for us. Our 2019 revenue decreased by 1.54 % to Baht 1,774 million, while the 2019 net profit attributable to shareholders is Baht 67 million, 14 % growth from 2018. Service revenue contributes approximately 36 % of total revenue for 2019 compared to 27% for 2018. The growth in service revenue and net profit is mainly due to higher demand of products and services relating to cyber-security in Thailand and CLM countries. These high margin revenue increased our net profit margin from 3.22% in 2018 to 3.75% in 2019.

I-Secure has continued to deliver remarkable performance following the increase in demand in both public and private sectors to effectively tackle rising cyber-attacks. The full year results of I-Secure was consolidated this year as the acquisition of I-Secure was completed in the fourth quarter of 2018.

The increase in demand, for high quality, nationwide IT service providers, by international IT vendors and major IT system integrators has fueled the growth of vServePlus, our 51% owned subsidiary. Besides, the company's past year efforts on Huawei networking professional service certification has brought in additional revenue. In addition, in the last quarter of 2019, the company has been awarded a service contract with HPE and HPI, which should be fruitful in 2020.

The Board of Directors, at the Meeting on 26 February 2020, resolved to propose to the Annual General Meeting of the Shareholders to declare a dividend of Baht 0.16 per share to be paid in May 2020, subject to approval at the AGM of the shareholders.

With the volatile global economy and digital disruption, we foresee 2020 as challenging but with vast opportunities. Business versatility is vital given the persistent digital disruption. Increasing cyber-security risks, new Thailand's personal data protection law, big data, and CLMV will be our key growth drivers. We will look for opportunities to help our clients build and improve their IT infrastructure via provision of effective and affordable IT solutions domestically and in CLMV countries.

On behalf of our Board, Management, and staff, I would like to thank our shareholders, vendors, customers and all other stakeholders for their support. We will ensure that we will continue to expand and maintain good governance.



Narong Intanate
Chairman

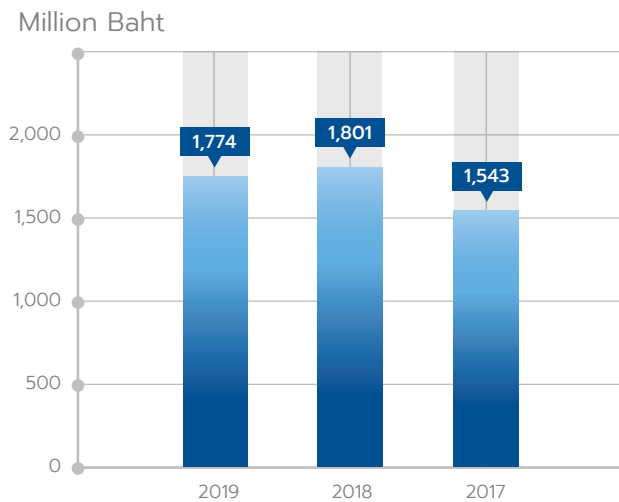
Summary of Financial Statements

Financial Highlights 2017-2019

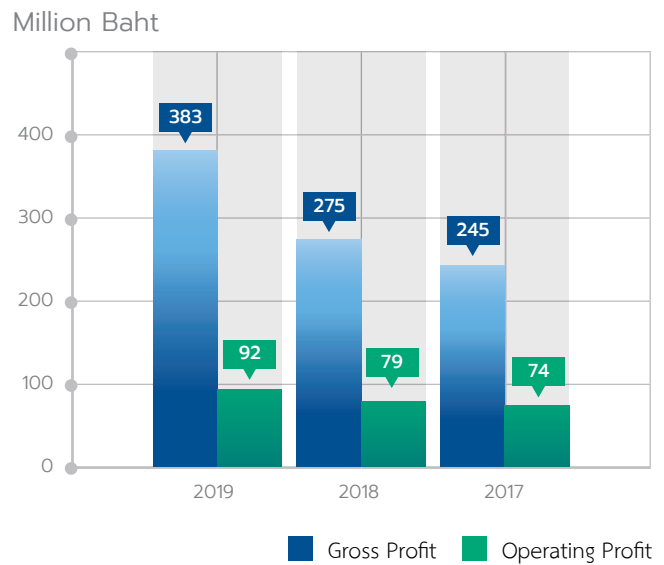
Consolidated Financial Statement

Unit: Million Baht	2019	2018	2017
Total Assets	1,161	1,286	769
Total Liabilities	654	824	360
Paid-up Share Capital	150	150	150
Share Premium	182	182	182
Equity Attributable to Owners of the Parent	440	410	370
Revenue from Sales and Services	1,774	1,801	1,543
Total Revenues	1,782	1,814	1,554
Cost of Sale and Services	1,391	1,526	1,298
Gross Profit	383	275	245
Operating Expenses	292	196	171
Operating Profit	92	79	74
Net Profit Attributable to Owners of the Parent	67	58	54
Unit: %			
Gross Profit Margin	21.60	15.26	15.87
Operating Profit Margin	5.16	4.38	4.81
Net Profit Per Total Revenues	3.75	3.22	3.50
Return on Equity	15.72	14.98	21.03
Return on Assets	6.66	6.99	10.43
Unit: Baht			
Book Value per Share	1.47	1.37	1.23
Earnings Per Share	0.22	0.19	0.24

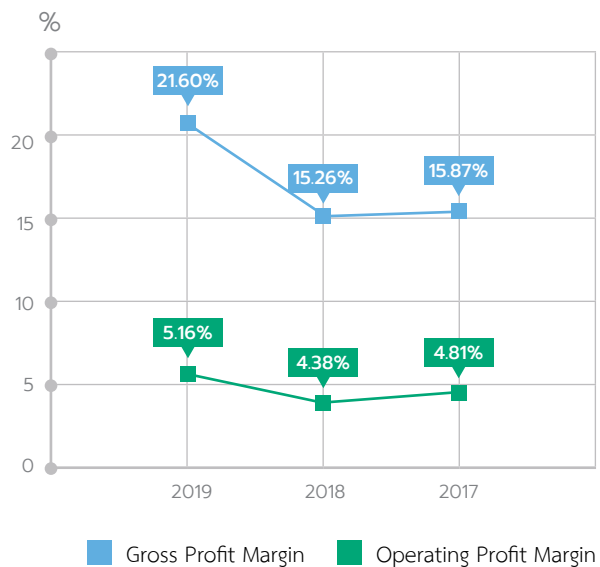
Revenue from Sales and Services



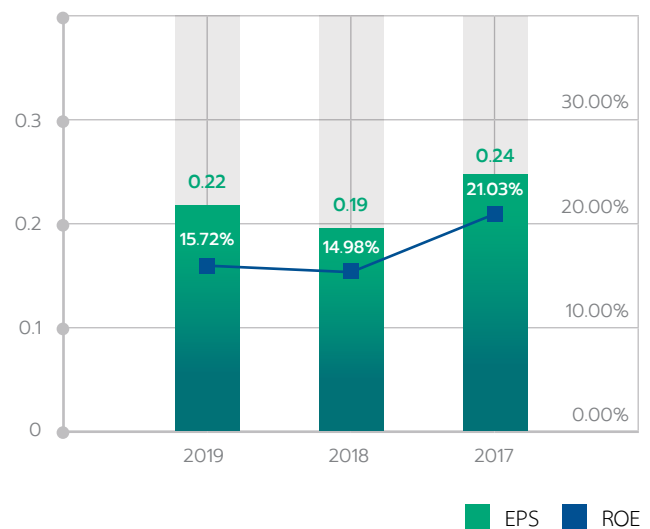
Gross Profit VS Operating Profit



Gross Profit Margin VS Operating Profit Margin



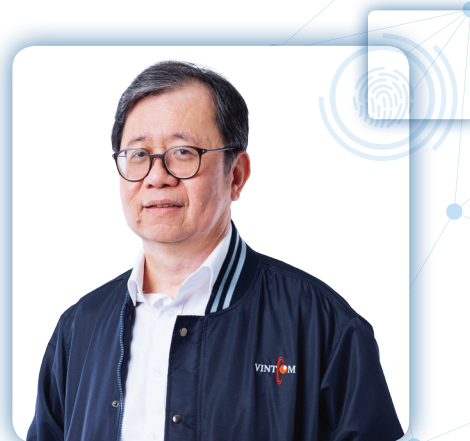
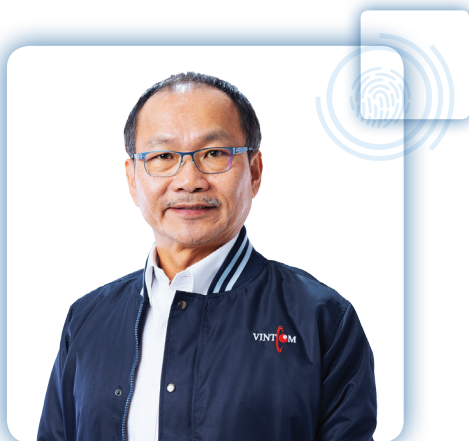
EPS VS ROE



Board of Directors



1. Mr.Narong Intanate (Chairman of the Board of Directors)
2. Mr.Sanpat Sapon (Independent Director, Chairman of the Audit Committee)
3. Mr.Sopon Punyaratabandhu (Executive Director))
4. Mrs.Songsri Srirungroungjit (Managing Director, Executive Director)
5. Mr.Thanachart Numnonda ((Independent Director, Audit Committee)
6. Mr.Kriengkrai Boonlert-u-thai (Independent Director, Audit Committee)
7. Mr.Punn Kasemsup (Independent Director)



Mr. Narong Intanate

Age 62 years Nationality Thai

Chairman of the Board of Directors, Executive Director,
Member of the Nomination and Remuneration Committee
(Authorized Director)

Date of appointment to the Board 29 September 1992

Education/Training

- Master of Business Administration,
California State University – USA
- Director Accreditation Program (DAP) 97/2012

% of shareholdings as of 31 December 2019

219,996,800 shares (73.33%)

Indirectly through Vnet Capital Co., Ltd.
Thai Incubator Dot Com Co., Ltd.
Thai Automotive VCF Co., Ltd.

Family Relations among Executives -None-

Work experience

Vintcom Technology Public Company Limited

1992 – Present Chairman of the Board of Directors,
Executive Director (Authorized Director)

Dec. 2019 – Present Member of the Nomination
and Remuneration Committee

Subsidiaries

Aug. 2016 – Present Chairman of the Board of Directors,
vServePlus Co., Ltd.

Oct. 2018 – Present Chairman of the Board of Directors,
I-Secure Co., Ltd.

Positions in listed companies

2008 – Present Chairman of the Board of Directors,
Copperwired Public Company Limited

Positions in non-listed companies

1991 – Present Chairman of the Board of Directors,
Vnet Capital Co., Ltd.

1991 – Present Chairman of the Board of Directors,
Thai Incubator Dot Com Co., Ltd.

2009 – Present Chairman of the Board of Directors,
vHealth threesixty Co., Ltd.

2016 – Present Chairman of the Board of Director,
VNET Seed Capital (Singapore) PTE., LTD.

Jan. 2018 – Present Chairman of the Board of Director,
Koan Co., Ltd.

Mr. Sapon Punyaratabandhu

Age 57 years Nationality Thai

Executive Director (Authorized Director)

Date of appointment to the Board 2 May 2000

Education/Training

- Master of Commerce and Accountancy, Thammasat University
- Certified Public Accountant Registration No. 3821
- Fellow Member, Thai Institute of Directors (IOD)
- Director Certification Program (DCP) 17/2002
- Corporate Governance for Capital Market Intermediaries
(CGI) 5/2015

% of shareholdings as of 31 December 2019

-None-

Family Relations among Executives -None-

Work experience

Vintcom Technology Public Company Limited

2000 – Present Executive Director (Authorized Director)

Subsidiaries

2015 – Present Director,
Vintcom Technology (Myanmar) Co., Ltd.

Aug. 2016 – Present Director, vServePlus Co., Ltd.

Oct. 2018 – Present Director, I-Secure Co., Ltd.

Positions in listed companies

2008 – Present Director,
Copperwired Public Company Limited

1999 – Present Independent Director and Audit Committee,
Asia Plus Group Holdings Public Company
Limited

Jul. 2019 – Present Independent Director and Audit Committee,
SVI Public Company Limited

Positions in non-listed companies

1999 – Present President, Vnet Capital Co., Ltd.

2013 – Present Director, Frasers Property Industrial REIT
Management (Thailand) Company Limited

Jul. 2018 – Present Director, Japan Strategic Capital Co., Ltd.



Mrs. Songsri Srirungroungjit

Age 56 years Nationality Thai

Managing Director, Executive Director,
Member of the Risk Management Committee
(Authorized Director)

Date of appointment to the Board 1 June 2001

Education/Training

- Bachelor of Business Administration in Marketing, Southeast Asia University
- Director Accreditation Program (DAP) 119/20158

% of shareholdings as of 31 December 2019

3,500,000 shares (1.17%)

Family Relations among Executives -None-

Work experience

Vintcom Technology Public Company Limited

2001 – Present Managing Director, Executive Director
(Authorized Director)

Dec. 2019 – Present Member of the Risk Management Committee

Subsidiaries

2015 – Present Director,
Vintcom Technology (Myanmar) Co., Ltd.

2016 – Present Director, vServePlus Co., Ltd.

May. 2018 – Present Director,
Vintcom Technology (SG) Co., Ltd.

Oct. 2018 – Present Director, I-Secure Co., Ltd.

Positions in listed companies

-None-

Positions in non-listed companies

-None-



Mr. Sanpat Sapon

Age 66 years Nationality Thai

Independent Director,
Chairman of the Audit Committee

Date of appointment to the Board 16 March 2015

Education/Training

- Master of Business Administration, Western Michigan University – USA
- Director Certification Program (DCP) 49/2004
- Role of the Chairman Program (RCP) 2015
- Advanced Audit Committee Program (AACP) 23/2016

% of shareholdings as of 31 December 2019

200,000 shares (0.07%)

Family Relations among Executives -None-

Work experience

Vintcom Technology Public Company Limited

2015 – Present Independent Director,
Chairman of the Audit Committee

Subsidiaries

-None-

Positions in listed companies

Feb. 2019 – Present Chairman of the Board of Directors,
Masterkool International Public
Company Limited

Positions in non-listed companies

2009 – Present Director, Moustache Co., Ltd.

2010 – Present Director, Moustache Ratchaburi Co., Ltd.

2010 – Present Director, Ratchaburi Future Co., Ltd.

2012 – Present Director, Sanpat and Associates Co., Ltd.

2014 – Present Director, Moustache Trang Co., Ltd.



Mr.Thanachart Numnonda

Age 54 years Nationality Thai

Independent Director, Audit Committee, Chairman of the Risk Management Committee, Member of the Nomination and Remuneration Committee

Date of appointment to the Board 16 March 2015

Education/Training

- Ph.D. Electrical & Electronic Engineering, University of Auckland - New Zealand
- Driving Company Success with IT Governance (ITG) 4/2017
- Director Certification Program (DCP) 242/2017
- Role of the Chairman Program (RCP) 41/2017
- Advanced Audit Committee Program (AAP) 25/2017
- Director Accreditation Program (DAP) 121/2015

% of shareholdings as of 31 December 2019

100,000 shares (0.03%)

Family Relations among Executives -None-

Work experience

Vintcom Technology Public Company Limited

2015 – Present	Independent Director, Audit Committee
Dec.2019 – Present	Chairman of the Risk Management Committee
Dec.2019 – Present	Member of the Nomination and Remuneration Committee

Subsidiaries

-None-

Positions in listed companies

2015 – Present	Independent Director, Audit Committee, Humanica Public Company Limited
2016 – Present	Chairman of the Board of Directors, Audit Committee Chairman, Siameast Solutions Public Company Limited
2019 – Present	Independent Director, Thanachart Capital Public Company Limited.

Positions in non-listed companies

2013 – Present	Authorized Director, IMC Outsourcing (Thailand) Co., Ltd.
2013 – Present	Councilor Council, Ubon Ratchathani University
2019 – Present	Councilor Council, Khon Kaen University

Mr.Kriengkrai Boonlert-u-thai

Age 48 years Nationality Thai

Independent Director, Audit Committee, Member of the Risk Management Committee

Date of appointment to the Board 16 March 2015

Education/Training

- Doctor of Philosophy Business Administration (Accounting), Oklahoma State University
- Director Accreditation Program (DAP) 106/2013
- Advanced Audit Committee Program (AAP) 23/2016

% of shareholdings as of 31 December 2019

100,000 shares (0.03%)

Family Relations among Executives -None-

Work experience

Vintcom Technology Public Company Limited

2015 – Present	Independent Director, Audit Committee
Dec.2019 – Present	Member of the Risk Management Committee

Subsidiaries

-None-

Positions in listed companies

-None-

Positions in non-listed companies

2019 – Present	Vice Dean for Academic of the Faculty of Commerce and Accountancy Chulalongkorn University
1995 – Present	Associate Professor, Chulalongkorn University
2017 – Present	Advisor of the Professional Accounting Committee for Education and Accounting Technology Federation of Accounting Professions Under The Royal Patronage of His Majesty The King
2011 – 2018	Vocational Education Commission Department of Vocational Education Ministry of Education
2011 – 2017	Assistant to the President Chulalongkorn University
2011 – 2017	Secretary of the Professional Accounting Committee for Education and Accounting Technology Federation of Accounting Professions Under The Royal Patronage of His Majesty The King



Mr.Punn Kasemsup

Age 51 years Nationality Thai

Independent Director, Chairman of the Nomination and Remuneration Committee

Date of appointment to the Board 18 April 2016

Education/Training

- Master of Laws International and Comparative Law, Southern Methodist University – USA
- Director Certification Program (DCP) 140/2010
- Financial Statements for Directors (FSD) 10/2010
- Audit Committee Program (ACP) 37/2011
- Advanced Audit Committee Program (AAP) 8/2012
 - Monitoring Fraud Risk Management (MFM) 6/2011
 - Monitoring the Internal Audit Function (MIA) 11/2011
 - Monitoring Quality of Financial reporting (MFR) 14/2012
 - Monitoring the System of Internal Control and Risk Management (MIR) 12/2012

% of shareholdings as of 31 December 2019

100,000 shares (0.03%)

Family Relations among Executives -None-

Work experience

Vintcom Technology Public Company Limited

2016 – Present Independent Director

Dec.2019 – Present Chairman of the Nomination and Remuneration Committee

Subsidiaries

-None-

Positions in listed companies

Jun. 2018 – Present	Independent Director, Copperwired Public Company Limited
2013 – Present	Independent Director, Audit Committee, City Sports and Recreation Public Company Limited
May. 2018 – Present	Independent Director, Audit Committee, Corporate Risk Management Committee, Demco Public Company Limited

Positions in non-listed companies

2002 – Present	Director, HNP Legal & Litigation Co., Ltd.
2002 – Present	Law (Partner)/Managing Director Kompass Law Co., Ltd.
2009 – Present	Director, Perseverance Co., Ltd.
2017 – Present	Independent Director, Chairman of the Audit Committee, Cissa Group Co., Ltd.

Management and Company Secretary



1. Mr.Pisit Supataradit (Sales Director)
2. Mr.Tanusit Skunnawat (Operation Director, Member of the Risk Management Committee)
3. Mr.Sooksun Tachawatcharaporn (Technical Director)
4. Mr.Poj Weerasuttakorn (Finance and Accounting Director)
5. Mr.Thanapol Narasetsataporn (Company Secretary)



Mr. Pisit Supataradit

Age 52 years Nationality Thai

Sales Director

Date of being Executive 3 April 2017

Education/Training

- Bachelor of Finance and Banking, Payap University

% of shareholdings as of 31 December 2019

20,000 shares

Work experience

Vintcom Technology Public Company Limited

Apr. 2017 – Present Sales Director

Subsidiaries

-None-

Positions in listed companies

-None-

Positions in non-listed companies

2010 – Mar. 2017 Senior Channel Sales Manager
(Thai, Cambodia, Laos and Myanmar)
Oracle Corporation (Thailand) Co., Ltd.

Mr. Tanusit Skunnawat

Age 62 years Nationality Thai

Operation Director,

Member of the Risk Management Committee

Date of being Executive 1 September 2011

Education/Training

- Bachelor's degree (Honors), Engineering/Computer, Chulalongkorn University
- Bachelor of Science in Management Science/Management, Sukhothai Thammathirat Open University
- Master of Commerce and Accountancy, Thammasat University
- D.B.A. College of Commerce/Information System, Burapa university

% of shareholdings as of 31 December 2019

200,000 shares

Work experience

Vintcom Technology Public Company Limited

2005 – Present Operation Director

Dec. 2019 – Present Member of the Risk Management Committee

Subsidiaries

2015 – Present Managing Director,
Vintcom Technology (Myanmar) Co., Ltd.

May. 2018 – Present Director, Vintcom Technology (SG) Co., Ltd.

Positions in listed companies

-None-

Positions in non-listed companies

-None-



Mr.Sooksun Tachawatcharaporn

Age 53 years Nationality Thai
Technical Director

Date of being Executive 1 October 2003

Education/Training

- Bachelor of Science/Mathematics, King Mongkut's Institute of Technology Bangmod Campus

% of shareholdings as of 31 December 2019

200,000 shares

Work experience

Vintcom Technology Public Company Limited

2002 – Present Technical Director

Subsidiaries

-None-

Positions in listed companies

-None-

Positions in non-listed companies

-None-



Mr.Poj Weerasuttakorn

Age 46 years Nationality Thai
Finance and Accounting Director

Date of being Executive 1 December 2016

Education/Training

- Bachelor of Commerce and Accounting/Accounting, Thammasat University
- Master of Business Administration/Accounting, Chiang Mai University
- Certified Public Accountant Registration No. 5352

% of shareholdings as of 31 December 2019

-None-

Work experience

Vintcom Technology Public Company Limited

2016 – Present Finance and Accounting Director

Subsidiaries

May. 2018 – Present Director,
Vintcom Technology (SG) Co., Ltd.

Positions in listed companies

-None-

Positions in non-listed companies

2016 – 2016	Finance and Accounting Director, President Automobile Industries Co., Ltd.
2016 – 2016	Quality Control Reviewer, AST Master Co., Ltd.
2014 – 2015	Lecturer, Faculty of Accounting, Rangsit University
2008 – 2014	Academic accounting standards and auditing standards, FAPA Under the Royal Patronage



Mr.Thanapol Narasetsataporn

Age 36 years Nationality Thai

Company Secretary

Date of being Executive 17 August 2015

Education/Training

- Bachelor of Laws Ramkhamhaeng university
- Barrister at Law, Thai Bar Association
- Company Secretary Program (CSP), Class 66/2015

% of shareholdings as of 31 December 2019

5,000 shares

Work experience

Vintcom Technology Public Company Limited

2015 – Present Company Secretary

Subsidiaries

-None-

Positions in listed companies

-None-

Positions in non-listed companies

2010 – Present Legal Counsel, VST ECS (THAILAND) CO., LTD.

2013 – Present Legal Counsel, Vnet Capital Co., Ltd

Apr. 2018 – Present Director, Munja Co., Ltd.

The change of shareholding of the Directors and Executives of Vintcom Technology Public Company Limited

Details as of 31 December 2019

Name	Position	Number of Shareholding as of 31 December 2018	Number of Shareholding as of 31 December 2019	Changing increased/ (decreased)	% of Shareholding as of 31 December 2019
1. Mr.Narong Intanate ¹	Chairman of the Board of Directors, Executive Director, Member of the Nomination and Remuneration Committee	219,996,800	219,996,800	-	73.333%
Spouse and minor children		-	-	-	-
2. Mr.Sopon Punyaratabandhu	Executive Director	-	-	-	-
Spouse and minor children		-	-	-	-
3. Mrs.Songsri Srirungroungjit	Managing Director, Executive Director, Member of the Risk Management Committee	3,500,000	3,500,000	-	1.166%
Spouse and minor children		-	-	-	-
4. Mr.Sanpat Sopon	Independent Director, Chairman of the Audit Committee	200,000	200,000	-	0.066%
Spouse and minor children		-	-	-	-
5. Mr.Thanachart Numnonda	Independent Director, Audit Committee, Chairman of the Risk Management Committee, Member of the Nomination and Remuneration Committee	100,000	100,000	-	0.033%
Spouse and minor children		-	-	-	-
6. Mr.Kriengkrai Boonlert-u-thai	Independent Director, Audit Committee, Member of the Risk Management Committee	100,000	100,000	-	0.033%
Spouse and minor children		-	-	-	-
7. Mr.Punn Kasemsup	Independent Director, Chairman of the Nomination and Remuneration Committee	100,000	100,000	-	0.033%
Spouse and minor children		-	-	-	-

Remark ¹ Indirectly through Vnet Capital Co., Ltd., Thai Automotive VCF Co.,Ltd. and Thai Incubator Dot Com Co., Ltd.

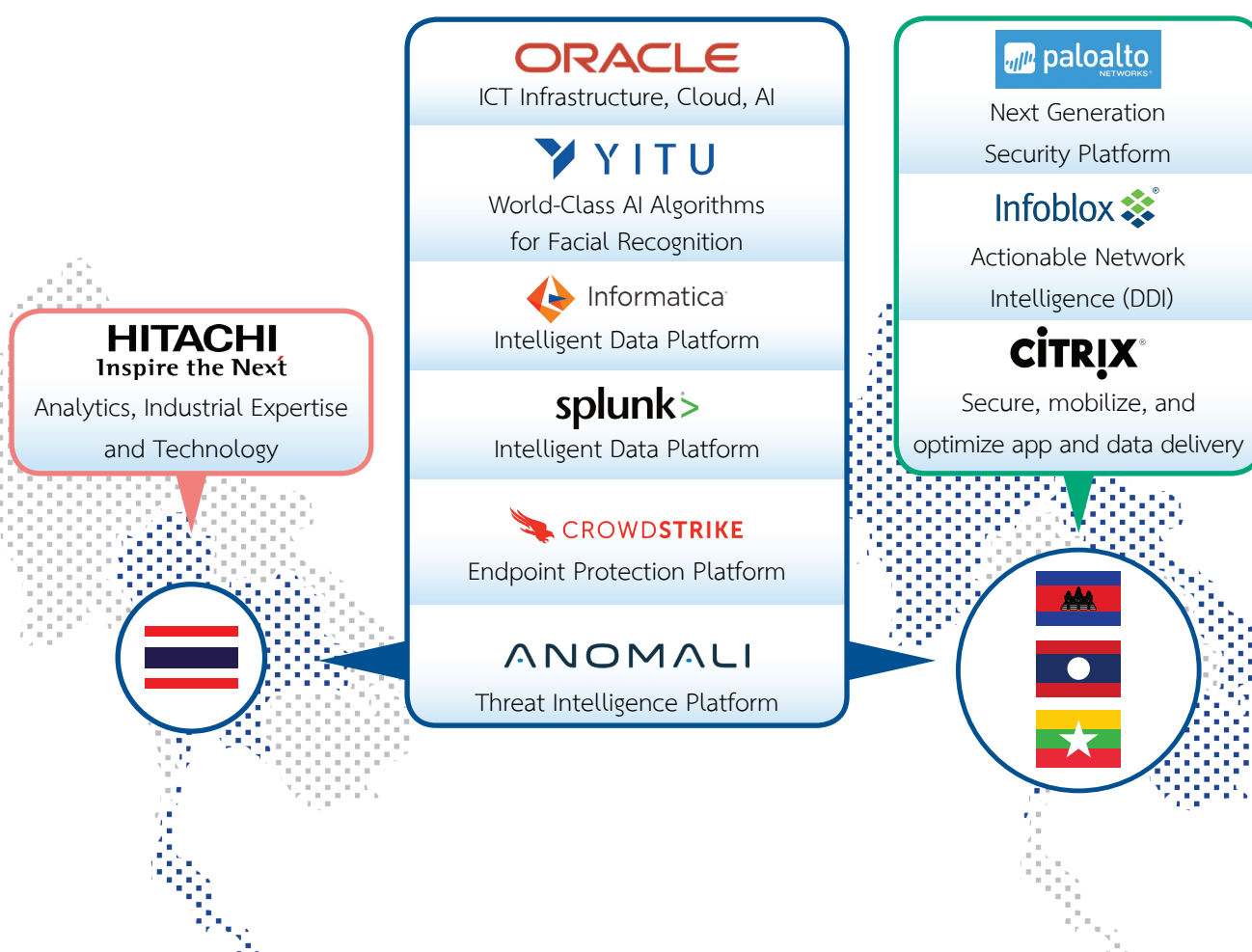
Management	Position	Number of Shareholding as of 31 December 2018	Number of Shareholding as of 31 December 2019	Changing increased/ (decreased)	% of Shareholding as of 31 December 2019
1. Mr.Pisit Supataradit	Sales Director	20,000	20,000	-	0.006%
Spouse and minor children		-	-	-	-
2. Mr.Tanusit Skunnawat	Operation Director, Member of the Risk Management Committee	200,000	200,000	-	0.066%
Spouse and minor children		-	-	-	-
3. Mr.Sooksun Tachawatcharaporn	Technical Director	200,000	200,000	-	0.066%
Spouse and minor children		-	-	-	-
4. Mr.Poj Weerasuttakorn	Finance and Accounting Director	-	-	-	-
Spouse and minor children		-	-	-	-

Business Overview

Vintcom Technology Public Company Limited

The Company is an IT distributor of internationally recognized products that are specifically designed for enterprises. A comprehensive range of IT solutions and services offered by the Company include servers, storage units, engineered systems or converged infrastructure solutions, network security, networking devices, database systems, operating systems, virtualization systems, middleware, software development tools, and database management software for data integration, big data management, cloud data management, and data quality and security. In addition to the foregoing services, the Company also offers professional services, maintenance services and installation services for all products under its distributorship.

The Company is currently an authorized distributor for ten renowned brands, as detailed below.



The primary target market of the Company consists of system integrators (SI) whose services encompass consolidation of multiple systems into one unified system to deliver a broad range of applications in response to the demand of end users, specifically medium and large enterprises in both public and private sectors. The products offered by the Company enable these system integrators to achieve optimal efficiency in the data management process. The Company engages in regular transactions with various SI clients, most of which are leading companies with expertise in system integration, consultancy, and ICT development. Alternatively, the Company also distributes products directly to end users, albeit to a much lesser extent than SI clients. The majority of these end users are corporate clients that have established their own IT department to perform system integration, or are implementing an ongoing project for which they have previously procured the Company's products through system integrators.

The Company has a total of four subsidiaries as follows:

1) Vintcom Technology (Myanmar) Company Limited ("Vintcom Myanmar")

was incorporated in the Republic of the Union of Myanmar on July 6, 2015, with the primary objectives to provide installation services, consultation, and maintenance services with respect to computer systems. At present, Vintcom Myanmar has a registered and paid-up capital of USD 500,000. The Company currently holds 100% of the paid-up share capital.








2) Vintcom Technology (SG) Company Limited ("Vintcom SG")











was incorporated in the Republic of Singapore on May 16, 2018, with the objective to act as an IT distributor in Singapore. Vintcom SG has a registered capital of SGD 100,000, of which SGD 21,000 have been fully paid. The Company currently holds 100% of the paid-up share capital.

3) vServePlus Company Limited ("vServePlus")

as incorporated on August 17, 2016, with a registered and paid-up capital of THB 40 million. Its business objectives are to provide IT services, specifically installed-based renewal services, professional services, nationwide services, and project management services. The Company currently holds 51% of the paid-up share capital, and the remaining thereof is held by VST ECS (Thailand) Company Limited ("VST ECS").

At present, vServePlus is an authorized distributor for seventeen global brands, as listed below.

Brand	Trademark	Main Product
1. Dell EMC		Computer server and storage unit
2. Fujitsu		Scanner
3. Hikvision		CCTV
4. HPE		Computer server, storage unit and network system
5. HP Inc. (HPI)		Printer, PC and notebook
6. Huawei		Network system, computer server and storage unit
7. Intermec		Operating system software

Brand	Trademark	Main Product
8. Lenovo		Computer server, PC, notebook and tablet
9. Symantec		Operating system software
10. Xiaomi		Computer server and storage unit
11. BenQ		Projector
12. Vocollect		Mobile computer and scanner
13. Nexstgo		Computer server and notebook
14. ASUS		Computer server, PC, notebook and tablet
15. Acer*		PC and notebook
16. VMWare		Operating system software
17. ViewSonic		Projector and LCD Monitor

Remark: *Only in Rayong and Surat Thani service centers

The services offered by vServePlus are rendered in nine service centers across Thailand, two of which are in Bangkok, namely Rom Klao Branch (Head Office) and Pantip Plaza Branch, and the remaining are in seven other provinces: Chiang Mai, Phitsanulok, Khon Kaen, Nakhon Ratchasima, Surat Thani, Hat Yai and Rayong. Additionally, vServePlus has been officially authorized to operate Xiaomi Service Center at Fortune Town IT Mall, 2nd floor, and Lenovo Service Center at Fortune Town IT Mall, 3rd and 4th floor. The services rendered in these authorized service centers are similar to those being offered in vServePlus service centers, which include warranty service for new products, consulting service for IT-related problems, and repair service for both warranty and out-of-warranty products.

4) I-Secure Company Limited (“I-Secure”)




was incorporated on May 26, 2006, with a registered and paid-up capital of THB 40 million. Its core business lies on the provision of computer and network security monitoring services, hence serving as a managed security service provider (MSSP). The primary function of an MSSP is to provide outsourced management and monitoring of network security to protect the digital infrastructures of enterprises. An MSSP also plays an important role in alleviating the pressure faced by enterprises, be it the cost associated with hardware, software and human resources or the lack of in-house security specialists.





In addition to establishing its own security operations center (SOC), I-Secure has developed a software package that is purposefully designed to monitor and manage cyber threats. As an outsourced service provider, I-Secure undertakes a broad range of activities, including monitoring and managing cyber threats, detecting malicious activities and attacks, implementing proactive mechanisms for responding to cyberattacks, and collecting data to accurately identify the vulnerabilities or loopholes exploited by cybercriminals.

On top of the provision of integrated consulting services in the area of data and network security, I-Secure also distributes and offers rental services for computer parts, programs and related equipment, as well as a

comprehensive range of cyber security training solutions. The primary customers of I-Secure are government agencies, leading corporations in the financial services sector such as banks, securities companies, asset management companies and insurance companies, and other dominant companies in the real estate industry, manufacturing industry and retail industry. These customers have outsourced their managed security services to I-Secure in efforts to minimize investments in IT infrastructure and overcome their challenges concerning the lack of in-house security specialists. The Company currently holds 100% of the paid-up share capital.

I-Secure is specialized in providing managed security and installation services for a broad range of products under sixteen brands, as follows:

Brand	Trademark	Main Product
1. Splunk		Platform for Security Information and Event Management Platform for Security Operation and Automation Platform for IT Operation
2. ArcSight		Platform for Security Information and Event Management
3. Palo Alto Networks		Next Generation Security Platform Network and Endpoint Protection Platform (NDR, EPP, EDR)
4. Check Point		Next Generation Security Platform Advance Threat Protection
5. Fortinet		Next Generation Security Platform Advance Threat Protection
6. Imperva		Application Protection Data Protection
7. Incapsula		Application Protection DDoS Protection
8. CrowdStrike		Endpoint Protection Platform Threat Intelligence
9. Attivo Networks		ThreatDefend Deception and Response Platform
10. Rapid7		Vulnerability Management Penetration Testing Dynamic Application Security Testing
11. CyberArk		Privilege Account Security Privilege Account Monitoring Privileged Threat Analytics Endpoint Privilege Management
12. BeyondTrust		Privilege Account Management Privilege Account Monitoring Endpoint Privilege Management Vulnerability Management

Brand	Trademark	Main Product
13. Dynatrace		Application Performance Management Cloud Infrastructure Monitoring
14. Ruckus		Enterprise Network Infrastructure Smart Wireless LAN Systems
15. Aruba		Enterprise Network Infrastructure Smart Wireless LAN System
16. VMWare		Platform for Virtualization Platform for Virtual Cloud Network

General Information

a. Company

Company Name	Vintcom Technology Public Company Limited
Head Office	159/21 Sermmit Tower, 14th Floor, Unit 1401, Sukhumvit 21 Road (Asoke), Klong Toei Nuea Subdistrict, Watthana District, Bangkok 10110
Business Type	Authorized IT distributor
Registration Number	0107559000176
Phone Number	02-661-7979
Fax Number	02-661-7969
Website	www.vintcom.co.th
Registered/Paid-up Capital	THB 150 million, comprising 300 million ordinary shares with a par value of THB 0.50 per share

b. Subsidiaries

Company Name	Vintcom Technology (Myanmar) Company Limited
Head Office	Room Number (02/11), 11 Floor, Building F, Pearl Condominium Housing, Sayasan Road Bahan Township, Yangon, Myanmar. 11201
Business Type	Provider of installation, consulting and maintenance services for computer systems
Registration Number	107683127
Registered/Paid-up Capital	USD 500,00 comprising 100,000 ordinary shares with a par value of USD 1 per share

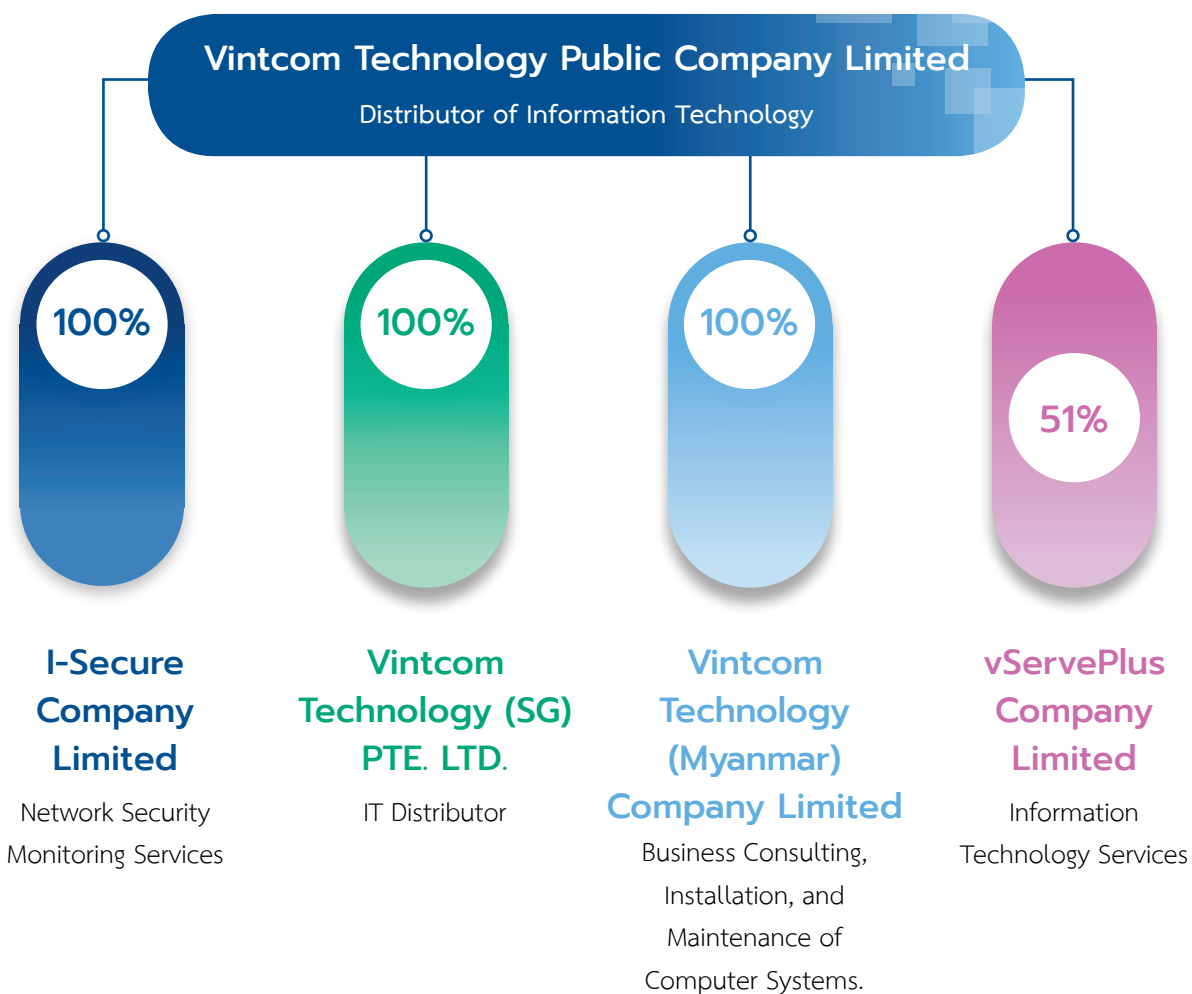
Company Name		Vintcom Technology (SG) Company Limited
Head Office		231 Mountbatten Road, #01-06 Mountbatten Centre Singapore (397999)
Business Type		Authorized IT distributor
Registration Number		201816757K
Registered/Paid-up Capital		SGD 100,00 with a paid-up capital of SGD 21,000, comprising 100,000 ordinary shares with a par value of SGD 1 per share
Company Name		vServePlus Company Limited
Head Office		Building A, S.V. Logistics Center 2, 88/1 Phatthana Chonnabot 3 Road, Khlong Song Ton Nun Subdistrict, Lat Krabang District, Bangkok 10520
Branch Office		
1. Pantip Plaza Branch		7. Surat Thani Branch
Pantip Plaza, 5th Floor, Room No. 51021-51022, 604/3 Phetchaburi Road, Thanon Phetchaburi Subdistrict, Ratchathewi District, Bangkok 10400		225/58 Moo 1, Samet Rieng Road, Makham Tia Subdistrict, Mueang Surat Thani District, Surat Thani 84000
2. Chiang Mai Branch		8. Hat Yai Branch
2/1, 2/2 Moo 3, Chiang Mai-Lampang Road, Chang Pueak Subdistrict, Mueang Chiang Mai District, Chiang Mai 50300		85 Soi 10 (Phetkasem), Hat Yai Subdistrict, Hat Yai District, Songkhla 90110
3. Phitsanulok Branch		9. Xiaomi Service Center operated by vServePlus
117/7 Phra Ong Dam Road, Nai Mueang Subdistrict, Mueang Phitsanulok District, Phitsanulok 65000		Fortune Town IT Mall, 2nd Floor, Room No. 003, 5 Ratchadaphisek Road, Din Daeng Subdistrict, Din Daeng District, Bangkok 10400
4. Rayong Branch		10. Lenovo Service Center operated by vServePlus
18/34 Moo 1, Rat Chumphol Road, Noen Phra Subdistrict, Mueang Rayong District, Rayong 21000		Fortune Town IT Mall, 3rd Floor, Room No. 3C92, 7 Ratchadaphisek Road, Din Daeng Subdistrict, Din Daeng District, Bangkok 10400
5. Nakhon Ratchasima Branch		11. Lenovo Service Center operated by vServePlus
1630/10 Mittraphap Road, Nai Mueang Subdistrict, Mueang Nakhon Ratchasima District, Nakhon Ratchasima 30000		Fortune Town IT Mall, 4th Floor, Room No. 4E75, 7 Ratchadaphisek Road, Din Daeng Subdistrict, Din Daeng District, Bangkok 10400
6. Khon Kaen Branch		
126/54 Moo 16, Mittraphap Road, Nai Mueang Subdistrict, Mueang Khon Kaen District, Khon Kaen 40000		
Business Type		Provider of IT services
Registration Number		0105559127905
Phone Number		02-138-9866
Website		www.vserveplus.co.th
Registered/Paid-up Capital		THB 40 million, comprising 400,000 ordinary shares with a par value of THB 100 per share

Company Name	I-Secure Company Limited
Head Office	55 Soi Pradiphat 17, Pradiphat Road, Sam Sen Nai Subdistrict, Phaya Thai District, Bangkok 10400
Business Type	Managed security service provider (MSSP)
Registration Number	0105549064846
Phone Number	02- 615-7005-7
Website	www.i-secure.co.th
Registered/Paid-up Capital	THB 40 million, comprising 400,000 ordinary shares with a par value of THB 100 per share

c. Auditor

Company	KPMG Phoomchai Audit Limited
Head Office	Empire Tower, 48th–51st Floor, 1 South Sathorn Road, Yannawa Subdistrict, Sathorn District, Bangkok 10120
Phone Number	02-677-2000
Fax Number	02-677-2222

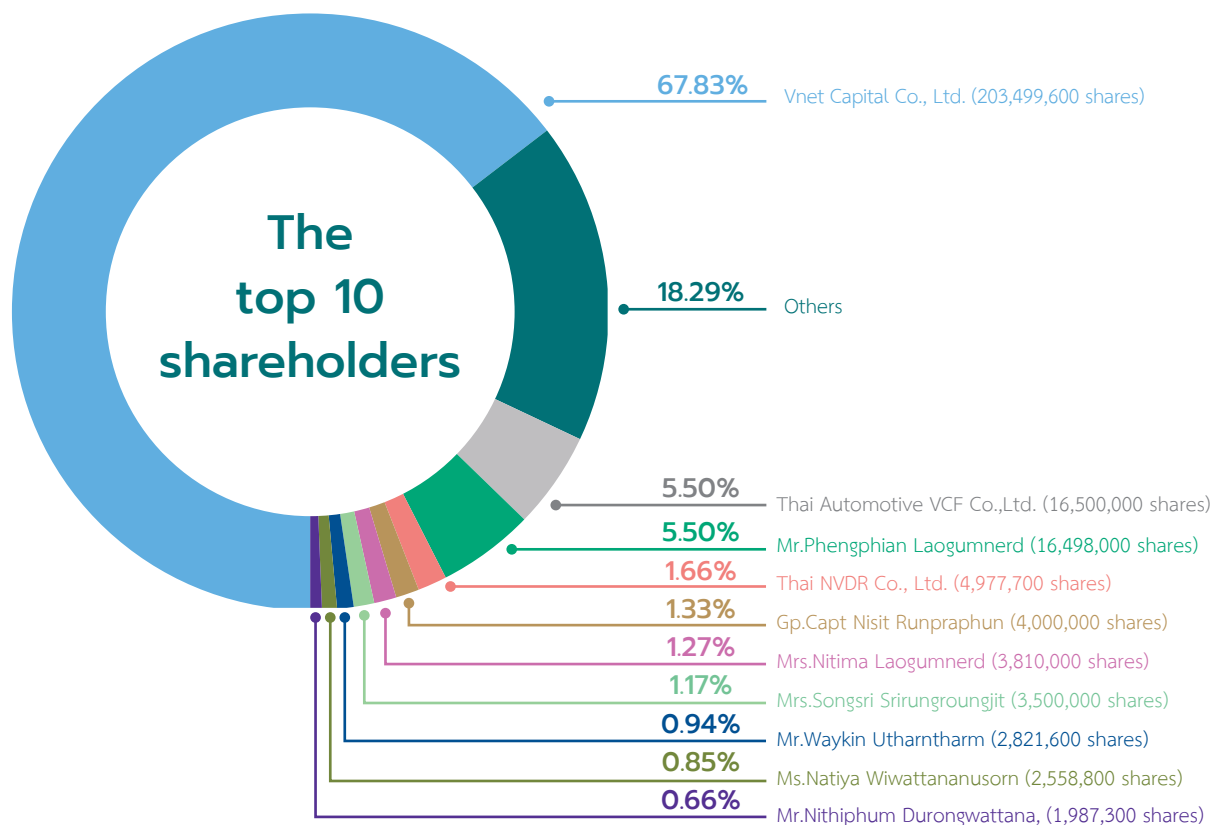
The shareholding structure



Major Shareholders

Vintcom Technology Public Company Limited is listed on the Market for Alternative Investment (MAI). Details of the registered and paid up capital as of December 31, 2019 were shown below.

- Registered and Paid Up Capital:
Baht 150,000,000 comprising 300,000,000 ordinary shares with par value at Baht 0.50
- The top 10 shareholders as of December 31, 2019 are as follows;



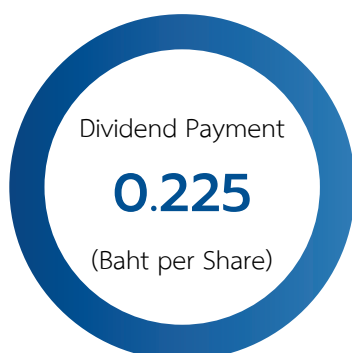
Dividend Policy

The Company has a policy to pay dividend of no less than 50% of net profit after taxes and any reserves legally required, based on separate financial states. Determination of dividend amount takes into the Company's cash flows, adequacy of working capital, future investment plans, loan repayment, agreements' terms and conditions, legal restrictions, and future business requirements. Once the Board of Directors has passed a resolution to approve dividend payment, it shall obtain approval from the shareholders' meeting. An exception shall apply to interim dividend payment, which may be approved by the Board of Directors provided that there is sufficient profit to do so. In such case, the Board of Directors shall report the payment to the next shareholders' meeting.

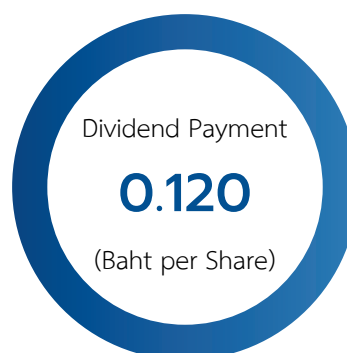
Subsidiary companies' dividend policy is similar to that of the Company i.e., dividend payout not be less than 50% of net profit after deduction of taxes and any reserves legally required.

Below table shows the Company's dividend payment in the past.

2017



2018



Industry Overview

According to IDC, a global leading provider of market intelligence and advisory services, 61% of Thailand's GDP will be digitalized by 2022. Growth in every industry is anticipated to be driven by digitally enhanced products and services, operations, management, communications, as well as customer and user engagement, ultimately driving THB 2 trillion in IT-related spending from 2019 through 2022. Digitally transformed enterprises will adopt a digitized operating model that is different from traditional enterprises and centered on 3 core elements:

1. **Hyperspeed:** The ability to create and enhance digital products and services at an exponentially faster rate.
2. **Hyperscale:** Strengthening their IT infrastructure to accommodate immense business expansion.
3. **Hyperconnect:** The ability to develop innovative technologies and expand digital supply chains through open source and data communities.

The shift toward digital transformation is primarily driven by a rapid emergence of new innovations that pervade industries and affect the nature of competition and operations through accelerated disruption. In addition, startups are beginning to leverage disruptive approaches and adopt platform thinking to evolve their business models and compete at hyperscale. Business growth is predominantly powered by economies of learning and artificial intelligence that dramatically enhances competencies like never before. Meanwhile, the demand for cybersecurity and network security has become increasingly important in the new digital environment due to increased dependence on information technology. IT-dependent organizations are exposed to adversarial risk and loopholes resulting from the complexity and expansion of attack surface.

To facilitate and respond to business growth and digital transformation, Vintcom Technology Public Company Limited offers an extensive array of products and services, ranging from IT infrastructure to cyber and network security solutions specifically designed for enterprises. Professional services such as system design, development and implementation are also provided to fulfill customer needs. These products and services enable organizations to compete in the digital economy, drive disruptive changes in their operations, and adapt to technological changes more rapidly.



Risk Factors

Risks are inevitable in businesses and may pose significant impacts to enterprises, whether in the aspect of revenue, profit, assets, liquidity, sources of funds, operating performance, or financial position. Amid unforeseen circumstances such as changes in relevant laws and government policies, risks may affect the Company's opportunities in respect of forward-looking statements, future projects, business performance predictions, and business expansion plans. Investment in the Company calls for investors' consideration of key risk factors arising from its business conduct, as summarized below.

Risk Factors

1) Risk of Reliance on Oracle Products

The Company has been appointed as an authorized distributor of Oracle Corporation ("Oracle") products since 2010. The sales of Oracle products in 2018 and 2019 accounted for 62% and 51% of total consolidated revenue, respectively. This year-over-year decrease was attributable to the Company's strives to increase the variety of products and services in response to customer needs. However, this high percentage contribution of Oracle sales to total revenue, the Company is undoubtedly exposed to high risk. More specifically, the Company's business performance and revenue could materially be affected by Oracle's termination of the distributor agreement or changes in the business policy and number of distributors.

Although Oracle products have consistently and increasingly generated sales for the Company, the Company recognizes the potential consequences of heavy reliance on Oracle products. In that regard, the Company strives to increase the variety of its products and services in response to customer needs. The Company has served as a partner and distributor of Hitachi Data Systems, Palo Alto Networks, Infoblox, Citrix, Informatica, Splunk and Yitu. In 2019, the Company was appointed as a distributor of CrowdStrike and Anomali, which have headquartered in the United States. CrowdStrike and Anomali are the world's leading cyber security companies with a high growth rate in the market.

In 2016, the Company partnered with VST ECS (Thailand) Company Limited ("VST ECS") to invest in vServePlus Company Limited ("vServePlus"), an IT service provider. More recently, in 2018, the Company acquired I-Secure Company Limited ("I-Secure"), which is a managed security service provider (MSSP) that offers outsourced IT security services to enterprises. Concerning the costs of hardware, software and labor, along with the lack of in-house security specialists, many enterprises are turning to MSSPs in an effort to combat these challenges. I-Secure houses a team of experienced professionals and has gained recognition among leading corporations in the financial services sector, such as banks, securities companies, asset management companies and insurance companies. Other corporate customers of I-Secure include reputable companies in the real estate industry, manufacturing industry and retail industry. The investment in vServePlus and the acquisition of I-Secure have enabled the Company to successfully expand the scope of IT services and offer a more comprehensive range of products of various brands. These subsequently allow the Company to diversify the risk of reliance on Oracle products.

2) Customer Concentration Risk

The main revenue streams of the Company are enterprise-level IT products and services. In 2018 and 2019, the Company's top 10 corporate customers collectively accounted for 54% and 44% of total consolidated revenue, respectively—none of which individually represented more than 30% of total revenue. The foregoing 10 corporate customers are varied from year to year, depending on the potential of SI customers to secure projects or win a bid on the projects of end users, which are predominantly medium and large enterprises. In 2019 we adjusted the risk indicators in this regard to the ratio of sales from the government to the private sector, with the year 2019, we had the ratio of government sales to the private sector to 19:81, the risk factors in this deal to be greatly reduced due to having the majority of customer base in the private sector. This causes the risk level in this item to be low level of risk.

The Company acknowledges the risk of customer concentration and thereby endeavors to expand its customer base to CLM countries in an attempt to reduce over-dependence on large corporate customers. At present, the Company has been appointed as an authorized distributor for Oracle, Palo Alto Networks, Infoblox, Citrix, Informatica, Splunk, CrowdStrike and Anomali in CLM countries. Additionally, the Company has relentlessly established a good relationship with customers through its provision of pre and post-sale services, which has strengthened customers' confidence in the Company's products. In efforts to maintain a strong relationship with customers and generate new business opportunities, the Company strives to equip customers with knowledge and new technological advancements associated with its products on a regular basis.

3) Key-Person Dependency Risk

The IT products distributed by the Company are enterprise-level products that exhibit complexity and serve a variety of applications, hence entailing reliance on professional knowledge, skills and experience of specialists from presales to post sales. The distribution of products further requires personnel who have been trained and certified by vendors or product owners. In that regard, the Company may be exposed to the risk of reliance on specialists or key persons, which may subsequently impact the Company's business operations if there is a lack of personnel appurtenant to the functions.

Recognizing the importance of human resources, the Company has established a set of guidelines to avert potential risks arising from lack of personnel and ensure adequate workforce that is required for the Company's current and future needs to execute strategic business goals. The Company attaches great importance to the development of knowledge, skills and competencies of personnel to enhance creativity and quality of services offered to customers. Similarly, the Company strongly values employee training, organizational commitment, positive work environment, and strong culture of teamwork. The Company also strives to drive employee engagement and promote good relationships between employees at all levels. To motivate and retain employees, the Company offers monetary compensation and benefits that are competitive with or equivalent to those of other companies in the same industry.

4) Foreign Exchange Risk

The Company imports certain products from overseas, making it exposed to foreign exchange risk. In 2018 and 2019, the Company's import of products and services accounted for 33.96% and 43.99% of total cost of products and services, respectively. The majority of such import are denominated in US dollars, while the Company's revenue is principally derived from domestic sales. Nonetheless, revenue from sales and services denominated in foreign currencies came from CLM countries. In 2018 and 2019, the Company's revenue from foreign currency-denominated sales contributed 22.09% and 18.83% to total revenue, respectively. In that respect, the Company's profitability may be affected by the volatility of foreign exchange rates.

To ease foreign exchange risk, the Company has entered into a forward contract to purchase foreign currencies at a predetermined price on a future date, as well as setting the price of each product by making allowances for foreign exchange risk. Various news and information are also closely monitored to ensure timely decision making. In addition, the Company's executives are responsible for regulating and managing foreign exchange risk to achieve an acceptable level of risk that is appropriate to the Company's business operations.

5) Risk of Technological Change

The Company and its subsidiaries are engaged in IT businesses, the nature of which involves rapid technological advancement and progress. New products with advanced features are continually launched to serve and fulfill the needs of customers. Accordingly, the Company's inability to adapt to the changes in market condition or offer up-to-date products and services to customers may provoke them to switch to competitors' products. This may consequently affect the number of customers and total revenue of the Company.

To ensure readiness for technological change and adaptability, the Company thoroughly monitors news, information and changes in related industries, as well as offering products and services that correspond to the market demand to prevent loss of business opportunities or competitive disadvantages. The Company has established a policy that requires all relevant personnel to study technology news and updates, as well as developing knowledge and attending training seminars on a continual basis to keep pace with technology. As a distributor of global leading IT products, the Company is well-equipped with information and news on latest technology trends and has provided employees with regular training on technological knowledge, which further enhances its readiness for technological change.

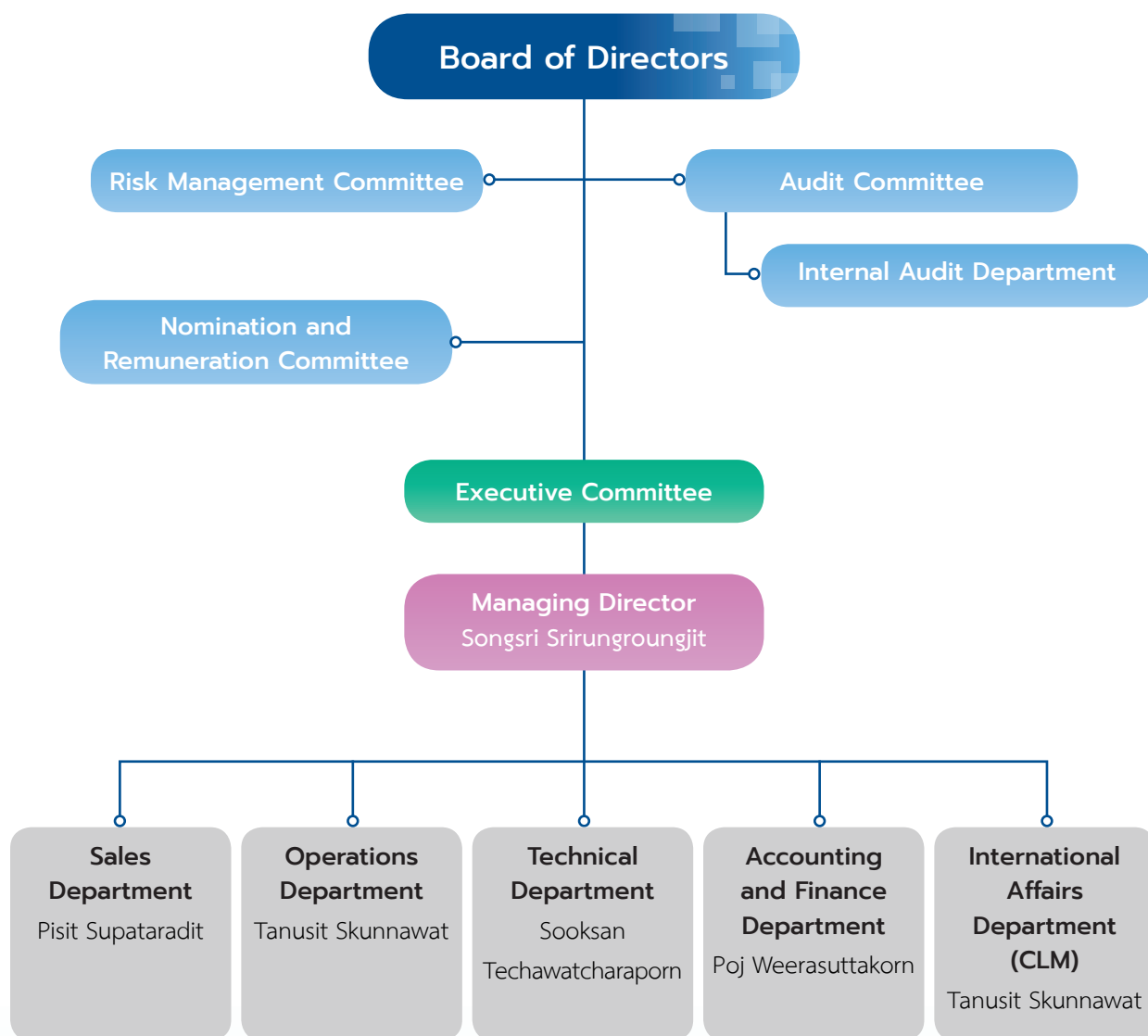
6) Risk of Legal Dispute

The Company is in an unsettled legal dispute, which may have a material adverse impact on the Company's assets. On February 4, 2011, Telematics Company Limited ("Telematics") filed to Bangkok South Civil Court a lawsuit against the Company on charges of infringement, claiming for damages in the amount of THB120.12 million or an equivalent of 27.30% of shareholders' equity or 10.35% of total assets as presented in the consolidated financial statements for the year ended December 31, 2019. Telematics also filed a lawsuit against the Company in the Criminal Court for offense under the Computer-Related Crime Act B.E. 2550 and the Act on Offenses Committed by Government Officials B.E. 2502. November 15, 2018 the Court of Appeal dismissed the case and all of the 10 defendants were adjudged not guilty under the Act on Computer Crime B.E. 2550 and the Act on Offences Committed by Officials of State Organizations or Agencies B.E. 2502. The Plaintiff has filed the Appeal to the Supreme Court, but the Supreme Court did not accept the Appeal. Therefore, this case is now finalized.

To instill confidence in the investors and protect the interests of shareholders concerning potential damages that may arise from the aforementioned legal dispute, Vnet Capital Company Limited ("VNET")—the major shareholder of the Company—has entered into a memorandum of understanding with the Company to guarantee for damages attributable to the legal dispute. More specifically, VNET has pledged that, while the case is still pending, it will not sell or transfer the Company's shares in the amount at which the total value of shares computed from the IPO price ("Securities") equates the amount of damages. Furthermore, if the court finds the Company guilty and thereafter issues a compensation order, VNET agrees to sell the Securities and use the proceeds as compensation for damages, as well as holding the Company harmless from any claims, liability, or damage.

Organization Chart

Management Structure of the Company as of December 31, 2019



Note: The Company appointed Audit House Company Limited as its internal auditor.

The management structure of the Company is composed of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Executive Committee comprising competent individuals with qualifications pursuant to Section 68 of the Public Limited Companies Act B.E. 2535 and relevant notifications of the Capital Market Supervisory Board.

Board of Directors

As of December 31, 2019, the Board of Directors consisted of 7 members as follows:

Name	Position	Board Meeting Attendance
1. Mr. Narong Intanate	Director/Executive Chairman	5/5
2. Mr. Sopon Punyaratabandhu	Director/Executive Director	5/5
3. Mrs. Songsri Srirungroungjit	Director/Executive Director/Managing Director	5/5
4. Mr. Punn Kasemsup	Independent Director	5/5
5. Mr. Sanpat Sopon	Independent Director/Chairman of the Audit Committee	5/5
6. Mr. Thanachart Numnonda	Independent Director/Audit Committee Member	4/5
7. Mr. Kriengkrai Boonlert U-Thai	Independent Director/Audit Committee Member	4/5

The Board of Directors consists of 4 independent directors, which exceed one-half of the total number of directors, and 3 of the independent directors are members of the Audit Committee. Mr. Thanachart Numnonda is the independent director with knowledge, experience, and expertise in computer technology and communication system. He currently holds a position of the Director General of IMC Institute, a research center aimed at developing competencies of personnel in the IT industry to accommodate business growth in the Digital Era.

Authorized Directors

Any two of the three directors, namely Mr. Narong Intanate, Mr. Sopon Punyaratabandhu and Mrs. Songsri Srirungroungjit, jointly sign their names with the Company's seal affixed.

Directors' Term of Office

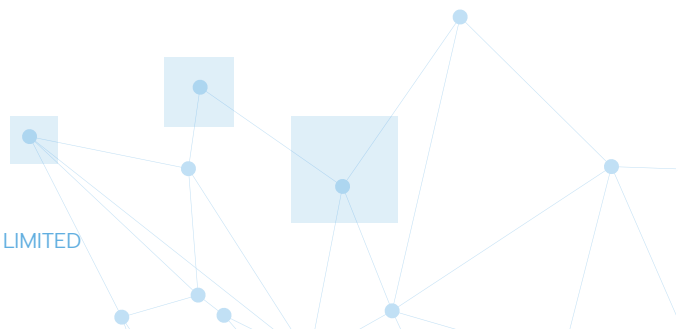
At every annual general meeting of shareholders, one-third or the number nearest to one-third of the total number of directors shall retire by rotation. The directors to retire in the first and second years following the incorporation of the Company shall be drawn by lots. In subsequent years, the directors who have held office for the longest time shall retire. Directors retiring by rotation may be re-elected to continue office for another term.

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

The Board of Directors is authorized to supervise the Company's management to comply with applicable laws, objectives, Articles of Association, and resolutions of shareholders' meetings. The Board of Directors shall perform its duties with integrity and honesty in the best interest of the Company, as follows:

- 1) To perform its duties with responsibility, prudence and integrity, and comply with applicable laws, objectives, Articles of Association, and resolutions of shareholders' meetings, particularly on matters which require prior approval of the shareholders' meeting, such as matters legally required to obtain resolutions of shareholders' meetings and matters relating to connected transactions and purchase or sale of significant assets pursuant to the regulations of the Stock Exchange of Thailand or other government agencies.
- 2) To review and approve the Company's management structure and authority.
- 3) To review and approve the Company's policies, vision, mission, business plans, and annual budget, including investment, establishment of subsidiaries, acquisitions, investment in associate companies or other companies, and agreements between the Company and distributors.
- 4) To supervise the Company's management to achieve objectives and goals in an efficient and effective manner in conformity with the policies, action plans, and budget.
- 5) To appoint the Executive Committee and sub-committees as deemed appropriate and determine the scope of authority and duties thereof.
- 6) To establish reliable systems for accounting, financial reporting and auditing, including appropriate documentation to allow for subsequent verification.
- 7) To regularly assess the Management's performance and ensure a suitable compensation mechanism for executives and employees.
- 8) To ensure that the Company has efficient and effective internal control and internal audit systems, comprehensive risk management system with suitable guidelines and procedures, efficient performance reporting and monitoring, and mechanisms for complaint-handling and whistleblowing, as well as to oversee the Company's compliance with good corporate governance policy.
- 9) To supervise the Management to implement clear, transparent, and adequate disclosure of information regarding connected transactions to prevent potential conflicts of interest and to report such transactions to the Board of Directors regularly.
- 10) To authorize one or multiple directors or any persons, when deemed appropriate, to act on behalf and under supervision of the Board of Directors, or to give the power of attorney to such persons within an appropriate scope and period; whereby such authorization may be terminated, revoked, amended, or modified whenever deemed necessary by the Board of Directors.

The foregoing authorization shall not be in such a manner that allows the authorized person to approve connected or related-party transactions or transactions that are susceptible to conflicts of interest with respect to the Company or its subsidiaries, unless such transactions are part of the Company's normal business operations and conform to the terms of trade or policies and criteria approved by the Board of Directors pursuant to the notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies.



Scope of Authority, Duties and Responsibilities of the Chairman

1. To supervise and oversee the performance of the Board of Directors, ensuring that it is efficient and conforms to the Company's main objectives and goals.
2. To encourage directors to perform their duties in accordance with the scope of authority, duties, and responsibilities of the Board of Directors, including applicable laws and good corporate governance, as well as to prompt all Board members to promote a corporate culture of ethical behaviors.
3. To convene and preside over a meeting of the Board of Directors, as well as to cast a casting vote in the event of equality of votes.
4. To ensure that the meeting is efficient and organized in such a way that provides sufficient time for the Management to propose and debate important matters, as well as to promote and give directors an opportunity to express their views and opinions freely.
5. To strengthen relationships between directors and between the Board of Directors and the Management.

Audit Committee

As of December 31, 2019, the Audit Committee consisted of 3 members as follows:

Name	Position	Audit Committee Meeting Attendance
1. Mr. Sanpat Sophon	Chairman of the Audit Committee	4/4
2. Mr. Thanachart Numnonda	Audit Committee Member	4/4
3. Mr. Kriengkrai Boonlert U-Thai	Audit Committee Member	3/4

Mr. Kriengkrai Boonlert U-Thai is sufficiently knowledgeable and experienced to review the Company's financial statements. Mr. Kriengkrai Boonlert U-Thai graduated with a Doctor of Philosophy in Business Administration from Oklahoma State University, a Master of Science in Accounting from Oklahoma State University, a Master of Accountancy from Chulalongkorn University, and a Bachelor of Business Administration in Accounting from Rajamangala University of Technology Thanyaburi. Not only had he completed the Director Accreditation Program (DAP), Class 106/2013, but also the Advanced Audit Committee Program (AACP), Class 23/2013. In addition, Mr. Poj Weerasuttakorn, Director of Accounting and Finance Department, acts as the Secretary to the Audit Committee.

Audit Committee's Term of Office

The Audit Committee is subject to a three-year term of office, commencing from the date of appointment. The Audit Committee members who retire by rotation are eligible for re-election. A retiring member shall remain in office until a new member has been appointed to replace his/her position. In case of vacancy in the office due to reasons other than retirement by rotation, the Board of Directors shall elect a qualified director who has no prohibited characteristics to fill the vacant position and act as a substitute member. The substitute member shall hold office for a term equal to the remaining term of office of the former member.

Scope of Authority, Duties and Responsibilities of the Audit Committee

1. Authorities of the Audit Committee

The Audit Committee is authorized to convene a meeting with the Company's Management or staff to request for clarifications, opinions, or any necessary documents. Additional authorities of the Audit Committee include:

1. To propose the appointment of external auditors and the corresponding audit fee to the Board of Directors prior to seeking approval from the annual general meeting of shareholders, and to conduct annual performance evaluation of external auditors.
2. To consider and approve non-audit services and the corresponding service fees for external auditors, and to ensure that the provision of such services will not impair the independence of external auditors.
3. To consider and make decisions in the case where there is a disagreement between the Management and the external auditor with respect to financial reporting, or in the event of limitations in auditing practices.
4. To review corporate governance procedures, connected transactions, and transactions with potential conflicts of interest so as to ensure compliance with applicable laws or regulatory requirements.
5. To provide recommendations to the Board of Directors on the appointment, removal, transfer, or dismissal of the top management of the Internal Audit Office.
6. To consider and approve the appointment of external consultants or professional experts to obtain recommendations or opinions therefrom as deemed appropriate.
7. To consider and approve internal audit charter and annual action plans, as well as procurement of necessary resources.

2. Duties and Responsibilities of the Audit Committee

1. Financial Reporting

- 1.1 To hold a meeting with external auditors at least once a year without the presence of the Management.
- 1.2 To review the completeness and accuracy of the financial statements and evaluate the appropriateness of accounting principles adopted in financial reporting.
- 1.3 To review significant accounting and financial reporting issues, including complex or unusual transactions and items requiring judgement.
- 1.4 To discuss with the Management and external auditors regarding audit results, significant risks associated with financial reporting, and mitigation plans.
- 1.5 To review the effectiveness of internal control pertaining to financial reporting.

2. Internal Control

- 2.1 To ensure that the Management arranges for appropriate internal control processes, including internal control of information technology system, guidelines for communicating the significance of internal control, and risk management.
- 2.2 To ensure that the recommendations on internal control proposed by internal and external auditors are implemented by the Management.

3. Internal Audit

- 3.1 To review the activities, performance, and independence of the Internal Audit Office.
- 3.2 To review the effectiveness of internal audit practices, ensuring that they conform to the internal auditing standards.

4. Compliance with Laws and Regulations

- 4.1 To regularly review and report to the Board of Directors any regulatory changes affecting the Company's operations as proposed by the Internal Audit Office.
- 4.2 To review and report to the Board of Directors the findings presented by regulatory agencies and the corresponding corrective actions.
- 4.3 To review the effectiveness of the system in monitoring compliance with laws and regulations and corresponding corrective actions in case of non-compliance.

5. Risk Management

- 5.1 To review reports presented by the Risk Management Committee and discuss with the Management regarding the Company's risk assessment and management policies.
- 5.2 To review the adequacy of corporate governance and risk management practices of the Company and its subsidiaries.
- 5.3 To review the efficiency of the risk management system of the Company and its subsidiaries.

6. Ethical Compliance for Executives and Employees

- 6.1 To ensure that the ethical standards and the conflict of interest policy have been made in writing and acknowledged by all executives and employees.
- 6.2 To promote compliance with business ethics and conflict of interest policy.

7. Consideration of Connected Transactions

To review connected transactions or transactions with potential conflicts of interest in compliance with the regulations of the Stock Exchange of Thailand so as to ensure that they are reasonable and in the best interest of the Company.

8. Preparation of Reports

- 8.1 To report and recommend to the Board of Directors the corrective actions for transactions that exhibit conflicts of interest, fraud, or material weaknesses of internal control, including non-compliant transactions that materially affect the Company's financial position and performance, in accordance with the requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand and within the period deemed appropriate by the Board of Directors.

In the event that the Board of Directors fails to implement corrective actions for the aforementioned transactions within the specified period, any member of the Audit Committee may report such transactions to the Securities and Exchange Commission and the Stock Exchange of Thailand.

- 8.2 To prepare and disclose the Audit Committee's report in the Annual Report, whereby such report must be signed by the Chairman of the Audit Committee and contain at least the following information:

- Opinions on the accuracy, completeness, and reliability of the Company's financial reports
- Opinions on the adequacy of the Company's internal control system
- Opinions on compliance with the Securities Exchange Act, regulations of the Stock Exchange of Thailand, and other laws pertaining to the Company's business
- Opinions on the appropriateness of external auditors
- Opinions on transactions that are susceptible to conflicts of interest
- Number of the Audit Committee's meetings and attendance by each member of the Audit Committee
- General opinions or observations obtained by the Audit Committee upon performance of duties in accordance with the Charter
- Any other information which are deemed necessary to be reported to shareholders and investors within the scope of duties and responsibilities assigned by the Board of Directors

9. Other Responsibilities

- 9.1 To perform any other tasks assigned by the Board of Directors.
- 9.2 To regularly review and evaluate the Audit Committee's Charter and propose to the Board of Directors for approval in case of any amendment thereto.
- 9.3 To conduct self-assessment at least once a year and propose the results thereof to the Board of Directors.

The Company has appointed Audit House Company Limited, a third party that is not in any way related to the Company, as an internal auditor to be responsible for monitoring and evaluating the adequacy and appropriateness of the Company's internal control system.

Risk Management Committee

As of December 31, 2019, the Risk Management Committee consisted of 4 members as follows:

Name	Position	Risk Management Committee Meeting Attendance
1. Mr. Thanachart Numnonda	Chairman of the Risk Management Committee (Independent Director)	-
2. Mr. Kriengkrai Boonlert U-Thai	Risk Management Committee Member (Independent Director)	-
3. Mrs. Songsri Srirungroungjit	Risk Management Committee Member (Managing Director)	-
4. Mr. Tanusit Skunnawat	Risk Management Committee Member	-

Note: The Board of Directors approved the appointment of the Risk Management Committee on December 13, 2019.

Risk Management Committee's Term of Office

The Risk Management Committee is composed of at least 1 independent director, 1 executive director, and 1 executive with sufficient knowledge and competency, wherein the independent director acts as the Chairman of the Risk Management Committee. The Risk Management Committee has a three-year term of office, commencing from the date of appointment. The Risk Management Committee members who retire by rotation are eligible for re-election. In case of vacancy in the office due to reasons other than retirement by rotation, the Board of Directors shall elect a qualified director to fill the vacant position and act as a substitute member. The substitute member shall hold office for a term equal to the remaining term of office of the former member.

Scope of Authority, Duties and Responsibilities of the Risk Management Committee

1. To formulate risk management policies, guidelines and framework, and review them at least once every 6 months.
2. To prepare and propose risk management plans be approved by the Board of Directors.
3. To convene the Risk Management Committee's meeting every 6 months or whenever there is an incident that materially affects the Company's performance or whenever deemed appropriate by the Chairman of the Risk Management Committee.
4. To regularly monitor, review, and assess events that significantly impact the Company's risk appetite.
5. To advise and support the Board of Directors, the Management, and the Operations Department on overall risk management, as well as to promote continuous improvement and development of risk management systems.
6. To oversee and ensure that the risk management plans are implemented throughout the organization.
7. To report key risks of the Company, including risk profile, risk management guidelines, and status of the risk management process, to the Board of Directors every 6 months.
8. To appoint a committee to be responsible for supporting risk management processes and activities whenever deemed appropriate and necessary.

Nomination and Remuneration Committee

As of December 31, 2019, the Nomination and Remuneration Committee (NRC) consisted of 3 members as follows:

Name	Position	NRC Meeting Attendance
1. Mr. Punn Kasemsup	Chairman of the NRC (Independent Director)	-
2. Mr. Thanachart Numnonda	NRC Member (Independent Director)	-
3. Mr. Narong Intanate	NRC Member (Executive Chairman)	-

Note: The Board of Directors approved the appointment of the Nomination and Remuneration Committee on December 13, 2019.

Nomination and Remuneration Committee's Term of Office

The Nomination and Remuneration Committee (NRC) is composed of 3 members, of which at least 1 member must be an independent director. The Chairman of the NRC shall be an independent director and appointed by the Board of Directors. The NRC shall have a three-year term of office, commencing from the date of appointment. The NRC members who retire by rotation are eligible for re-election. In the event that a member of the NRC is due to retire by rotation or unable to serve a full term of office, the Board of Directors shall elect a qualified director to fill the vacant position immediately or within 3 months of vacancy, so as to ensure continuity in the performance of the NRC's activities.

Scope of Authority, Duties and Responsibilities of the Nomination and Remuneration Committee

1. To determine the qualifications and guidelines for selecting members of the Board of Directors (including members of sub-committees) and managing director and nominating qualified individuals with sufficient knowledge, experience, and expertise to be appointed by the Board of Directors and/or at the shareholder's meeting, as the case may be.
2. To review guidelines and procedures with respect to the development of the managing director to be aligned with the Company's business and current situation.
3. To review guidelines and procedures for the payment of compensation (whether in a form of cash, securities, or any other arrangements) to directors, sub-committee members, and managing director, ensuring that they are appropriate and fair and comply with applicable laws.
4. To observe criteria for the performance evaluation of the managing director and propose to the Board of Directors for approval.
5. To review and recommend changes to the scope of authority, duties, and responsibilities of the Nomination and Remuneration Committee to be consistent with the current business situation.
6. To perform other activities assigned by the Board of Directors or in accordance with the policies prescribed by the Board of Directors.

Executive Committee

As of December 31, 2019, the Executive Committee consisted of 3 members as follows:

Name	Position
1. Mr. Narong Intanate	Executive Chairman
2. Mr. Sopon Punyaratabandhu	Executive Director
3. Mrs. Songsri Srirungroungjit	Executive Director

Executive Directors' Term of Office

The Executive Committee is subject to a three-year term of office, commencing from the date of appointment. Executive directors retiring by rotation are eligible for re-election. In case of vacancy in the office due to reasons other than retirement by rotation, the Board of Directors shall elect a qualified person to fill the vacant position and act as a substitute director. The substitute director shall hold office for a term equal to the remaining term of office of the former executive director. An executive director shall vacate office after being terminated from the director position.

Scope of Authority, Duties and Responsibilities of the Executive Committee

1. To determine the Company's management structure and authority and propose to the Board of Directors for approval.
2. To define the Company's vision, direction, policies, and strategies by preparing and proposing business plans and annual budget plans to the Board of Directors for consideration and approval.
3. To manage and operate the Company's business in accordance with the objectives, goals, policies, and regulations of the Company as well as resolutions of the Board of Directors' meetings and/or of the shareholder's meetings.
4. To monitor and supervise departmental performance.
5. To appoint a working group to be responsible for scrutinizing reports submitted to the Executive Committee or to perform any tasks that are conducive to the performance of the Executive Committee.
6. To delegate or assign any person to perform specific tasks on behalf of the Executive Committee.
7. To approve the employment, remuneration, appointment, or transfer of executive officers, excluding transactions with potential conflicts of interest which must be proposed to the Board of Directors for approval.
8. To consider or perform any other duties assigned by the Board of Directors.

Management

As of December 31, 2019, the Management consisted of 5 members as follows:

Name	Position
1. Mrs. Songsri Srirungroungjit	Managing Director
2. Mr. Tanusit Skunnawat	Operations Director
3. Mr. Pisit Supataradit	Sales Director
4. Mr. Sooksun Tachawatcharaporn	Technical Director
5. Mr. Poj Weerasuttakorn	Finance and Accounting Director

Company Secretary

To comply with the Securities and Exchange Act B.E. 2535 and any amendment thereto, the Board of Directors has appointed Mr. Thanapol Narasetsataporn as the Company Secretary to perform the following duties:

- 1) To provide preliminary recommendations to the Board of Directors and executives regarding pertinent laws and regulations that must be abided by the Board of Directors.
- 2) To supervise the Board of Directors' activities, organize meetings of the Board of Directors and shareholders, record the minutes of such meetings, and coordinate with relevant persons to ensure compliance with the meeting resolutions.
- 3) To prepare and maintain important documents of the Company, comprising:
 - 3.1 Register of directors
 - 3.2 Notices and minutes of the Board of Directors' meetings and annual reports of the Company
 - 3.3 Notices and minutes of shareholders' meetings
- 4) To maintain reports on the interests of directors and executives who are responsible for reporting their interests, including those of related parties, to the Company.
- 5) To perform any other duties required by the Capital Market Supervisory Board.

Mr. Thanapol Narasetsataporn has completed the Company Secretary Program (CSP), Class 66/2015.

Remuneration of Directors and Executives

(1) Monetary Compensation

(a) Directors

On April 26, 2019, the Annual General Meeting of Shareholders approved the compensation structure for the Board of Directors and Audit Committee as follows:

Position	Monthly Remuneration	Meeting Allowance Per Time
Chairman of the Board	15,000	15,000
Chairman of the Audit Committee	20,000	20,000
Director	15,000	15,000

The Risk Management Committee and the Nomination and Remuneration Committee, as appointed by the Board of Directors, are entitled to receive the meeting allowance according to the number of meetings attended, at an equal rate of 15,000 Baht/time.

The Company paid remuneration to the directors as follows:

Name of Director	Position	Directors' Remuneration (Baht)			
		Company	Audit Committee	NRC	RMC
1. Mr.Narong Intanate	Chairman of the Board Executive Director NRC Member	255,000	-	-	-
2. Mr.Sopon Punyaratabandhu	Executive Director	255,000	-	-	-
3. Mrs.Songsri Srirungroungjit	Managing Director Executive Director RMC Member	255,000	-	-	-
4. Mr.Punn Kasemsup	Independent Director Chairman of the NRC	255,000	-	-	-
5. Mr.Sanpat Sopon	Independent Director Chairman of the Audit Committee	320,000	75,000	-	-
6. Mr.Thanachart Numnonda	Independent Director Audit Committee Member Chairman of the RMC NRC Member	240,000	60,000	-	-
7. Mr.Kriengkrai Boonlert U-Thai	Independent Director Audit Committee Member RMC Member	240,000	45,000	-	-
Total		1,820,000	180,000	-	-

In 2019, the Company paid remuneration to the executives as follows:

Remuneration	2019	
	Number of Executives	Amount (Million Baht)
Salary, bonus, and other compensation, namely contributions to the social security fund, contributions to the provident fund, and post-employment benefits	5	23.99

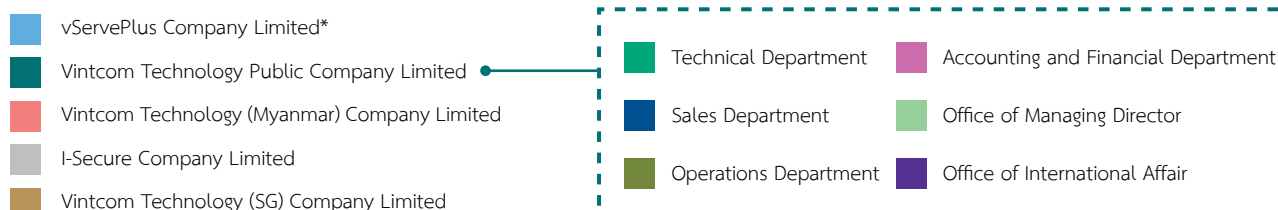
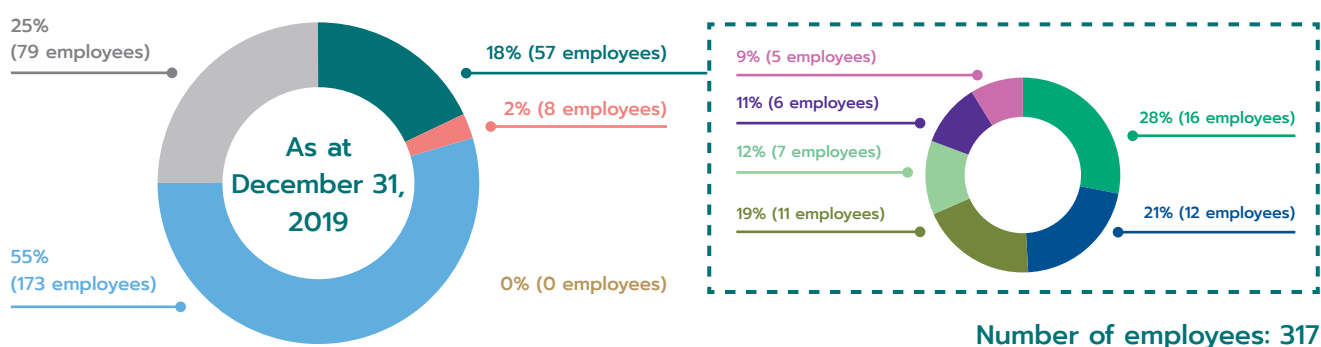
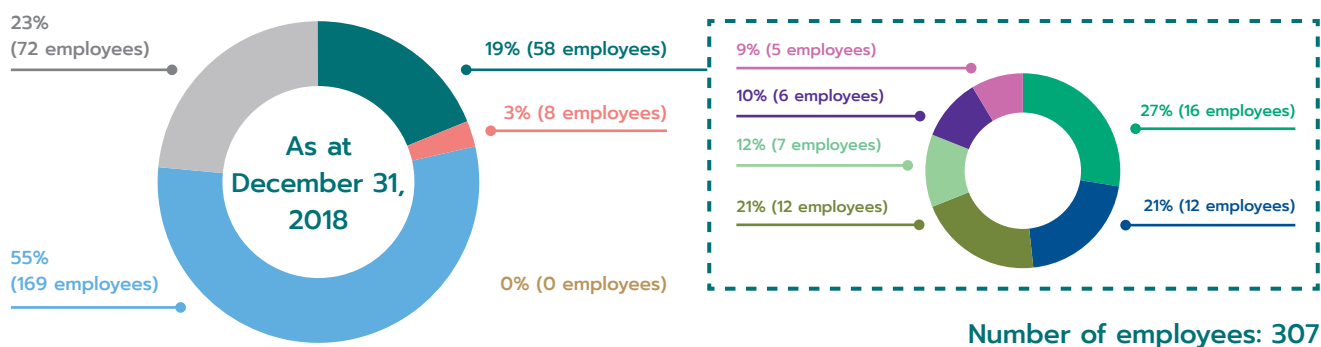
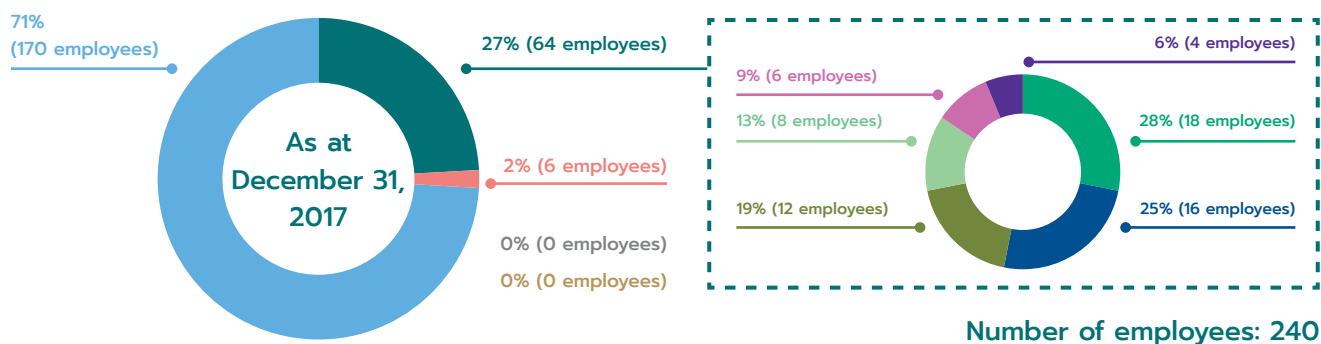
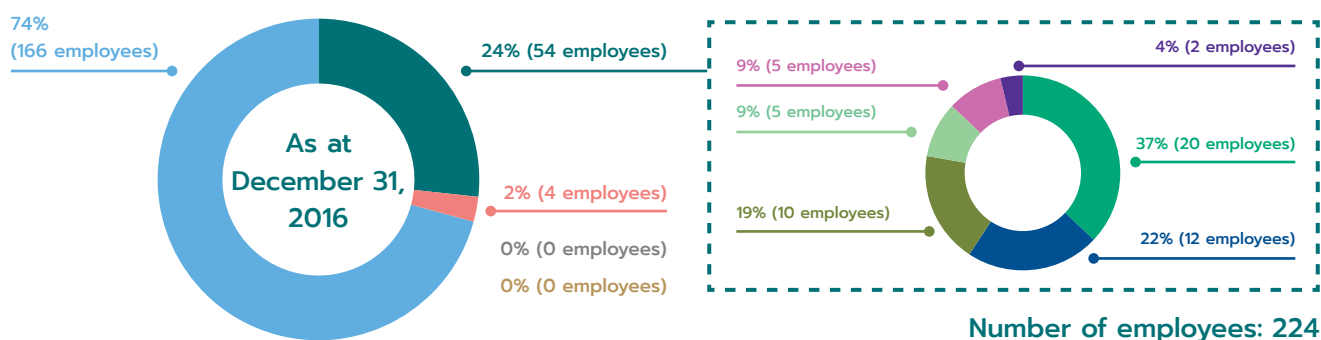
(2) Other Compensation

- None -

Personnel

(A) Number of personnel

As on December 31, 2019, the Company and its subsidiaries had 317 employees (excluding executives). It can be classified by responsibility as follows:



Note: vServePlus Company Limited was the transferee of 155 employees from VST ECS (Thailand) Company Limited according to the business transfer agreement of VST ECS (Thailand) Company Limited on September 1, 2016.

(B) Employee compensation

In 2019, the Company paid compensation to employees totaling Baht 207.10 million. The compensation is in the form of salaries, bonuses, overtime, social security, provident funds and so on.

(C) Provident Fund

The Company has established a provident fund under the management of Kasikorn Asset Management Company Limited. The purpose is to create morale for the employees and to motivate employees to work with the company in the long run. The Company has started contributing its fund to the provident fund since 2016.

(D) Other compensation

- None -

(E) Policy on Human Resources Development

The Company recognizes the importance of employees, taking into account that all employees are the company's most valuable asset. The Company is committed to the development potential of employees by giving priority to the development of knowledge, the ability, and the skills of every employee at all positions by organizing training, seminars, and field visits both domestic and international. The Company also strives to continuously improve employees' capabilities to meet the standards of the manufacturers, especially technicians who will be trained and tested regularly.





Corporate Governance

1. Corporate Governance Policy

The Company values a management system that embraces efficiency and transparency in the belief that good management that adheres to ethical standards and relevant laws is instrumental in fortifying the confidence of all stakeholders and achieving sustainable growth. With that respect, the Company has prescribed a good corporate governance policy to enhance its existing operations while maintaining clear standards of practice to be complied by employees at all levels, hence promoting a culture of corporate governance.

Section 1: Rights of Shareholders

The Company recognizes and values all fundamental rights of shareholders, both as investors and owners of the Company. These include the right to trade and transfer their own securities, the right to receive dividends from the Company, the right to access adequate information of the Company, the right to attend shareholders' meetings, the right to express opinions, and the right to make decisions on important affairs of the Company such as dividend allocation, capital reduction or capital increase, appointment or removal of directors, appointment of auditors, approval of significant transactions that influence the Company's direction, and amendment to the Company's Memorandum of Association and Articles of Association.

In addition to the foregoing fundamental rights, the Company has made additional efforts to promote and facilitate the exercise of rights of shareholders as follows:

(1) Shareholders' Meetings

- 1.1 The Company has a policy to encourage or promote all shareholders, including instructional shareholders, to attend the meeting.
- 1.2 The Company will prepare the meeting notice, which contains information such as the venue, date, time, agenda, and matters to be proposed to the meeting; whereby the clarifications and reasons or opinions of the Board of Directors will be included in each agenda item or resolution proposed in the meeting notice, or in other supplementary documents. The Company will circulate the meeting notice, along with all other supporting information, to the shareholders in advance according to the period prescribed by the law. The meeting notice will be advertised in a newspaper at least three days prior to the meeting date and for three consecutive days. Additionally, the Company will post the meeting notice and supporting documents on its website so as to ensure that shareholders have sufficient time to study all necessary information prior to attending the meeting.

The Company will fully facilitate the shareholders' exercise of rights to attend and vote at the meeting and will not engage in any act that discourages shareholders from attending the meeting, such as by ensuring that the meeting procedures are not complicated or costly and the meeting venue is easily accessible by shareholders.

- 1.3 The Company will provide opportunities for shareholders to submit questions prior to the meeting, whereby the criteria for submitting questions will be determined by the Company and will be thereafter posted on the Company's website.

- 1.4 To facilitate shareholders who cannot attend the meeting in person, the Company will provide an opportunity for the shareholders to appoint an independent director or any person to act as a proxy, using one of the proxy forms attached to the meeting notice. In addition, the Company will propose at least one independent director to serve as a proxy of the shareholders.

(2) Procedures on the Meeting Date

- 2.1 To ensure that each shareholders' meeting is proceeded in an accurate and timely manner, the Company promotes the use of technology in all shareholders' meetings, including in the registration of shareholders, the counting of votes, and the display of voting results.
- 2.2 The Company encourages the Board of Directors, executives, and related parties, including auditors, to attend the meeting in unison.
- 2.3 At each meeting, the Company will offer an equal opportunity to all shareholders. Prior to the commencement of the meeting, the Chairman will elaborate on the exercise of the voting rights and the vote counting procedures for each agenda item. Likewise, all shareholders will be provided an opportunity to freely express their opinions and propose suggestions and inquiries, ensuring that there is adequate time before casting votes on each agenda item. Additionally, the Chairman will ensure that the meeting is proceeded by the order of the agenda and attended by the directors and executives to answer any and all questions raised by the shareholders. All significant questions and suggestions will be recorded in the minutes of meeting so that they can be examined by the shareholders.
- 2.4 With respect to the agenda on the appointment of directors, the Company provides an opportunity for shareholders to vote for individual directors, whereby the shareholders have the right to nominate a candidate who is qualified to serve as a director in their interest. This will ensure diversity and true representation of shareholders.
- 2.5 The Company promotes for the assignment of independent representatives to examine the counting of votes at the meeting, which will be disclosed to the meeting and recorded in the minutes.
- 2.6 To ensure transparency and accountability in the event of disputes, the Company arranges for the use of voting cards for significant agenda items, such as related-party transactions and acquisition or disposal of assets.

(3) Preparation of the Minutes of Meeting and Disclosure of the Meeting's Resolutions

- 3.1 After each meeting, the Company will prepare the minutes of meeting, which contain complete and accurate information, including the questions and answers presented at the meeting, the voting results of each agenda item categorized by approved, disapproved, and abstained votes, and the list of directors who are present and absent at the meeting.
- 3.2 The Company will disclose on the Company's website the voting results of each agenda item on the business day following the date of the meeting and will thereafter publish the minutes of meeting on the Company's website so that they can be examined by the shareholders.

Section 2: Equitable Treatment of Shareholders

The Company has implemented a policy to treat all shareholders equally and fairly, including major or minor shareholders and executive or non-executive shareholders. The Company provides opportunities for minor shareholders to nominate director candidates in advance and to propose additional agenda items prior to the meeting. In addition, the Company offers an opportunity for shareholders who cannot attend the meeting in person to exercise their voting rights by proxy.

The Company has prescribed preventive measures to impede the misuse of inside information by directors and executives in a way that benefits themselves or others, such as trading securities by using inside information and disclosing inside information to persons associated with directors or executives which are considered as the exploitation of inside information or may cause damage to shareholders as a whole.

The Company requires all directors and executives to disclose their interests, including those of their related parties, to enable the Board of Directors to identify transactions that may have a conflict of interest and thereby make appropriate decisions in the interest of the Company. Directors and executives who have a vested interest in any of the Company's transactions are prohibited from making decisions on such transactions.

The Company has established guidelines for equitable treatment of shareholders as follows:

(1) Provision of Information Prior to the Shareholders' Meeting

- 1.1 The Company will notify the Stock Exchange of Thailand of the meeting schedule and agenda, which will be published on the Company's website at least 28 days prior to the meeting date.
- 1.2 Prior to each meeting, the Chairman will inform the shareholders of the meeting rules and regulations, voting procedures, voting rights, and vote counting procedures for each agenda item.

(2) Protection of Minor Shareholders' Rights

- 2.1 The Company has prescribed guidelines for minor shareholders to propose matters to be included in the agenda prior to the date of the meeting in order to emphasize fairness and transparency in the consideration of the inclusion or exclusion of the matters proposed by minor shareholders.

The qualifications of shareholders who are entitled to propose matters to be included in the meeting agenda shall be in accordance with Section 89/28 of the Securities and Exchange Act, which prescribes that a shareholder or shareholders who is/are entitled to submit to the Board of Directors a written proposal for inclusion of additional matters in the meeting agenda shall: 1) have the voting rights collectively amounting to at least five percent of the total voting rights of the Company; and 2) have held shares for at least 12 consecutive months commencing from the shareholding date until the date of proposal. In proposing each matter to be included in the meeting agenda, the shareholders shall specify the objectives and details of the proposed matter, along with any other information that are beneficial for consideration.

The Company reserves the right to not include the proposed matter in the meeting agenda under the following circumstances:

- 1) The proposed matter is relevant to the Company's ordinary business operations and the facts given by the shareholders do not have sufficient grounds to suspect the irregularity of such matter.
- 2) The proposed matter is not within the Company's control.
- 3) The proposed matter is ordinarily required by law to be considered at a shareholders' meeting and is essentially included in the agenda of each meeting.
- 4) The proposed matter is not conducive to the Company's operations.
- 5) The proposed matter is in conflict with the laws, notifications, regulations, and rules of government agencies or supervisory authorities.
- 6) The proposed matter is in conflict with the Company's objectives, regulations, meeting resolutions, and corporate governance principles.
- 7) The information provided by the shareholders is incomplete or inaccurate, or the Company is unable to contact the shareholders to obtain additional information.
- 8) The matter has been proposed to the shareholders' meeting within the preceding 12 months and received a resolution with the vote of less than 10 percent of the total voting rights of the Company, whereby the facts provided by the shareholders are not significantly different from those proposed at the previous shareholders' meeting.
- 9) The proposed matter has already been acted upon by the Company.
- 10) Other matters, such as duplicate matters that have already been proposed.

In the event that the shareholders fail to comply with the specified guidelines, the Company will inform the shareholders at the meeting by specifying the reason for refusal of the inclusion of such matter in the meeting agenda.

The Company Secretary will examine the proposal and thereafter propose to the Board of Directors to consider including the proposed matter in the meeting agenda, whereby the Board of Directors' decision shall be deemed absolute and final.

- 2.2 The Company has established procedures for minor shareholders to nominate director candidates by submitting the name of the candidate to the Company Secretary at least three months prior to the shareholders' meeting, along with supporting information with respect to the candidate's qualifications and consent.

The qualifications of shareholders who are entitled to nominate director candidates shall be in accordance with Section 89/28 of the Securities and Exchange Act, which prescribes that a shareholder or shareholders who is/are entitled to nominate a director candidate shall: 1) have the voting rights collectively amounting to at least five percent of the total voting rights of the Company; and 2) have held shares for at least 12 consecutive months commencing from the shareholding date until the date of proposal.

The candidates who are to be nominated for the director position shall satisfy the qualification requirements prescribed in the Public Limited Companies Act, the Securities and Exchange Act, the

regulations of the Securities and Exchange Commission, the regulations of the Stock Exchange of Thailand, and the Company's Articles of Association. In addition, the said candidates shall have other qualifications as specified by the Company, such as having knowledge, skills, and experience that are conducive and appropriate to the nature of business of the Company, having a satisfactory work record, having independence, adhering to the principles of integrity, morality, and ethics while performing duties as a director, and being able to attend the Board of Directors' meeting on a regular basis.

The independent directors will examine the director candidates and thereafter propose to the Board of Directors to consider whether or not to propose such candidates to the shareholders' meeting; whereby the Board of Directors' decision shall be deemed absolute and final.

- 2.3 The Company provides an opportunity for shareholders to exercise the right to appoint individual directors.
- 2.4 The Company has no policy to add agenda items at the meeting without notifying shareholders in advance, unless otherwise deemed necessary; whereby the foregoing particularly applies to significant agenda items that require a considerable amount of time to study the information before making decisions, in which case an advance notice is necessary to provide shareholders the opportunity to study any and all supporting information prior to decision making. Additionally, the Company does not limit the right of shareholders to attend the meeting in the event of late attendance.

(3) Prevention on the Misuse of Inside Information

The Company has established internal regulations to supervise the use of inside information with the aim to prevent the exploitation thereof for the benefit of oneself or others and to ensure fairness for all stakeholders. The Company has prescribed written guidelines to be complied by all employees with respect to the handling of inside information and prevention on the use of inside information for personal advantage. In addition, directors, executives, management personnel in the Accounting or Finance Department or equivalent, and employees who have access to inside information that could have a significant impact on the Company's share price are prohibited from using inside information prior to the public disclosure thereof. Likewise, the Company prohibits any persons in connection with inside information, including their spouses and minor children, from trading the Company's securities, whether directly or indirectly (such as through a nominee or private fund), before one month of disclosure of the Company's quarterly and annual financial reports and at least three business days after the disclosure thereof.

The Company has imposed disciplinary actions on those who exploited or disclosed the Company's inside information in such a way that may damage the Company; whereby such disciplinary actions will be considered on a case-by-case basis, which include verbal warning, written warning, probation, and termination of employment by means of discharge or dismissal, as the case may be.

Furthermore, the Company has provided information to its directors and executives concerning the obligations to report their ownership of the Company's securities, as well as the penalties pertaining thereto, in accordance with the Securities and Exchange Act B.E. 2535 and the requirements of the Stock Exchange of Thailand. All directors and executives are responsible for reporting their ownership of the Company's securities to the Office of the Securities and Exchange Commission within 30 days from the date of their appointment to the director or executive position. In addition, any changes in their holding of the Company's securities must be notified to the Company and reported to the Office of the Securities and Exchange Commission within three business days from the date of trading or transfer so as to comply with Section 59 of the Securities and Exchange Act B.E. 2535 and to be thereafter disclosed to the public.

(4) Directors' Interests

- 4.1 The Company adheres to the principles of equitable treatment of shareholders and has established management guidelines on the transparency of directors' interests, specifically in the case of related-party transactions where directors are required to promptly report such transactions to the Company, as well as to the Board of Directors' meeting prior to the consideration of that agenda item, whereafter such transactions must be recorded in the minutes of the meeting.
- 4.2 The Company has prescribed guidelines to prevent directors or executives with a vested interest in any of the Company's transactions from participating in the consideration or approval of such transactions. Likewise, directors with a vested interest in any agenda item of the Board of Directors' meeting are not entitled to cast votes on that agenda item.

Section 3: Roles of Stakeholders

The Company attaches great importance to the rights of all stakeholders, including internal stakeholders such as shareholders, executives, and employees of the Company and external stakeholders such as customers, suppliers, creditors, competitors, public sector, society, and community. The Company realizes that the support and suggestions provided by all stakeholders are instrumental in its operations and business development. Accordingly, the Company strives to comply with applicable laws and regulations to ensure good and fair treatment towards all stakeholders. Furthermore, the Company is committed to operating its business by contemplating the rights of all stakeholders in accordance with the following policies:

Shareholders

- 1) The Company is responsible for encouraging shareholders to exercise their rights, whereby the fundamental rights of shareholders include the right to trade or transfer shares, the right to receive dividends from the Company, the right to access adequate information regarding the Company's business, and the right to attend shareholders' meetings for appointment or removal of directors, appointment of auditors, dividend allocation, establishment of or amendment to the Memorandum or Articles of Association, capital increase or capital reduction, and approval of special items. Alternatively, the Company is responsible for promoting and encouraging shareholders to exercise their rights on other matters with respect to the shareholders' meeting, such as the right to propose agenda items in advance, the right to nominate director candidates in advance, the right to submit questions prior to the meeting, and the right to express opinions and raise questions at the meeting.
- 2) The Company is responsible for abstaining from any acts that violate or restrict the rights of shareholders, or deprive shareholders of the right to study information required to be disclosed by the Company and the right to attend shareholders' meetings; whereby these acts include failure to promptly distribute important or additional information to shareholders and failure to notify shareholders in advance of any additions to the meeting agenda or any important changes.
- 3) The Company is responsible for facilitating the exercise of rights of shareholders, such as posting significant and up-to-date information on the Company's website and arranging company visits for shareholders.
- 4) The Company is responsible for reporting its status, operating performance, financial position, and other reports on a regular basis in a complete and accurate manner.

Employees

- 1) The Company provides fair compensation to all employees based on their performance, which will be measured in a fair manner according to the Company's guidelines. Short-term benefits for employees include salary, bonus, and social security fund contribution.
- 2) The Company has a policy to promote continuous development of employees' skills and expertise, such as organizing internal and external training for employees and executives.
- 3) The Company is responsible for maintaining a safe and healthy work environment that is conducive to the employees' performance.
- 4) The Company is responsible for maintaining the privacy of employees, whereby the Company will not disclose employees' personal information, such as salary and medical record, to any third party unless such disclosure is required by relevant regulations and laws.
- 5) The Company places emphasis on the rights of employees and adheres to the principles of fair treatment by respecting their personal rights and offering employees the opportunity to file complaints for unfair treatment through a variety of channels, such as suggestion box and Human Resources Department.

Customers and Suppliers

The Company is responsible for complying with various laws that prohibit the Company from conducting unfair or deceptive business practices, which include bribing or offering benefits to obtain a business advantage or breach a contract with other parties. The Company has also established a policy that requires employees to adhere to the highest standards of honesty and integrity in all contacts with customers and suppliers, as well as abstaining from offering or accepting cash or any item of value that could be interpreted as a form of bribery. In conducting business with the public sector, employees are required to comply with relevant laws and regulations and obtain a solid understanding of any special laws that are applicable.

Creditors

The Company is obligated to strictly comply with any and all contracts or conditions agreed upon by both parties. In the event that the Company is unable to do so, it will promptly notify the respective creditor to identify appropriate solutions thereto. The Company shall maintain good relationships and establish credibility with creditors.

Competitors

The Company emphasizes on fair competition and does not seek confidential information of its competitors by unethical or inappropriate means. The Company shall conduct its business under the framework of fair competition and shall not practice any mala fide methods that violate confidentiality or misappropriate trade secrets of its competitors.

Public Sector

The Company conducts its business in the interest of the country's development and advancement by complying with relevant laws, rules, and regulations and conforming to conventional business practices.



Society and Community

- 1) The Company and its employees shall adhere to the principles of good citizenship by means of respecting human rights, treating neighboring communities with generosity, maintaining sustainable relationships with communities, and attending to and not discriminating against those who require special assistance, such as children, women, the disabled, and the elderly.
- 2) The Company is obligated to promote community engagement, as well as supporting and developing communities in various areas such as education, culture, public health, economy, job creation, and income generation, so as to enhance their quality of life.
- 3) The Company is responsible for supervising and supporting activities that are beneficial to the society, as well as cooperating with the public sector and other related organizations with the willingness to sacrifice for the common good.

Section 4: Disclosure and Transparency

The Company values accurate, complete, and timely disclosure of both financial and non-financial information through channels that provide easy access to information with equality and reliability. The Company will disseminate its information, including annual registration statement (Form 56-1) and annual report, to shareholders, investors, and the general public through various channels and media of the Stock Exchange of Thailand and on the Company's website.

With respect to investor relations, the Company has not established a specific unit dedicated to such affairs due to a low volume of activities. Nonetheless, the Company has assigned the Managing Director to be responsible for communicating with investors, shareholders, analysts, and related government agencies. In 2019, the Company granted opportunities for analysts, mass media, and investors to meet with the executives to inquire about the Company's performance status, as well as providing knowledge to investors at various events such as the Opportunity Day that was held on November 29, 2019.

(1) Information Disclosure

- 1.1 The Company regulates and oversees the disclosure of information that affect the decisions of investors and stakeholders, ensuring that it is accurate, complete, timely, reliable, transparent, and sufficient for the decision making of investors, as well as conforming to the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand; whereby these information include financial and non-financial information and other information that significantly impact the Company's share price and thereby the decision making of investors and stakeholders.
- 1.2 The Company provides an overview of its corporate governance policy, business ethics, risk management policy, and environmental and social policy, as well as the performance thereof and any incompliance with such policies along with the corresponding reason (if any). These policies are reported through various channels, such as annual report and the Company's website.
- 1.3 The Board of Directors reports the responsibilities of directors towards financial reporting, which are presented together with the auditor's report in the annual report.

- 1.4 The Company provides clarifications and analyses of the Management to support the disclosure of its quarterly financial reports so as to provide investors with information and better understanding of the quarterly changes in the Company's financial position and operating performance in addition to the quantitative information presented in the financial statements.
- 1.5 The Company discloses the auditor's fees and other related service fees in the annual report.
- 1.6 The Company discloses in the annual report the roles and responsibilities of the Board of Directors and subcommittees, the number of meetings held, the number of meetings attended by each director in the preceding year, and the opinions of directors, including information with regard to training and professional development of the Board of Directors.
- 1.7 The Company discloses in the annual report the policy on the remuneration of directors and senior executives that reflects their obligations and responsibilities, the form or type of remuneration, and the amount of remuneration received by each director, including directors of the Company's subsidiaries (if any).

(2) Minimum Disclosure of Information on the Company's Website

In addition to the disclosure of information through the channels of the Stock Exchange of Thailand, the annual registration statement (Form 56-1), and the annual report in accordance with the prescribed guidelines, the Company also provides a regular disclosure of pertinent information in both Thai and English through other channels, such as the Company's website, which consist of:

- 1) Vision and mission;
- 2) Nature of business;
- 3) List of directors and executives;
- 4) Financial statements and reports on the Company's financial position and operating performance in the current and previous year;
- 5) Form 56-1 and annual report that can be downloaded;
- 6) Other information or documents proposed to the analysts, fund managers, or other media;
- 7) Shareholding structure, both direct and indirect;
- 8) Organizational structure, including subsidiaries, associate companies, joint ventures, and special purpose enterprises or vehicles (SPEs/SPVs) (if any);
- 9) Major shareholders who directly or indirectly hold at least five percent of the total number of issued shares and have voting rights;
- 10) Direct and indirect shareholding of directors, major shareholders, and senior executives;
- 11) Notices of the annual general meeting of shareholders and the extraordinary general meeting of shareholders;
- 12) Articles of Association, Memorandum of Association, and shareholders' agreement (if any);
- 13) Corporate governance policy;
- 14) Risk management policy and procedures;
- 15) Charter or duties and responsibilities, qualifications, and term of office of the Board of Directors, including matters that require approval of the Board of Directors;

- 16) Charter or duties and responsibilities, qualifications, and term of office of the Audit Committee;
- 17) Code of conduct for employees, directors, and investor relations; and
- 18) Contact information of the agency or person responsible for investor relations, such as the name and telephone number of the contact person.

Section 5: Responsibilities of the Board of Directors

1. Structure of the Board of Directors

- 1.1 The Board of Directors is composed of qualified persons who possess an array of skills, experience, and expertise that are conducive to the Company. The Board of Directors plays a significant role in determining the Company's policies, outlook, and operational plans, as well as overseeing, monitoring, and assessing the Company's operating performance to be in line with the specified goals. In addition, the Board of Directors must not have any prohibited characteristics prescribed in the Public Limited Companies Act B.E. 2535 (including the amendment thereto), the Securities and Exchange Act B.E. 2535 (including the amendment thereto), the regulations of the Office of the Securities and Exchange Commission and the Capital Market Supervisory Board, and the Company's Articles of Association.
- 1.2 The Board of Directors shall have a sufficient number of directors to supervise the Company's operations and shall consist of persons who have adequate knowledge, experience, and skills to perform their duties effectively. Pursuant to the law, there shall be no less than five and no more than nine directors, and at least half of the Board of Directors shall be non-executive directors to ensure an appropriate balance between executive and non-executive directors.
- 1.3 At present, the Board of Directors consists of three independent directors from a total of seven directors, hence constituting more than one-third of the total number of directors. The independent directors are entitled to freely express their opinions on the operations of the Management to maintain a balance of votes on various agenda items, as well as reviewing the management practices of the executives to optimize the Company's benefits. All three independent directors also assume the position of member of the Audit Committee, whereby the number of independent directors and Audit Committee's members are in accordance with the regulations of the Office of the Securities and Exchange Commission, which require at least one-third of the Company's directors to act as independent directors and at least three members of the Audit Committee. Furthermore, all independent directors and Audit Committee's members have satisfied the qualification requirements prescribed in applicable notifications of the Capital Market Supervisory Board.
- 1.4 The Board of Directors prescribes that each independent director shall hold office for a term of no more than nine years from the date of appointment. Nonetheless, in case of reappointment of independent directors for a second term, the Board of Directors will consider the necessity for such reappointment.
- 1.5 The Board of Directors has explicitly determined the division of power and responsibilities in stipulating the Company's corporate governance policy and day-to-day management. The Chairman and the Managing Director have been elected by the Board of Directors and are not the same person to ensure clarity of responsibilities in policy formulation, corporate governance, and day-to-day management. Additionally, the Company has clearly defined the roles and responsibilities of the Board of Directors and the executives to uphold the balance of power. The Board of Directors is responsible for stipulating policies

and supervising the operations of the executives at the policy level. Alternatively, the executives are responsible for managing the Company's operations to align with the prescribed policies. The Chairman is not engaged in day-to-day management but provides support and suggestions to the Management, through the Managing Director, on a regular basis. Meanwhile, the Managing Director is responsible for the management of the Company within the scope of authority assigned by the Board of Directors.

- 1.6 The directors shall hold office for a term of three years. To ensure consistency with good corporate governance practices and that the directors devote sufficient time to perform their duties in the Company, the Board of Directors will determine the number of companies in which each director may hold office, which shall be based on the performance of directors holding position in multiple companies and shall not exceed five listed companies.
- 1.7 The Board of Directors has clearly stipulated policies and procedures on the Company's Managing Director and senior executives holding directorship in other companies, whereby they shall not be a director in a limited company or public limited company, or a partner in an ordinary partnership or limited partnership conducting business in the same nature as and in competition with the Company's business, unless advance notice is given to the shareholders' meeting prior to the resolution for appointment.
- 1.8 The Board of Directors has appointed a qualified and experienced person to act as the Company Secretary, undertaking duties and responsibilities as prescribed in the Securities and Exchange Act. Moreover, the Company Secretary is responsible for providing legal advices and informing the Board of Directors of relevant rules and regulations, as well as overseeing the activities of the Board of Directors and ensuring compliance with the Board of Directors' resolutions. The qualifications and experience of the Company Secretary are disclosed in the annual report and on the Company's website.
- 1.9 The Board of Directors encourages and promotes the Company Secretary to undergo continuous training and development of knowledge in laws, accounting, and secretarial duties.

2. Subcommittees

The Board of Directors has appointed subcommittees in accordance with the laws and regulations pertaining to business operations, which include the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee, and the Risk Management Committee.

3. Meeting of the Board of Directors and Subcommittees

3.1 Board of Directors

- 3.1.1 The Company convenes the Board of Directors' meeting at least 5 times per year, 4 of which are quarterly meetings. The schedules of the Board of Directors' meetings are determined in advance for the entire year and thereafter notified to all directors for acknowledgement. Such schedules are subject to change at any time as deemed appropriate and are exclusive of additional meetings that may be convened when necessary. Prior to each Board of Directors' meeting, the meeting notice and agenda are circulated to all directors at least 5 business days in advance. In 2019, the Board of Directors held a total of 5 meetings.

3.1.2 For every meeting of the Board of Directors, at least one-half of the total number of directors is required to constitute a quorum. The Chairman and the Managing Director and/or the Executive Committee will jointly consider the agenda items of the Board of Directors' meeting to ensure that important matters are included in the agenda and to provide opportunities for directors to freely propose matters that are beneficial to the Company for inclusion in the agenda.

3.1.3 Each director should attend the Board of Director's meetings at least 75 percent of the total number of meetings held during the year.

Each director should not only dedicate their time to attend the meeting but should also emphasize on exchanging opinions, suggestions, and experiences and enhancing relationships to benefit the Company's business.

3.2 Audit Committee

The Company convenes the Audit Committee's meeting at least 4 times per year, consisting of:

- A meeting with the Company's auditor to review quarterly financial statements, annual financial statements and other related financial reports, and propose the audited financial statements to the Board of Directors for approval.
- A meeting with the department responsible for overseeing the performance of internal control activities and internal audit system to approve the internal audit plan and review the adequacy of the internal audit system and compliance with applicable laws and regulations.

The Audit Committee may hold additional meetings as deemed necessary, including a meeting with external auditors, without the presence of the Management, at least once a year. In 2019, the Audit Committee held a total of 4 meetings.

3.3 Nomination and Remuneration Committee

The Board of Directors passed a resolution to approve the appointment of the Nomination and Remuneration Committee at the Board of Directors' Meeting No. 5/2562 on December 13, 2019. The Nomination and Remuneration Committee is required to convene a meeting at least once a year.

3.4 Risk Management Committee

The Company refined the risk management structure at the Board of Directors' Meeting No. 5/2562 on December 13, 2019, by appointing the Risk Management Committee to be responsible for overseeing the Company's risk management activities. Nonetheless, the Risk Management Working Group still bears the responsibility for identifying, analyzing and assessing risks, implementing appropriate measures for risk management, monitoring and reviewing risks, and reporting such risks to the Risk Management Committee. The Risk Management Committee holds a meeting at least once every 6 months to ensure that the risk management activities are implemented according to the plan. In 2019, the Risk Management Committee held a total of 4 meetings.

3.5 Non-Executive Directors' Meeting

On December 13, 2019, the non-executive directors convened a meeting, without the presence of the Management, to discuss management issues that were of interest, and reported the meeting outcomes to the Executive Chairman for acknowledgement.



4. Board of Directors' Reports

4.1 Financial Reporting

The Board of Directors is accountable to the shareholders for the Company's financial statements and any and all financial information presented in the annual report. The Board of Directors is responsible for ensuring that the financial statements are prepared in accordance with applicable financial reporting standards and reviewed by a certified international auditor on a quarterly and yearly basis. Alternatively, the Audit Committee is responsible for conducting an independent review of the Company's financial reports and internal control systems with the auditor, as well as ensuring that significant information pertaining to the financial statements are accurately and completely disclosed in the notes to the financial statements.

4.2 Minutes of Meeting

The minutes of the Board of Directors' meetings and subcommittees' meetings must be recorded in a complete and accurate manner, covering all significant matters, including the directors' opinions and inquiries. In addition, the meeting minutes and any other supporting documents must be kept in an appropriate and secured storage system.

5. Board of Directors' Self-Assessment

The Board of Directors and subcommittees conduct self-assessment at least once a year to jointly review their performance and problems for further improvement. The Company Secretary is responsible for distributing the assessment form to be completed and returned by each director. The names of directors are kept confidential to allow them to freely evaluate their performance, whereafter the results of self-assessment are proposed at the Board of Directors' meeting. The assessment forms of the Board of Directors and Audit Committee consist of self-assessment of the Board as a whole and on an individual basis. For the Nomination and Remuneration Committee and the Risk Management Committee, self-assessment is conducted on a collective basis. The Company adopts the self-assessment form of the Stock Exchange of Thailand, which covers the following key topics:

5.1 Self-assessment of the Board of Directors (as a whole) consists of:

1. Structure and qualifications of the Board of Directors
2. Roles, duties, and responsibilities of the Board of Directors
3. Board of Directors' meeting
4. Duties of directors
5. Relationship with the Management
6. Directors' self-development and management training

In 2019, the overall result of the self-assessment of the Board of Directors as a whole was highly satisfactory with a total score of 97.62%.



5.2 Self-assessment of the Board of Directors (on an individual basis) consists of:

1. Qualifications, knowledge, and skills
2. Independence
3. Performance of duties on the Board of Directors
4. Attentiveness to duties and responsibilities
5. Self-development of directors

In 2019, the overall result of the self-assessment of the Board of Directors on an individual basis was highly satisfactory with a total score of 97.71%.

5.3 Self-assessment of the Nomination and Remuneration Committee and Risk Management Committee consists of:

1. Structure and qualifications of the Board of Directors
2. Roles, duties, and responsibilities of the Board of Directors
3. Board of Directors' meeting

The Board of Directors passed a resolution to appoint the Nomination and Remuneration Committee and the Risk Management Committee at the Board of Directors' Meeting No. 5/2562 on December 13, 2019. Therefore, no self-assessment was conducted in 2019.

5.4 Performance Evaluation of the Managing Director

All non-executive directors are responsible for evaluating the performance of the Managing Director on an annual basis, whereof the outcome is used to determine the Managing Director's remuneration. The performance evaluation of the Managing Director is conducted based on tangible criteria concurred with by the Managing Director. The criteria cover a variety of topics comprising: 1) Progress of planning; 2) Performance measurement such as leadership, strategy formulation, financial performance, operational performance pertaining to strategic objectives, and management and relationship with employees; and 3) Management training. The performance evaluation outcome must be approved by the Board of Directors and thereafter notified to the Managing Director by the Chairman of the Board.

6. Remuneration of Directors and Executives

- 6.1 The remuneration of directors is consistent with the scope of duties and responsibilities, experience, and benefits expected to be provided by each director. The Company has established a set of well-defined and transparent policies on the remuneration of directors, which are proposed to the shareholders' meeting for approval on a yearly basis. The Nomination and Remuneration Committee is responsible for determining the remuneration of directors on an annual basis by taking into consideration the transparency, appropriateness, practices of other companies of similar size in the same industry, and adequacy to motivate and retain highly qualified directors. Furthermore, directors who hold membership in a subcommittee shall be considered for additional remuneration in accordance with the increased responsibilities.
- 6.2 The remuneration of the Managing Director and senior executives shall be in accordance with the criteria and policies prescribed by the Board of Directors and/or the Executive Committee. For optimal benefits of the Company, the remuneration, whether in a form of salary, bonus, or incentive compensation, should be appropriate and consistent with the performance of each executive. Executives who have been assigned additional responsibilities shall be entitled to receive additional remuneration in accordance with the in-

creased responsibilities. In addition, the remuneration should be competitive with those of other companies in the same industry so as to retain highly qualified executives. Notwithstanding the foregoing, the interests of the Company and shareholders should be taken into consideration.

Details of the remuneration of directors and executives for the year 2019 are disclosed in the “Organizational Structure” section.

7. Development of Directors and Executives

- 7.1 The Company encourages and promotes directors and executives to continually develop their knowledge by participating in seminars and training programs organized by related agencies, such as the Thai Institute of Directors, the Stock Exchange of Thailand, and the Office of the Securities and Exchange Commission; whereby the Company will deliver documents regarding seminars and training programs to the directors on an occasional basis, as well as any other relevant documents to provide directors with up-to-date information that are beneficial for their decision making.
- 7.2 In every appointment of a new director, the Management will provide relevant documents and information that are instrumental in the performance of duties of new directors, including information regarding the nature of business and business practices.
- 7.3 The Board of Directors prescribes that the Managing Director shall regularly provide a report on the development and succession plan prepared by the Managing Director and senior executives to ensure continuity and smooth transition in the event that they are unable to perform their duties.
- 7.4 The Board of Directors has established a project for executive development, whereby the Managing Director is required to provide an annual report on the activities performed during the year to be considered concurrently with the succession plan.

In 2019, the Company’s directors conducted various training programs. For instance, Mr. Thanachart Numnond gave a lecture on “The 7 Elements of Digital Transformation” during 17–18 December 2019.

2. Nomination of Directors and Top Executives

Board of Directors

The Company appointed the Nomination and Remuneration Committee at the Board of Directors’ Meeting No. 5/2562 on December 13, 2019, to nominate qualified candidates to assume the position of director or executive of the Company by taking into consideration the following qualifications:

- 1) A director shall possess knowledge, skills, and experience that are instrumental in the business operations, as well as adhering to the principles of honesty, integrity, and business ethics and having adequate time to fully devote knowledge, skills, and efforts to the Company.
- 2) A director shall be qualified and have no prohibited characteristics prescribed in the Public Limited Companies Act and the Securities and Exchange Act. Likewise, a director shall not possess characteristics that indicate a lack of appropriateness to be entrusted with the responsibilities of managing a public limited company as prescribed by the Securities and Exchange Commission. In addition, a director shall be a person whose name is listed in the database of directors and executives of a listed company pursuant to the Notification of the Capital Market Supervisory Board on the Procedures for Listing Names of Persons in the Database of Directors and Executives of a Listed Company.

- 3) A director shall not engage in any business which has the same nature as and is in competition with the business of the Company, or become a partner or a director in any other company operating business in the same nature as and in competition with the Company, whether for the benefits of oneself or others, unless advance notification is given to the shareholders' meeting prior to the resolution for appointment.
- 4) 3) A director shall promptly notify the Company in the event that he/she has a vested interest, whether directly or indirectly, in the agreement executed by the Company, or in the event of any increase or decrease in the number of shares or debentures held in the Company or its subsidiaries.

The appointment of directors shall be in accordance with the procedures set forth in the Company's Articles of Association. The appointed directors shall be approved by the shareholders' meeting, whereby the meeting resolution shall be passed by the majority of votes of the shareholders present and entitled to vote.

1. The shareholders' meeting shall elect the Board of Directors, comprising at least five directors, to be responsible for managing all of the Company's affairs and have the authority to act within the scope of laws, objectives, Articles of Association, and resolutions of the annual general shareholders' meeting. In addition, the directors shall have the authority to engage in any act as specified in the Memorandum of Association or likewise. A director may or may not be a shareholder of the Company.
2. At least half of the total number of directors shall reside in the Kingdom of Thailand, and all directors of the Company shall have the qualifications and not have the prohibited characteristics as prescribed by the law.
3. The shareholders' meeting shall elect directors in accordance with the following criteria and procedures:
 - 3.1 Each shareholder shall have one vote per share.
 - 3.2 Each shareholder shall be entitled to exercise the votes he/she has to elect one or several candidates to assume the direction person. If several candidates are elected as directors, the shareholder shall not be entitled to distribute his/her votes unequally across the selected candidates.
 - 3.3 Candidates who receive the highest number of votes shall be elected in descending orders as directors according to the number of directors required at such meeting. In case where the number of candidates elected by equal number of votes exceeds the number of directors required at such meeting, the Chairman shall have a casting vote.
4. At every annual ordinary shareholders' meeting, at least one-third of the total number of directors shall vacate office. If the number of directors is not a multiple of three, the number of directors nearest to one-third shall retire from office.

The directors to retire from office in the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office; whereby a vacating director may be eligible for re-election.

5. Any director who wishes to resign from office shall submit a resignation letter to the Company. The resignation shall be effective from the date on which the Company receives the resignation letter.

Directors who resigned under the preceding paragraph may additionally notify the Registrar of their resignation pursuant to the Public Limited Companies Act.

6. In case the director position is vacant due to reasons other than retirement by rotation, the Board of Directors may elect a person who has the qualifications and has no prohibited characteristics as prescribed by the Public Limited Companies Act and the Securities and Exchange Act to act as a substitute director at the subsequent Board of Directors' meeting, unless the remaining term of office of the former director is less than two months, in which case the substitute director shall hold office for the term equal to the remaining term of office of the former director.

The resolution of the Board of Directors under the preceding paragraph shall be passed by a vote of at least three-fourths of the number of remaining directors.

3. Independent Directors

The Company has determined the composition of the Board of Directors, comprising independent directors constituting at least one-third of the total number of directors.

Independent directors shall be appointed by the Board of Directors or the shareholders' meeting, as the case may be. The Company has also put in place a policy on the appointment of independent directors, which prescribes that the number of independent directors shall be no less than three and shall constitute at least one-third of the total number of directors.

The criteria for selection of independent directors shall be in accordance with the criteria for selection of members of the Board of Directors. The candidates for the position of independent director shall be considered based on the qualifications and prohibited characteristics prescribed in the Public Limited Companies Act and the Securities and Exchange Act, including any other applicable notifications, rules and/or regulations. An independent director shall have educational qualifications, expertise, work experience, and other appropriate qualities to be proposed to the shareholders' meeting for consideration. In the event that an independent director vacates office prior to the expiration of the term thereof, the Board of Directors may appoint a person who has satisfied the foregoing qualification requirements as a replacement. In such case, the replacing independent director shall hold office for the term equal to the remaining term of office of the former independent director.

The Board of Directors has defined the qualifications of independent directors, whereby each independent director shall:

1. Hold no more than one percent of the total number of voting shares of the Company, its parent company, subsidiaries, associate companies, major shareholders, or controlling persons of the Company, including those held by related parties;
2. Not be or have been a director in connection with management affairs, staff, employees, consultants who receive regular salary, or controlling persons of the Company, its subsidiaries, associate companies, sister companies or major shareholders, unless the foregoing relationship has ended at least two years prior to assuming the position of independent director;
3. Not be related by blood or legal registration as a father, mother, spouse, sibling, and child, including spouse of the child, of an executive, major shareholder, controlling person of the Company, or person to be nominated as the executive or controlling person of the Company or its subsidiary;

4. Not have or have had a business relationship with the Company, parent company, subsidiary, associate company, major shareholder, or controlling person of the Company in a manner that may interfere with their independent judgement, and shall not be or have been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person of the Company, unless the foregoing relationship has ended at least two years prior to assuming the position of independent director;
5. Not be or have been an auditor of the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person of the Company, and shall not be a significant shareholder, controlling person, or partner of an auditing firm that employs auditors of the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person of the Company, unless the foregoing relationship has ended at least two years prior to assuming the position of independent director;
6. Not be or have been a provider of any professional services, including legal and financial consultancy services, who receives service fees of more than two million Baht per year from the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person of the Company, and shall not be a significant shareholder, controlling person, or partner of the provider of such services, unless the foregoing relationship has ended at least two years prior to assuming the position of independent director;
7. Not be a director who has been appointed to act as a representative of the directors of the Company, major shareholders, or shareholders related to the major shareholders of the Company;
8. Not engage in any business in the same nature as and in competition with the business of the Company or its subsidiaries, or not be a significant partner in a partnership or an executive, staff, employee, or consultant who receives regular salary or holds more than one percent of the total number of voting shares of another company that conducts business in the same nature as and in competition with the business of the Company or its subsidiaries; and
9. Not possess any characteristics that impede the ability to express independent opinions on the Company's business operations.

Independent directors shall review and certify their qualifications with respect to independence at least once a year, as well as reporting the profiles of directors at the end of the year for preparation of the annual registration statement (Form 56-1) and annual report of the Company.

4. Audit Committee

The Board of Directors or the shareholders' meeting, as the case may be, shall appoint at least three independent directors as members of the Audit Committee. Each member shall not be a director who has been assigned by the Board of Directors to make decisions on the business operations of the Company, its parent company, subsidiaries, associate companies or sister companies, or being a major shareholder or controlling person of the Company. In addition, each member shall not hold directorship in the parent company, subsidiary, or sister company that is a limited company. The Audit Committee shall have the duties and responsibilities as prescribed in the Notification of the Stock Exchange of Thailand on the Qualifications and Scope of Duties of the Audit Committee.

At least one member of the Audit Committee shall have an adequate level of knowledge and experience for reviewing the credibility of the Company's financial statements.

5. Executives

The Company has established a policy to recruit executives by selecting persons whose knowledge, skills, and experience are pertinent to the Company's business; whereby the procedures for selection of executives shall be in accordance with the regulations on human resource management and shall be approved by the Board of Directors or the person assigned by the Board of Directors.

The Board of Directors shall consider and select candidates to assume the position of managing director, and the appointment thereof shall be approved by the Board of Directors. The Managing Director shall be responsible for employing and appointing persons who have knowledge, skills and experience in the Company's business to assume the staff position at various levels.

The appointment of supervisors or persons responsible for internal audit and control shall be subjected to prior approval of the Audit Committee.


6. Supervision of Subsidiaries and Associate Companies

The Company has stipulated a policy on the investment in other businesses that are relevant or conducive to the Company's core business, whereby such businesses shall have the potential and ability to generate profits for the Company in the long run. In addition, the Company stringently supervises and monitors the management practices of its subsidiaries and associate companies with the aim to protect its interests on a continual and sustainable basis, as well as creating added value for and enhancing confidence of all stakeholders. Accordingly, the Company has prescribed a policy on the supervision of subsidiaries and associate companies as follows:

1. The Company has determined the management structure of its subsidiaries and associate companies to allow for supervision of their management practices and operations, as follows:

Nomination of Directors and Executives of Subsidiaries and Associate Companies

- 1.1 The Company will assign a person who has been approved by the Board of Directors' meeting to act as a director and executive of a subsidiary and to be responsible for supervising and formulating management policies to the extent as if such subsidiary is part of the Company. The number of persons to hold directorship in a subsidiary shall be in accordance with the Company's percentage of ownership in the subsidiary or as mutually agreed upon by both companies. With respect to investment in associate companies, the Company has not established a policy to exercise full control over the associate companies. The assignment of a person to act as a director of an associate company shall be considered on the basis of appropriateness and mutual agreement between both companies, whereby such person shall have the qualifications and experience relevant to the management of the business of that subsidiary and associate company.
- 1.2 The scope of duties and responsibilities of directors and executives in the subsidiary and associate company is as follows:
 - To closely monitor the operations of the subsidiary and associate company to be in line with the Company's objectives;
 - To perform duties assigned by the Board of Directors of the subsidiary and associate company and/or by the shareholders' meeting of the subsidiary and associate company;

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- To consider and cast votes at the Board of Directors' meeting of the subsidiary and associate company on matters pertaining to their ordinary business operations as deemed appropriate by the directors and executives thereof, for the optimal benefits of the subsidiary, associate company, and the Company. The consideration and voting on matters other than those specified hereinbelow shall be subjected to prior approval of the Board of Directors and/or shareholders' meeting of the Company;
 - (a) Transactions of a subsidiary pursuant to the Notification of Connected Transactions¹ and the Notification of Acquisition and Disposal of Assets²
 - (b) Transactions which may have a material adverse effect on the financial position and operating performance of a subsidiary, such as:
 - Sale or transfer of the entire or significant portion of the subsidiary's business to other parties;
 - Acquisition or acceptance of transfer of another company's business to be under the ownership of the subsidiary;
 - Dissolution of the subsidiary's business;
 - Transfer or waiver of rights or material claims against damages incurred by the subsidiary;
 - Borrowing, lending, provision of guarantees, occurrence of contingent liabilities, or provision of financial assistance to other companies which significantly affect the financial position of the subsidiary;
 - Amendment to the Articles of Association of the subsidiary; and
 - Capital increase, allotment of shares, and capital decrease of the subsidiary, including any other acts which cause the Company's shareholding, both direct and indirect, in the subsidiary to be decreased by more than 10 percent of the subsidiary's paid-up capital or until the percentage of shareholding is less than 50 percent of the subsidiary's paid-up capital.

2. The directors and executives of the subsidiary, including persons relating thereto, shall be responsible for notifying the Company's Board of Directors of any relationships and transactions with the subsidiary that may result in a conflict of interest, and shall avoid any transactions that may result in a conflict of interest with the subsidiary; whereby the Board of Directors of the subsidiary shall be obligated to notify the Company of such matter.

The directors and executives of the subsidiary shall not participate in the approval of matters in which they have vested interest or conflict of interest.

3. The subsidiary shall report to the Company its business plans, investment projects, and joint investment with other companies through its monthly operating performance report. In addition, the subsidiary shall submit information or documents relating to its operations upon request of the Company. In the event that the Company discovers any material issues, it will notify the subsidiary to provide clarifications and/or submit additional documents to support the Company's consideration.

¹ Notification of Connected Transactions means the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 on the Rules for Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand on the Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 and any amendments thereto.

² Notification of the Acquisition and Disposal of Assets means the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 on the Rules for Significant Transactions Related to the Acquisition or Disposal of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand on the Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposal of Assets B.E. 2547 and any amendments thereto.

4. The Company has established a policy on the financial control of its subsidiaries and associate companies, which prescribes that the subsidiaries and associate companies shall:
- Submit to the Company the monthly operating performance report and the quarterly financial statements that have been audited by the auditor, along with supplementary information in relation to the financial statements of the subsidiary and associate company, for preparation of the quarterly or annual consolidated financial statements or operating performance report of the Company, as the case may be;
 - Prepare a report on the operating performance forecast and compare the forecasted performance with the actual performance on a quarterly basis, as well as monitoring the operating performance to be aligned with the plan in order to be reported to the Company; and
 - Report any financial issues that materially affect the Company once they have been discovered or upon request of the Company.

7. Supervision of the Use of Inside Information

The Company attaches great importance to the supervision of the use of information to ensure compliance with the principles of good corporate governance. The Company has prescribed a policy to prevent the use of inside information, which has not been disclosed to the public, in a self-dealing manner and to ensure fairness for all stakeholders, as follows:

- The Company has established a set of written guidelines for keeping inside information and preventing the use of inside information for personal benefits, and have notified all members of the organization to abide by the said guidelines.
- The Company prohibits directors, executives, and employees from trading the Company's securities and/or engaging in any other legal acts by exploiting confidential and/or inside information to the extent that cause damage to the Company, whether directly or indirectly.
- Directors, executives, and employees who have access to the Company's inside information shall not use such information prior to the disclosure to the public. In addition, any persons in connection with inside information, including their spouses and minor children, are prohibited from trading the Company's securities, whether directly or indirectly (such as through a nominee or private fund), before one month of disclosure of the Company's quarterly and annual financial reports and at least three business days after the disclosure thereof.
- The Company has imposed disciplinary actions on those who exploited or disclosed the Company's inside information in such a way that may damage the Company; whereby such disciplinary actions will be considered on a case-by-case basis, which include verbal warning, written warning, probation, and termination of employment by means of discharge or dismissal, as the case may be.
- Directors and executives are obligated to report to the Office of the Securities and Exchange Commission their ownership of the Company's securities, including those of their spouses and minor children, within 30 days from the date of their appointment to the director or executive position. Any changes in their holding of the Company's securities must be informed at the Board of Directors' meeting and reported to the Office of the Securities and Exchange Commission within three business days from the date of trading or transfer so as to comply with Section 59 of the Securities and Exchange Act B.E. 2535 and to be thereafter disclosed to the public.

8. Auditor's Remuneration

In 2019, the remuneration of auditors is as detailed below.

Unit: Baht

	2016	2017	2018	2019
Audit Fees	3,040,000	2,260,000	2,300,000	2,450,000
Other service fees (audit fees for special reports)	-	-	-	-
Total	3,040,000	2,260,000	2,300,000	2,450,000

Legal Disputes

As of December 31, 2019, the Company had legal disputes that have not yet become final. Such legal disputes resulted from its normal course of business operation and could have a negative impact on its assets in the amount higher than 5% of its shareholders' equity under the financial statements for the accounting period ended December 31, 2019. They include the legal disputes between the Company and Telematics Co., Ltd. ("Telematics") as follows:

Civil Case (Black Case No. 207/2554 and Red Case No. 1281/2555)

February 4, 2011

Telematics, as the plaintiff, filed a lawsuit against the Company, as the defendant, with the Civil Court of Southern Bangkok for a violation charge with a damage claim of approximately Baht 120.12 million.

July 17, 2012

The Civil Court temporarily struck such civil case out of the case-list because the case is the same cause of action as (1) Black Case No. 330/2554 filed by the plaintiff with the Central Administrative Court against TOT Plc. ("TOT") during 2010-2011 on a violation charge committed jointly with the Company; and (2) a criminal case filed by the plaintiff against the Company and others, altogether 10, for jointly committing an offence under the Act on Computer Crime B.E. 2550 at the Economic Crime Suppression Division as resulting from the same cause of action (details of the criminal case are given under the following Item). When the two cases could reach conclusion, Telematics and/or the Company shall put forward the cases for further consideration.

Criminal Case (Black Case No. Or.4184/2555 and Red Case No. Or.954/2559)

November 8, 2012

Telematics, as the plaintiff, filed a lawsuit against the Company (Defendants No.1 - 5) and TOT (Defendants No.6 - 10) with the Criminal Court for committing an offence under the Act on Computer Crime B.E. 2550 and the Act on Offences Committed by Officials of State Organizations or Agencies B.E. 2502, without any damage claim.

March 30, 2016:

The court dismissed the case and all of the 10 defendants were adjudged not guilty under the Act on Computer Crime B.E. 2550 and the Act on Offences Committed by Officials of State Organizations or Agencies B.E. 2502.

November 15, 2018

the Court of Appeal dismissed the case and all of the 10 defendants were adjudged not guilty under the Act on Computer Crime B.E. 2550 and the Act on Offences Committed by Officials of State Organizations or Agencies B.E. 2502. The Plaintiff has filed the Appeal to the Supreme Court, but the Supreme Court did not accept the Appeal. Therefore, this case is now finalized.

Criminal Case (Black Case No. Or.2181/2556 and Red Case No. Or.3238/2556)

The Company, as the plaintiff, filed a counter-suit against Telematics, as the defendant, and others, altogether 3, with the Criminal Court in the Black Case No. Or.2181/2556 on charge of false filing, thereby demanding a damage claim of Baht 150 million. However, the court wait until the criminal case, Black Case No. Or.4184/2555 and Red Case No. Or.954/2559, reaches conclusion.

The Company has not set aside a provision for such damage claim since its management believes that the Company did not commit the violation charged, as opined by the Company's lawyer.

To give confidence to investors and protect interest of minority shareholders of the Company with respect to the damage that may arise from the said legal disputes, VNET has signed with the Company the Memorandum of Agreement on Liability for Damages Incurred from Legal Disputes. VNET undertakes that, while the said cases have not yet become final, VNET agrees not to dispose of, assign, transfer or create any obligations on shares of the Company held by VNET in the amount calculated based on the IPO price of shares ("Securities") that is sufficient for the said damage claim. If the court passes the final judgment of such cases that the Company is guilty and must pay the damage claim to Telematics, VNET agrees to sell the aforementioned Securities and use the proceeds thereof for compensating for such damage claim to the Company and shall not exercise the right to make any claim from the Company for such compensation.



Milestones of Operation in 2019

Training, Seminar, and Exhibition

In 2019, the Company organized training sessions and seminars for distributors, as well as attending various exhibitions. Pictures taken at some of the events are shown below.

Thailand



Vintcom Solution Day

This training seminar was organized to update clients with the latest trends in IT solutions and enable them to adopt modern technologies that are appropriate to their organization.

Holiday Inn Bangkok Sukhumvit 22 Hotel – March 2019



Oracle's Platforms for the Future – Discover PCA & BDA for your Agile Enterprise Environment

This training seminar was held to equip clients with knowledge about Oracle's new technologies, specifically Private Cloud and Big Data Solution, which help them to increase their sales opportunities.

Novotel Bangkok Sukhumvit 20 Hotel – August 2019



Oracle Systems Advantage Forum

The Company participated in the seminar organized by Oracle. The purpose of this seminar was to share the vision for data-driven digital transformation enabled by Oracle's ready infrastructure and real-world case studies from customers across the globe, hence allowing customers to effectively utilize new technologies in a reliable and secure manner.

Renaissance Bangkok Ratchaprasong Hotel – September 2019



Boss of the Soc

This workshop was designed to help users learn more about how to use Splunk to monitor security, identify threats, and respond to incidents.

S64 Co-Working Space Saladaeng – January 2019



Reimagine Data Governance and Customer 360 Engagement

This training seminar was organized to provide users with knowledge about ways to implement data governance and transform their data to make it reliable, secure and accessible, by using case studies to illustrate the capabilities and features of the product.

InterContinental Bangkok Hotel – July 2019



mai FORUM 2019

The Company participated in MAI Forum to disseminate information about the business directly to visitors. The forum encompassed a comprehensive array of activities aimed at promoting knowledge that are beneficial to the public. Exhibitors included companies that are listed in the MAI. The forum was attended by individuals in the financial and capital markets industry, investors, leading analysts, mass media, and the general public.

Bangkok Convention Center, Centara Grand At CentralWorld Hotel – July 2019

CLM Countries



CIO/CTO Executive Forum Modernize your IT Infrastructure

This training seminar was organized to provide knowledge about the future innovation trends under the name “The Frontier for Innovation” and to present the strength of Exadata under the name “Unleashes World’s Fastest Database Machine – Exadata X8M”.

Sakura Tower, Yangon – December 2019



Secure your digital transformation with Palo Alto Networks

This seminar was held to provide knowledge about data security in digital transformation and recommend the Zero Trust strategy as an approach to preventing data breaches and cyberattacks, which has received a lot of attention from all over the world

Novotel Hotel, Yangon – August 2019



Cybersecurity Hands-on Workshop

This workshop was jointly organized by Splunk and Palo Alto Networks to provide training on cybersecurity and promote understanding and efficient utilization of the product.

eCam Solution Office, Phnom Penh – March 2019



Safely Accelerate your Digital Journey with Palo Alto Networks

This training seminar was organized to provide knowledge about the implementation of cybersecurity strategy using the Zero Trust model.

Memoire Siem Reap Hotel, Phnom Penh – October 2019

Corporate Social Responsibility

The Company has established the corporate social responsibility policy as part of its business operation through contemplation of the balance between the impacts on stakeholders, including employees, business partners, shareholders, society, and public sector. The Company strives to achieve sustainable growth, recognition and support from all sectors, while maintaining sound investment returns for shareholders and balancing the impact of business operation on the stakeholders. In addition, the Company endeavors to develop its human resources by enhancing social consciousness among employees in alignment with the Company's sustainable business practices.

The Company's corporate social responsibility policy encompasses five aspects as follows:

1. Equitable treatment of employees and continual development of knowledge
2. Responsibility towards customers
3. Anti-corruption
4. Social contribution
5. Respect for human rights

Equitable Treatment of Employees

The Company recognizes that employees are the most valuable asset and the key to business success of the Company. In that regard, the Company attaches great importance to fair and equitable treatment of employees, which encompasses the aspects of opportunity, remuneration, appointment, transfer, and welfare. To achieve the foregoing, the Company places emphasis on various areas as outlined below.

1. Management of salary, remuneration and welfare: The Company provides fair treatment and appropriate incentives to motivate employees to perform at their highest level, pursuant to applicable laws. The Company has also established a planning system as a standard for the entire organization. The Company ensures that employees' remuneration and benefits are appropriate to their level of responsibility and competitive with or equivalent to those of other companies in the same industry.
2. Development of employee potential: The Company places value on the development of knowledge and skills of all employees through training programs, seminars, and domestic and international business trips. The Company is further committed to continuously enhancing the competencies of employees at all levels so as to conform to the standards of manufacturers. In particular, the Company requires all engineers to undergo training and examination on a regular basis.
3. Employment, job performance and career advancement: The Company has set a clear, standard code of conduct on the foundation of non-discriminatory practices and compliance with applicable laws. The Company provides equal opportunities and remuneration (professional fees) to engineers who have been certified pursuant to the Company's regulations, as part of employee incentives.

4. Workplace safety and hygiene: The Company strongly emphasizes occupational health and safety of all employees, as reflected by

- The Company organizes team building or outing activities on an annual basis to be participated by employees at all levels.
- The Company provides employees with an overview of the Company's operating performance on a semi-annual basis in order to promote employee participation and empower them to freely express their opinions and suggestions on business growth strategies.

Responsibility Towards Customers

The Company prioritizes its customer service efforts by offering products and services that correspond to customers' needs, at a fair and reasonable price, as well as providing professional recommendations to ensure that customers receive optimal benefits from the Company's products and services. In addition, the Company actively listens to customer feedback and suggestions, which are used to improve business performance. Likewise, external channels are available for individuals to contact the Management directly through the Company's website.

Anti-Corruption

The Company has instituted a policy to operate its business in accordance with applicable laws and in the interest of society as a whole. The Company does not only promote employee commitment to integrity, ethical standards, and good citizenship but also transparency among its business partners. The Company pledges to ensure adequate implementation of the anti-corruption policy in concurrence with cultivation of consciousness, values and attitudes towards corruption at all levels. To achieve the foregoing, the Company has established a system of checks and balances and an effective internal control system with emphasis on prevention of conflicts of interest and abstention from acceptance of gifts and bribery; whereby all business partners have continuously undergone anti-corruption training on an annual basis.

The Company has implemented a policy to prevent directors, executives, and employees from exploiting internal data for personal benefit and to avert conflicts of interest. The Company further requires that all transactions with potential conflicts of interest are reported to the Board of Directors for acknowledgement. In addition, the Company has stipulated the anti-corruption policy as a written guideline for conducting business and achieving sustainable development. To induce confidence in the Company's stakeholders, all directors, executives and employees are prohibited from engaging in all forms of corruption, both directly and indirectly, and are required to strictly comply with the said policy. The Company calls for regular monitoring of compliance with the anti-corruption policy, along with regular review of the operating guidelines and procedures, to ensure consistency with changes in the business nature, rules, regulations, and legal provisions. To achieve the foregoing, the Company organizes training and seminars to review the guidelines for compliance with the anti-corruption policy on an annual basis. The guidelines for compliance with the foregoing policy are as follows:

Definition

Corruption means the illegitimate use of acquired power or assets for personal gain or in such a manner that causes harm to the interests of others. Corruption can occur in multiple forms, such as bribery by means of soliciting, offering, giving, or accepting bribes in monetary or material form; conflict of interest; fraud; money laundering; embezzlement; concealment of facts; obstruction of justice; and trading in influence.

Corruption does not only arise from relations between the private sector and the public sector but also transactions falling strictly within the private sector domain.

Responsibilities

- 1) The Board of Directors undertakes its duties and responsibilities to formulate the policy and enforce an effective system for combating corruption to ensure that the Management recognizes the importance thereof and cultivates a strong corporate culture of anti-corruption.
- 2) The Audit Committee is responsible for reviewing the Company's financial and accounting reporting system, internal control system, and risk management system to ensure that they are concise, appropriate, effective, and in accordance with international standards.
- 3) The managing directors and executives undertake their duties and responsibilities to establish an effective system and ensure that the anti-corruption policy is communicated to all employees and related parties and that the anti-corruption system and relevant measures are consistent with changes in the business nature, rules, regulations, and legal provisions.
- 4) The Internal Audit Department is responsible for auditing and reviewing compliance with relevant policies, code of conduct, scope of authority, laws and regulatory requirements so as to ensure that the Company's internal control system is appropriate and adequate for preventing potential corruption risks, of which the results shall be reported to the Audit Committee.

Anti-Corruption Guidelines

- 1) All directors, executives, and employees shall strictly comply with the anti-corruption policy by abstaining from involvement in corrupt practices, whether director or indirectly, and shall not neglect to report any incident of possible or suspected corruption relating to the Company.
- 2) The Company does not engage or support any forms of bribery. The Company ensures that all donations, gift-giving activities, and other supporting activities are transparent and have no intention whatsoever to influence public officials or private entities to perform wrongful action.
- 3) The Company promotes all employees, contracting parties, and business partners to be aware of potential fraud and fight against corruption.
- 4) The Company has established appropriate and effective systems of internal control, risk management, and internal audit to prevent misconduct. The Company has prescribed guidelines on the acceptance and giving of gifts, assets or other benefits, with the objective to prevent fraud or unfair business practices. To ensure that the procurement process is efficient and appropriate, the Company places importance on abstention from acceptance of gifts and/or anything of value from persons in relation to the Company's business affairs or any third parties.
- 5) The Company prohibits its employees from accepting hospitality from persons in relation to the Company's business affairs or any third parties who may gain advantage from the performance of duties of the Company's employees.

- 6) The Company disseminates anti-corruption knowledge to directors, executives, and employees in order to promote integrity, honesty, and accountability in their performance of duties. The Company also provides training on fraud prevention and management to new employees within 90 days from the start date of their employment.
- 7) The Company requires the Management to promptly report to the Board of Directors in the event of serious fraud, violation of laws, or other irregular activities that may significantly impact the Company's reputation and financial position.
- 8) Any person who conducts or is involved in a corrupt practice shall be subjected to disciplinary action in accordance with the Company's regulations, including possible legal punishment if such practice violates the law. The Company has established channels of communication for reporting fraudulent activities; wherein employees may notify or report incidents of fraud or suspicious activities through the channels announced by the Company. Details and status of offences and corresponding punitive measures are also specified by the Company.
- 9) The Company provides fairness and protection to employees who refuse to engage in corrupt practices, as well as those who notify the Company of any illicit activity, so as to safeguard whistleblowers or witnesses against retaliation.

Whistleblowing Disclosures

Qualifying Disclosures

- 1) Suspicious activities with respect to illegal activities, including corrupt practices and bribery
- 2) Violation of the Company's policies and regulations
- 3) Business practices that violate the Company's internal rules and regulations or regulatory requirements, or breach contractual obligations
- 4) Suspicious activities with respect to significant accounting or auditing matters
- 5) Any actions that fail to comply with ethical standards or social justice

Any employee, customer, or third party (whistleblower) who encounters or detects an incident or activity that is considered to be within the scope of the foregoing criteria is required to comply with the procedures specified below.

Filing of Complaints and/or Whistleblowing Disclosures

Filing of complaints and/or whistleblowing disclosures means disclosure of information concerning any wrongdoing that has occurred, is occurring, or is likely to occur in the future.

Procedures

1) Submission and receipt of complaints or whistleblowing disclosures

All complaints or whistleblowing disclosures shall be made in writing and shall include the name of the respective whistleblower as well as any necessary and reliable information, and shall be submitted to the Chairman of the Audit Committee via the following channels:

- **By post**

Chairman of the Audit Committee

Vintcom Technology Public Company Limited
159/21 Sermmmit Tower, 14th Floor, Unit 1401,
Sukhumvit 21 Road (Asoke), Khlong Toei Nuea Subdistrict,
Wattana District, Bangkok 10110

- **By email**

acchairman@vintcom.co.th

To ensure appropriate examination of the disclosed information and corresponding sources, the Company will not consider any complaint that does not contain the name of the whistleblower.

2) Confidentiality of complaints

The Company maintains the confidentiality of all complaints and will not disclose the names of whistleblowers unless with prior approval thereof.

3) Handling of complaints

Upon receipt of a complaint, the Audit Committee will assign the executive or appropriate person or the subcommittee to freely examine the complaint by taking into consideration the principles of justice, fairness, and integrity. After the result of examination has been reported to the Audit Committee, the Audit Committee will implement appropriate action on such complaint or take further action if necessary.

Upon investigation of facts and evaluation of the complaint, the executive or appropriate person or the subcommittee will take disciplinary action against the subject of the complaint; whereby the disciplinary procedures which are deemed appropriate by the Audit Committee will be proposed to the Executive Committee or senior management for authorization to proceed accordingly.

Social Contribution

While the primary goal of the Company is to run a profitable operation, the Company places equal emphasis on social responsibility by not taking advantage from or causing damage to the society. In that regard, the Company has stipulated a policy on social responsibility to serve as framework for its business operation, as follows:

- 1) To promote, encourage, and induce executives and employees at all levels to be socially responsible by strictly adhering to the policies, regulations and laws concerning the society and environment, such as campaigning against the use of foam containers and promoting the use of public transport.
- 2) To promote the organization of activities in the interest of the society on a regular basis, whereby these activities should be appropriate and create societal benefits, such as by providing internship opportunities to new graduates in the field of IT and offering reasonable compensation so as to build a team of high-quality IT personnel.
- 3) To provide channels of communication for stakeholders and related parties to give feedback on the Company's business operation and file their complaints in case of unfair treatment, through the Company's website.

Respect for Human Rights

- 1) Regarding the fact that the Company engages in IT businesses, the legitimate use of software copyright is among the top priorities of the Company, as explicitly defined in the IT policy and the latest version of Employee Handbook.
- 2) Concerning the Company's expansion to foreign countries such as Myanmar and Cambodia, the Company has set a policy to recruit employees of all nationalities and religions through the selection criteria that emphasize key qualifications, knowledge, and abilities of employees.

In addition to the aforementioned corporate social responsibility policy, the Company recognizes that its business activities are related to technology and information system, which may have an impact on the natural environment. In that regard, the Company promotes the use of technology and implements various processes to minimize environmental impact, such as fostering communication through email or website to reduce paper usage, promoting energy conservation by turning off lights and nonessential electronic appliances to save energy, and inducing environmental awareness among employees by providing knowledge and reviewing environmental mitigation procedures at the Company's seminar on an annual basis.

CSR After Process

In 2019, the Company organized a variety of CSR activities as follows:

The Best Reader and Imaginator Award of 2018 at KidZania Bangkok
Vintcom fostering Thai children's love of reading

On Tuesday, April 2, 2019, Vintcom Technology Public Company Limited, led by Mrs. Songsri Srirungroungjit, Managing Director, held a ceremony to award certificates and scholarships to top readers and imaginers, totaling over 190 students from 11 schools in 11 provinces, under the "Fairy Tale Library" project. The Company accompanied awarded students on a field trip to KidZania Bangkok, an educational play center that features a replica of city designed for children aged 4–14 years to learn through roleplaying. The city replicates a comprehensive array of businesses such as store, bank, theatre, hospital, various types of industries, and airline business to create the most realistic atmosphere. The trip was filled with smiles and joy of the students.



The Fairytale Library Project was founded in 2007 by Mr.Narong Intanate, Chairman and Founder of Vnet Capital Company Limited, in an effort to foster Thai children's love of reading and imagination and encourage them to spend their time wisely. Hence, the construction of Fairytale Library was commenced to open children to a world of imagination and to be bestowed on schools that offer both pre-elementary and elementary education. The project has been active throughout the past 12 years as a means to contribute to the educational development of the country.



Report of the Risk Management Committee

Before the appointment of the Risk Management Committee Risk management is carried out by the Risk Management Working Group, consists of the one Managing Director and four executives comprising the Operations Director as the Chairman and the Technical Director, the Sales Director, and the Finance and Accounting Director as members of the Risk Management Committee and relevant personnel. The Risk Management Working Group has duly performed its duties as assigned by the Board of Directors. In 2019, the committee has continuously improved and developed risk management plans, as well as reviewing factors and levels of both internal and external risks and monitoring the performance of such plans to promote stable and sustainable business operations while minimizing potential adverse effects on the Company, the Risk Management Working Group held a total of 4 meetings.

The Board of Directors recognizes and values comprehensive risk management across the organization to ensure stable growth and effective prevention and mitigation of potential risk factors that may affect the Company's business operations, personnel, assets, and corporate image. In that regard, the Board of Directors improved the risk management structure and appointed the Risk Management Committee on December 13, 2019 to be responsible for managing, analyzing, and assessing risks that may affect the Company, as well as establishing appropriate measures for managing and monitoring significant risks. The Risk Management Committee is composed of at least 1 independent director, 1 executive director, and 1 executive with sufficient knowledge and competency, wherein the independent director acts as the Chairman of the Risk Management Committee.



(Mr.Thanachart Numnonda)

Chairman of the Risk Management Committee



Internal Control and Risk Management

Internal Control

The Audit Committee is composed of independent directors who are responsible for overseeing the adequacy of the Company's internal control system and compliance with legal and regulatory requirements. The Audit Committee regularly undertakes a thorough review of the performance of internal and external auditors and proposes an audit report on internal control to the Board of Directors for consideration. The Audit Committee has been appointed in conformity with the requirements of the Securities and Exchange Commission, with the primary objectives to ensure good corporate governance and evaluate the adequacy of internal control system pursuant to the guidelines of the Stock Exchange of Thailand.

The Company appointed Audit House Company Limited as its internal auditor to be responsible for providing advice and reviewing and monitoring the Company's internal control system, risk management system, and corporate governance. The Company's corporate governance procedures are adequate, efficient, and in line with the predetermined objectives. The internal auditor is independent of the Company and has sufficient and appropriate resources to perform its internal audit functions in accordance with applicable laws and regulations; whereby all audit findings are reported to the Audit Committee on a regular basis.

At the Board of Directors' Meeting No. 1/2563 on February 26, 2020, the Board of Directors reviewed the adequacy of the Company's internal control system in five aspects, pursuant to the guidelines prescribed by the Securities and Exchange Commission. The Board of Directors concluded that the Company's internal control system was adequate and appropriate to the current operating conditions, as detailed below.

- 1. Internal Control** The Company has established an appropriate organizational structure and constantly promotes the Management to perform its duties with efficiency. The Company has formulated a clear set of policies, operating procedures, and a written code of ethics.
- 2. Risk Management** The Company places emphasis on risk management and conducts a regular assessment of internal and external risk factors that may significantly impact the Company's operation. The Company analyzes both controllable and uncontrollable risk factors to identify appropriate preventive or mitigation measures, and all risk factors are regularly monitored to assess potential impact on the Company.
- 3. Control Activities** The Company has clearly defined the scope of authorities of each level of management and places importance on the segregation of duties to prevent fraud and corruption. Monitoring measures have been implemented to ensure that the approval of connected transactions conforms to the regulations of the Securities and Exchange Commission and that such transactions are carried out in the best interest of the Company. In addition to reviewing the performance of subsidiaries on a regular basis, the Company has set a clear direction for directors or executives of the subsidiaries to adhere to. Furthermore, the Audit Committee attaches great importance to the oversight of legal and regulatory compliance in order to reduce business risks and maintain the Company's reputation.
- 4. Information and Communication** The Company has established an efficient system for internal and external communications, including accurate and comprehensive information systems with respect to accounting and finance. Moreover, the Company's accounting policies are appropriate to its business nature.

5. Monitoring The Company promotes a regular review of compliance with the internal control system by hiring an external auditor to perform the internal audit function. The internal audit report is directly submitted to the Audit Committee, and the copy is presented to the executives and relevant personnel to implement corrective actions recommended by the internal auditor. The effectiveness of such corrective actions is also monitored and reported to the Audit Committee for acknowledgement.

The Board of Directors reviewed the internal control system of the Company by taking into account the information presented by the Management regarding compliance matters and recommendations on the improvement of internal controls. The internal control system was reviewed based on five aspects, specifically internal control, risk management, control activities, information and communication, and monitoring. The Board of Directors was of the opinion that the Company's internal control system was adequate and appropriate for business operation; the risk management system was at a satisfactory level; the accounting and financial reporting systems were accurate and reliable; and the Company commanded compliance with applicable laws and regulations.

Risk Management

The Company places great value on risk management and thereby instituted the risk management policy with emphasis on developing a comprehensive risk management system that conforms to the principles of good corporate governance. The Company has also established the Risk Management Committee on December 13, 2019 to be responsible for assessing and determining the significance of risks, as well as formulating appropriate risk management plans; however, in the past risk management was conducted by the Risk Management Working Group. Which has classified the types of risk as follows:

1. Vendor Risk
2. Sales and Customer Risk
3. Installation and Renewal Services Contracts Risk
4. Credit Risk)
5. Human Resources Risk
6. IT Systems Risk
7. Compliance Risk

The Risk Management Working Group has performed its duties in a systematic and continuous manner; it consists of executives from each department who are responsible for overseeing and ensuring that risk management practices are in line with the objectives and conform to the acceptable level of risk.

Related Transactions

1. Normal business transaction

The Company has a business transaction which is purchase and sale of goods and services between the Company and its subsidiaries and the parties with a possible conflict of interest in the future and related persons. This is in accordance with the commercial terms and conditions agreed upon in the normal course of business.

Companies/individuals involved	Types of transactions	Value (Thousand Baht)					Necessity and reasonableness
		2019	Q4 2019	2018	2017	2016	
Vnet Capital Co., Ltd. ("VNET") Relationship: 73% shareholding in the Company and common directors	<ul style="list-style-type: none"> Revenue from sales and services Provide maintenance services to VNET for a period of time. 	24	-	24	30	24	It is reasonable because the service fee and gross profit margin are close to those of the general customers.
	<ul style="list-style-type: none"> Location Fee/Pay service to VNET for office services. 	367	90	376	402	358	It is reasonable because it can save a lot of money from sharing resources when compared to the price that the Company has to process itself and employing staff directly.
	<ul style="list-style-type: none"> Other revenues The gains from the sale of a subsidiary in Singapore to VNET. 	-	-	-	-	135	It is reasonable because the price is agreed based on the book value of subsidiaries.
	<ul style="list-style-type: none"> Other expenses Management of support services such as human resource services, recruiting services, copying costs, etc. 	311	121	282	343	480	It is reasonable because it can save a lot of money from sharing resources when compared to the price that the Company has to process itself and employing staff directly.

Companies/individuals involved	Types of transactions	Value (Thousand Baht)					Necessity and reasonableness
		2019	Q4 2019	2018	2017	2016	
VST ECS (Thailand) Co., Ltd. ("VST ECS") Relationship: Common directors (To February 2017)	<ul style="list-style-type: none"> Revenue from sales and services To Vintcom, sells goods and services to VST ECS at normal rates, and vServePlus receives the service fees in accordance with the terms of the business transfer agreement. 	-	-	-	14,185	65,605	It is reasonable that the sale of goods and services is a normal business transaction, as well as the sale of goods and services to other customers, and is in accordance with the agreement of business transfer.
	<ul style="list-style-type: none"> Profit from business acquisition vServePlus purchased the IT services division of VST ECS and the fair value of the transferred assets is higher than the current consideration value of the payments that vServePlus paid, resulting in a gain from the acquisition. 	-	-	-	-	6,825	It is reasonable that the acquisition and transfer of the business has expanded the Company's business operations to a larger scale, has a rapidly growing customer base and revenues, has a good return on investment and is acceptable. The profit from the business acquisition is a result of negotiating and contractual agreements between the two parties.
	<ul style="list-style-type: none"> Other revenues Vintcom receives promotional fees at the same rate as other VST ECS customers receives and vServePlus earns revenue from rental and related 	-	-	-	217	54	It is reasonable that the promotional fee to be paid in due time as a normal business transaction, as is the case with other VST ECS customers, and the rental of the space will allow vServePlus to benefit from the use of the space. This is because the rental and service fees are higher than the rental cost.

Companies/individuals involved	Types of transactions	Value (Thousand Baht)					Necessity and reasonableness
		2019	Q4 2019	2018	2017	2016	
	<ul style="list-style-type: none"> Purchase goods or services. Vintcom purchases products and services from VST ECS for resale to customers and vServePlus buys parts used to repair products from VST ECS. 	-	-	-	1,617	5,562	It is reasonable that such purchases and services are a normal business transaction as VST ECS is a legitimate representative in Thailand and purchased at a price close to the market price.
	<ul style="list-style-type: none"> Purchase of Assets Purchase of assets used in the business of VST ECS sold at a cheaper price compared to purchase from other people at general retail prices. 	-	-	-	895	18,269	It is necessary and reasonable to allow vServePlus to close its financial statements on time from the beginning of business transfer. This item will be temporary until vServePlus can recruit an accountant. The fees charged are based on the actual costs incurred by VST ECS. Other expenses that VST ECS has advance paid were charged to vServePlus at the actual rate.
	<ul style="list-style-type: none"> Other expenses vServePlus paid for accounting services to VST ECS at the initial stage of its establishment and transferred its business from VST ECS and vServePlus was still recruiting accounting personnel. In 2016, most of the other costs were advance paid by VST ECS and vServePlus was charged at actual rates. 	-	-	-	497	5,580	It is necessary and reasonable to allow vServePlus to close its financial statements on time from the beginning of business transfer. This item will be temporary until vServePlus can recruit an accountant. The fees charged are based on the actual costs incurred by VST ECS. Other expenses that VST ECS has advance paid were charged to vServePlus at the actual rate.

Companies/individuals involved	Types of transactions	Value (Thousand Baht)					Necessity and reasonableness
		2019	Q4 2019	2018	2017	2016	
CTC Global (Thailand) Co., Ltd. Relationship: Common shareholders and directors (To November, 2017)	<ul style="list-style-type: none"> Revenue from sales and services Provided services to CTC by receiving service fees at the service margin received in the same manner as services provided to other customers. 	-	-	-	1,921	212	It is reasonable as it is a normal business transaction as well as providing services to other customers. The Company charges a price based on the general commercial terms.
	<ul style="list-style-type: none"> Purchase of Assets vServePlus purchased used assets for use. 	50	-	-	-	-	It is reasonable because the purchase price is based on the condition of assets.
BCBG Co., Ltd. Relationship: Common shareholders and directors (Common directors to December, 2019)	<ul style="list-style-type: none"> Other expenses Purchased products of BCBG to give to customers during the New Year. The price is the same price that BCBG sells to general customers. 	67	-	15	104	34	It is reasonable as the normal business transaction and the price is the same price that BCBG sells to other customers.
	<ul style="list-style-type: none"> Revenue from sales and services Sales and maintenance services for NTN by receiving revenue at the same rate as the general customer. 	93	-	218	194	203	It is reasonable as it is a normal business transaction as well as providing services to other customers The Company charges a price based on the general commercial terms.
NTN Solution Co., Ltd. (NTN) Relationship: Common shareholders and directors (Common directors to June, 2018)	<ul style="list-style-type: none"> Purchase of Assets Pay for programming and royalties to use the program. 	246	-	678	597	307	It is reasonable because it is the same program that vServePlus used to run continuously, have a fully functional and inexpensive system compared to buying other programs. Programming fees and installation and implementing fees are charged at the same rate as for general customers.

Companies/individuals involved	Types of transactions	Value (Thousand Baht)					Necessity and reasonableness
		2019	Q4 2019	2018	2017	2016	
	<ul style="list-style-type: none"> Other expenses <p>Paid NTN to maintain the program purchased from NTN to use.</p>	982	258	432	447	120	It is necessary and reasonable because NTN is the developer of the program. When the problem occurs, NTN can maintain the program conveniently, quickly, in a timely manner and not cause business interruption.
Blue Fish Solution Co., Ltd. Relationship: Common shareholders and directors	<ul style="list-style-type: none"> Revenue from sales and services <p>vServePlus has service income from Blue Fish.</p>	-	-	3	-	-	It is reasonable as it is a normal business transaction as well as providing services to other customers.
	<ul style="list-style-type: none"> Other revenues <p>vServePlus has revenue from space rental and office space management services, floor 1 - 2, and cargo space for Blue Fish.</p>	1,427	357	1,427	1,330	410	It is reasonable because the Company benefits from the use of space to generate revenue and the Company charges a price based on the general commercial terms.
	<ul style="list-style-type: none"> Cost of Sales and Services <p>Payment for document management services.</p>	10	10	-	-	-	It is reasonable that the fee charged is based on the general commercial terms.
	<ul style="list-style-type: none"> Other expenses <p>Payment for document storage services to Blue Fish. Due to its limited storage space so external document storage services are required.</p>	15	4	16	9	7	It is reasonable that the fee charged is lower than the fee charged by the third party.

Companies/individuals involved	Types of transactions	Value (Thousand Baht)					Necessity and reasonableness
		2019	Q4 2019	2018	2017	2016	
Copperwired Public Company Limited Relationship: Common shareholders and directors	<ul style="list-style-type: none"> Purchase of Assets Purchased assets for use in normal price. 	38	-	-	25	-	It is reasonable because the purchase price is the same price as sold to the general public.
	<ul style="list-style-type: none"> Other expenses Vintcom paid for Copperwired conference room services, which was lower than if the Company needed to have its own conference room and purchased Copperwired products for use in promotional campaigns. 	102	69	13	2	21	It is reasonable that the rent of the meeting room allows the Company to save on the use of shared resources when compared to the price that the Company has to process itself and employ staff directly. The purchase price is the same as that sold to the general public.
V-Health Three-Sixty Co., Ltd. Relationship: Common shareholders and directors	<ul style="list-style-type: none"> Other expenses Vintcom purchased V-Health's products to give to customers during the New Year. The price is the same price that V-Health sells to general customers. 	6	6	6	-	-	It is reasonable as the normal business transaction and the price is the same price that V-Health sells to other customers.

Companies/individuals involved	Types of transactions	Value (Thousand Baht)					Necessity and reasonableness
		2019	Q4 2019	2018	2017	2016	
Logist Plus Co., Ltd. Relationship: Common shareholders	<ul style="list-style-type: none"> Revenue from sales and services vServePlus sold maintenance services at the same rate as the general customer. 	130	24	-	-	-	It is reasonable as the normal business transaction and the price is based on the general commercial terms.
	<ul style="list-style-type: none"> Cost of Sales and Services Payment for warehouse and inventory management services. 	1,167	416	-	-	-	It is reasonable as the normal business transaction and the price is based on the market price.
	<ul style="list-style-type: none"> Other expenses Payment for inventory management and logistic services. 	491	112	-	-	-	It is reasonable as the normal business transaction and the price is based on the market price.

2. Measures or Procedures of Approval for Connected Transactions

The Company has set policy and procedure for approval of connected transactions between the Company and its subsidiaries with related parties. This is a person who may have conflicts of interest, any interest or potential conflict of interest in the future through considering the reasonableness, appropriateness of the price, and the terms and conditions of the transaction, in order to be transparent and beneficial to the Company. The Company has also paid attention to the prevention of conflict of interest.

Upon entering into any connected transaction, the Company shall comply with the law governing securities and exchange, regulations, announcements, orders or requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand related in such matters, including compliance with the disclosure requirements of the connected transactions of the Company or its subsidiaries in accordance with the accounting standards prescribed by the Federation of Accounting Professions. Those who may have a conflict of interest or have a stake in the transaction cannot participate or have no right to vote in the approval of the transaction.

In the case where the law requires the approval of entering into connected transactions from the Board of Directors or shareholders' meeting, the Company will arrange for the Audit Committee to attend the meeting to consider and give opinion on the matter required for transaction and reasonableness of the transaction.

3. Policy and trend of connected transactions in the future

3.1. Policy of connected transactions

The connected transactions that are commercial transactions subject to general trading conditions, and transactions that do not comply with general trading conditions, or other transactions, shall have the following principles:

(1) Trade transactions with general trading conditions

The Company has set the framework for trade transactions that are subject to normal trading conditions that are normally performed by the Company for business purposes or as trade transactions, in which such company is in the same business as the Company, is usually done to support its normal business which the price and conditions are fair and do not cause the transfer of benefits. This is considered and approved by the Audit Committee and has been approved by the Board of Directors. Upon such transaction, the Managing Director or the Executive Committee. ("Management") of the Company can approve the transaction.

(2) Trade transactions that are not general trade conditions. or other transactions

Trade transactions that are not general trade conditions. or other transactions that the Company will have to propose to the Audit Committee to consider and give opinions on the necessity and appropriateness of entering into the transaction as well as the price and conditions of the transaction prior presented to the Board of Directors and/or shareholders, as the case may be for consideration and approval. It shall comply with the law governing securities and exchange, regulations, announcements, orders or requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand related in such matters.

In the event that the Audit Committee is unqualified in considering potential connected transactions, the Company will provide the independent expert or the auditor of the Company to comment on such connected transactions to be used for the decision of the Audit Committee, Board of Directors, and/or the shareholders' meeting as the case may be. Those who may have a conflict of interest or any interest in the transaction will not be able to participate or have no right to vote in approving the connected transaction.

3.2. Trend of connected transactions in the future

The Company expects the connected transactions resulting from the normal business operations and support the normal business of the Company, including sales of goods and services, purchase of goods and services, rental of space, etc. It is either an on-going existing connected transactions or an occurring of the new connected transactions in the future. The pricing policy will be clearly defined at fair and reasonable prices and market conditions and will not result in any transfer of benefits, as well as taking into account the interests of the Company and its subsidiaries. The Audit Committee of the Company will review and comment on connected transactions which are normal business transactions or normal business support on a quarterly basis.

The connected transactions that may occur in the future, the Board of Directors shall act in accordance with the law governing securities and exchange, regulations, announcements, orders or requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand related in such matters, including compliance with the disclosure requirements of the connected transactions of the Company or its subsidiaries in accordance with the accounting standards prescribed by the Federation of Accounting Professions.

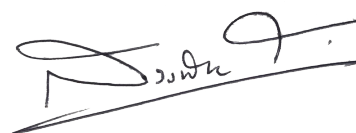


Report of the Audit Committee

The Audit Committee was established with the primary objective to assist the Board of Directors in its oversight of the Company's financial reporting, internal control system, internal audit functions, and compliance with applicable laws, regulations, and code of ethics so as to promote good corporate governance in the Company and its subsidiaries. In addition, the Audit Committee is responsible for reviewing the adequacy and effectiveness of risk management of the Company and its subsidiaries. To ensure efficient performance, the Audit Committee conducts performance evaluation and self-assessment at the end of each fiscal year, which encompass various matters such as its performance of duties in accordance with the scope of responsibilities. This year's result indicates that the performance of the Audit Committee was satisfactory and is relatively similar to the last year's performance. The composition of the Audit Committee is in line with the requirements of the Stock Exchange of Thailand, which stipulate that the Audit Committee shall consist of qualified independent directors with expertise in business administration and at least one member who is sufficiently knowledgeable and experienced to review the reliability of financial statements. More specifically, the Company's Audit Committee comprises three independent directors, namely Mr. Sanpat Sapon (Meeting attendance 4/4) who serves as the Chairman and Mr. Thanachart Numnonda (Meeting attendance 4/4) and Mr. Kriengkrai Boonlert U-Thai (Meeting attendance 3/4) who serve as members. In 2019, the Audit Committee held a total of four meetings, of which significant matters are summarized below.

1. The Audit Committee reviewed the Company's quarterly and annual financial statements and held the same opinion as the external auditor that these financial statements were accurate and reliable in all material respects and provided adequate disclosure of information in accordance with the financial reporting standards.
2. The Audit Committee reviewed all connected transactions undertaken by the Company and its subsidiaries in accordance with the guidelines of the Stock Exchange of Thailand. The Audit Committee was of the opinion that these transactions were undertaken in the normal course of business and had been completely disclosed in the financial statements.
3. The Audit Committee considered and approved the internal audit plan submitted by the internal auditor, and acknowledged the results of assessment of internal control system. The Audit Committee reviewed corrective actions towards significant issues encountered in the course of internal audits and provided recommendations to the Management regarding the plan for improvement and development of internal control system so as to ensure the Company's compliance with applicable laws and regulations. The assessment results confirmed that the Company's internal control system and risk management were adequate and effective.
4. The Audit Committee had examined the performance, knowledge, expertise and independence of the external auditor, as well as the appropriateness of the audit fee, and thus appointed KPMG Phoomchai Audit Limited as the Company's external auditor for the year 2020.

In summary, the Audit Committee performed its duties with due care and independence in the interest of shareholders. The Audit Committee was of the opinion that the Company's internal control system was adequate and effective; the financial statements accurately represent the Company's financial position, performance and cash flows in all material respects in accordance with the financial reporting standards; and the Company commanded compliance with applicable laws and regulatory requirements and provided adequate disclosure of connected transactions.



(Mr. Sanpat Sapon)

Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities for Financial Reporting

The Board of Directors is responsible for financial reporting, including financial information contained in the annual report and financial statements of Vintcom Technology Public Company Limited. The consolidated and separate financial statements for the year ended December 31, 2019 have been audited by KPMG Phoomchai Audit Company Limited. The Board of Directors has provided all necessary information and documents to the external auditor to review and express opinions in accordance with the auditing standards. The foregoing audited financial statements accurately represent the Company's financial position and performance in all material respects in accordance with the financial reporting standards. The Board of Directors considers the accounting policies pursued to be appropriate and that they have been applied consistently with adequate disclosure of significant information in the notes to the financial statements for the benefits of shareholders and investors.

The Board of Directors has appointed the Audit Committee, consisting of independent directors who are responsible for overseeing and evaluating the internal control system, as well as reviewing financial reports and connected transactions. The Audit Committee has expressed its opinion on such matter in the Report of the Audit Committee as presented in this Annual Report.

The Board of Directors is of the opinion that the Company's internal control system is satisfactory and sufficient to assure that the consolidated and separate financial statements of Vintcom Technology Public Company Limited for the year ended December 31, 2019 are reliable and have been prepared in accordance with the financial reporting standards, as well as applicable laws and regulations.



(Mr. Narong Intanate)

Chairman of the Board of Directors

Management Discussion and Analysis

Operating Performance

Revenues

Type of Revenue	Consolidated financial statements			
	December 31, 2019		December 31, 2018	
	THB Million	%	THB Million	%
Revenue from sale	1,126.50	63.22	1,316.40	72.55
Revenue from rendering of services	647.29	36.33	485.08	26.74
Other income	8.04	0.45	12.87	0.71
Total revenue	1,781.83	100.00	1,814.35	100.00

1. Revenue from sale

For the year ended December 31, 2019 the Company and its subsidiaries earned revenue from sale of goods amount THB 1,126.50 million, an decrease from 2018 amount THB 189.90 million, or 14.43% resulting from decrease in revenue from mega project. While there was increase in revenue from smaller project with higher gross profit margin.

2. Revenue from rendering of services

For the year ended December 31, 2019 the Company and its subsidiaries earned revenue from rendering of services amount THB 647.29 million, an increase from last year amount THB 162.21 million, or 33.44%, resulted from including services income of I-Secure amount THB 108.90 million.

3. Other income

In 2019, the Company and its subsidiaries had other income amount THB 8.04 million, an decrease from 2018 THB 4.83 million. The decrease mainly resulted from the THB 4.06 million decrease in gain from exchange rate.

Cost of sale of goods and rendering of services, and gross profit

	Consolidated financial statements for nine-month period ended			
	December 31, 2019		December 31, 2018	
	THB Million	%	THB Million	%
Revenue from sale of goods and rendering of services	1,773.79	100.00	1,801.48	100.00
Cost of sale of goods and rendering of services	1,390.70	78.40	1,526.51	84.74
Gross profit	383.09	21.60	274.97	15.26
Gross profit margin (%)		21.60		15.26

In 2019, the Company and its subsidiaries' cost of sale of goods and rendering of services was THB 1,390.70 million. Compared to THB 1,526.51 million in 2018, decreased THB 135.81 million, or 8.90%, which higher than decreasing rate of relating revenue. In addition, cost of sale of goods and rendering of services was 78.40% of revenue from sales of goods and rendering of services, decrease when compared to 84.74% in 2018. In sum, the gross profit was 21.60%, higher than 15.26% gross profit in 2018 due to including operating result of I-Secure which got high margin in this year.

Expenses

Distribution costs

In 2019, the Company and its subsidiaries' distribution costs was amount THB 55.59 million, an increase from 2018 THB 11.83 million, or 27.02%, resulting from including distribution costs of I-Secure mainly consisting of staff expense. In addition, the increase in distribution costs was mainly due to the rising of commission and marketing expense in order to support revenue growth. Distribution costs was 3.12% of total revenue, higher than in 2018 which was 2.4

Administrative expenses

The administrative expense of 2019 was THB 235.91 million, an increase from 2018 THB 83.63 million, or 54.92%. In general, the Company and its subsidiaries' administrative expense consisted of staff expense, rental and office-facility service expenses and depreciation and amortization. The administrative expense was 13.24% of total revenue, higher than last year (8.39% in 2018). The reasons are mainly due to inclusion of THB 48.20 million full fiscal year administrative expenses of I-Secure in 2019 versus THB 11.19 million 3 months expenses for 2018, and the recognition of loss of THB 23.71 million from the changes in fair value of the consideration paid for the acquisition of I-Secure in line with the acquisition agreement to determine such consideration based on I-Secure's net profit after tax for the year 2019 and 2020.

In 2019, I-Secure's profit is better than expected, and is likely to increase further in accordance with the business trends of I-Secure, Therefore, it is necessary to adjust the estimated consideration to be paid for the acquisition and recognize the impact in the financial statements.

Net Profit and Net Margin

In 2019, the Company's net profit was THB 66.78 million, led to an increase of THB 8.36 million from 2018, or 14.31%. The net margin for 2019 was 3.75%, slightly increase from 2018 which was 3.22%.

Financial Position

Assets

Majority of the Company and its subsidiaries' total assets composed of account receivables, other receivables, cash and cash equivalent and goodwill. The Company and its subsidiaries' total assets as at December 31, 2019 and 2018 were THB 1,161.05 million and THB 1,285.96 million, respectively. The THB 124.91 million decrease in total assets, or 9.71% was mainly due to decrease in account receivables.

Cash and cash equivalent as at December 31, 2019 and 2018 was THB 260.74 million and THB 186.62 million, respectively. The increasing THB 74.11 million resulted from cash receive from account receivables.

Account receivables and other current receivables as at December 31, 2019 and 2018 was THB 540.11 million and THB 747.87 million, respectively. The decreasing THB 207.76 million resulted from receive payment from account receivables.

Inventories at as at December 31, 2019 and 2018 were THB 23.13 million and THB 36.21 million, decrease from last year THB 13.09 million.

Goodwill amounting to THB 210.00 million arose from purchase of shares at 100% shareholding of I-Secure.

Liabilities

Majority, or 84.29% of the Group's total liabilities was current liabilities consisting of trade and other current payables and payable deriving from business combination which due within one year. Significant amount of non-current liabilities composed of payable deriving from business combination and non-current provisions for employee benefit. The company's total liabilities as at December 31, 2019 and December 31, 2018 were THB 654.22 million and THB 824.00 million, respectively. The THB 169.78 million decrease in total liabilities, or 20.60% was mainly due to payment of the Short-term loans from financial institutions THB 177 million.

Shareholders' Equity

Total shareholders' equities of the Company as at December 31, 2019 and December 31, 2018 were THB 440.00 million and THB 409.86 million, respectively. The THB 30.14 million increase was due to net profit amount to THB 66.78 million and decrease for dividend paid during the year amounting to THB 36.00 million.



Financial Statements and Notes to Financial Statements

Independent Auditor's Report

To the Shareholders of Vintcom Technology Public company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Revenue from contracts recognition	
Refer to Notes 2(c) 3(r) and 19	
The Key audit matter	How the matter was addressed in the audit
<p>Recognition of the Group's revenue is complex due to a lot of customer contracts which several contracts involve multiple performance obligations that combines the sales of goods, rendering of services and subsequent services (maintenance services), allocation transaction price to the performance obligations in the contract and timing of revenue recognition.</p> <p>I focused on this area as recognition of revenue involves significant judgment made by Management including; determining performance obligations, determining the allocation on a relative stand-alone selling price basis, allocation calculation of multiple performance obligations and timing of revenue recognition.</p> <p>Therefore, this matter is key area of focus in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • understanding and assessing the design and implementation of relevant controls regarding revenue recognition of multiple performance obligations, consisted of management's review of multiple performance obligations, a relative stand-alone selling price determination, allocation calculation and timing of revenue recognition; • sampling testing the relevant controls regarding revenue recognition of multiple performance obligations; including sampling testing the appropriateness of a relative stand-alone selling price determination, allocation with relevant document and timing of revenue recognition; • reading the contracts for key terms, testing separation relevant performance obligations, testing allocation calculation and timing of revenue recognition by sampling basis; • considering the adequacy of the disclosures in accordance with the Thai Financial Reporting Standards

Fair value assessment of assets and liabilities from business acquisition, impairment of goodwill and investment in subsidiary	
Refer to Notes 2(c), 3, 4, 10 and 13	
The Key audit matter	How the matter was addressed in the audit
<p>On 17 October 2018, the Group acquired a subsidiary, which is engaging in IT security services business. During 2019, the Group had completed reassessing the fair value of the assets acquired and liabilities assumed from a business acquisition; and consideration transferred including contingent consideration resulting in the adjustment of goodwill to reflect new information obtained about facts and circumstances that existed as of the acquisition date.</p> <p>The accounting for the business acquisition requires management to make judgements on identifying and determining the fair values of assets acquired and liabilities assumed from a business acquisition; and consideration transferred including contingent consideration at a business acquisition date and during measurement period.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • reading the sale and purchase agreement and relevant minutes of meeting of management; • inquiring management to understand key terms and conditions including transaction that relevant to accounting for the business acquisition and recoverable amount estimation method for impairment assessment; • evaluating appropriateness of the identification of assets acquired and liabilities assumed; and consideration transferred including contingent consideration, and examining the relevant purchase and disbursement documents; • evaluating appropriateness of valuation technique used for recoverable amount of goodwill, and key assumptions such as forecast of revenue and expenses, profit rate, growth rate and discount rate by comparing to historical data, operation plan including information derived from external source, testing calculation and performing sensitivity analysis around the key assumptions;

Fair value assessment of assets and liabilities from business acquisition, impairment of goodwill and investment in subsidiary	
Refer to Notes 2(c), 3, 4, 10 and 13	
The Key audit matter	How the matter was addressed in the audit
<p>As the declining in economic in the present, the increasing of competition and rapid change in IT business affect to the subsidiary's future operation which goodwill, and investment in such subsidiary will be impaired. The impairment assessment requires management to make judgements on estimating recoverable amount of those assets.</p> <p>Due to complexity of the valuation approach and data inputs of fair value determination and recoverable amount estimation involved a significant level of judgment in determining the key assumptions of management. Therefore, this is an area of focus in my audit.</p>	<ul style="list-style-type: none"> evaluating the key assumption used to determine the fair value of assets acquired and liabilities assumed; and consideration transferred including contingent consideration by referred from external source and internal source; considering the adequacy of the disclosures in accordance with the Thai Financial Reporting Standards

Emphasis of Matter

I draw attention to note 4 to the financial statements. The finalization of the reassessment of assets and liabilities from business acquisition which the Company's acquired in October 2018 was completed in October 2019. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 December 2018 after making the adjustments described in notes 4. My opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



(Marisa Tharathornbunpakul)
Certified Public Accountant
Registration No. 5752

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2020

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Assets	Note	2019	2018 (Restated)	2019	2018 (Restated)
(in Baht)					
Current assets					
Cash and cash equivalents	6	260,736,928	186,624,597	124,706,418	83,800,805
Trade and other accounts receivable	5, 8	540,109,037	747,865,977	340,087,155	543,902,680
Short-term loans to related parties	5	-	-	35,972,061	24,866,956
Inventories	9	23,127,723	36,214,436	17,329,163	15,329,986
Total current assets		823,973,688	970,705,010	518,094,797	667,900,427
Non-current assets					
Restricted deposits with financial institutions	7, 15	17,473,351	18,132,574	16,725,000	16,725,000
Trade accounts receivable	8	3,922,669	-	-	-
Investments in subsidiaries	4, 10	-	-	362,078,952	310,240,789
Equipment	12	36,065,564	30,680,566	11,238,770	11,651,858
Goodwill	4, 13	210,007,302	210,007,302	-	-
Other intangible assets	4, 14	4,666,029	7,536,427	194,359	285,488
Deferred tax assets	22	10,674,121	5,128,633	10,066,875	5,378,465
Corporate income tax and withholding tax refund		46,846,634	36,415,316	33,369,589	28,343,886
Other non-current assets		7,420,467	7,349,460	2,231,767	2,156,411
Total non-current assets		337,076,137	315,250,278	435,905,312	374,781,897
Total assets		1,161,049,825	1,285,955,288	954,000,109	1,042,682,324

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018 (Restated)	2019	2018 (Restated)
(in Baht)					
Current liabilities					
Short-term borrowings					
from financial institution	15	-	177,000,000	-	177,000,000
Trade and other accounts payable	5, 16	461,052,524	473,209,996	333,460,422	308,196,158
Business acquisition payable	4, 26	81,879,291	14,455,631	81,879,291	-
Current portion of long-term loans	15	3,141,204	3,429,648	-	-
Current portion of finance lease liabilities	15	439,117	570,655	439,117	570,655
Income tax payable		4,941,599	3,877,505	3,128,033	3,128,033
Total current liabilities		551,453,735	672,543,435	418,906,863	488,894,846
Non-current liabilities					
Long-term loans	15	-	2,454,774	-	-
Finance lease liabilities	15	2,630,981	852,875	2,630,981	852,875
Business acquisition payable	4	80,336,824	135,135,137	80,336,824	135,135,137
Non-current provisions					
for employee benefits	17	19,801,587	13,018,665	12,002,019	7,820,680
Total non-current liabilities		102,769,392	151,461,451	94,969,824	143,808,692
Total liabilities		654,223,127	824,004,886	513,876,687	632,703,538

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018 (Restated)	2019	2018 (Restated)
(in Baht)					
Equity					
Share capital:					
Authorised share capital (300 million ordinary shares, par value at Baht 0.5 per share)		150,000,000	150,000,000	150,000,000	150,000,000
Issued and paid-up share capital (300 million ordinary shares, par value at Baht 0.5 per share)		150,000,000	150,000,000	150,000,000	150,000,000
Share premium:					
Share premium on ordinary shares	18	182,453,164	182,453,164	182,453,164	182,453,164
Retained earnings					
Appropriated					
Legal reserve	18	15,000,000	15,000,000	15,000,000	15,000,000
Unappropriated		93,506,019	62,727,815	93,624,878	62,846,674
Other component of equity	18	(954,620)	(321,052)	(954,620)	(321,052)
Equity attributable to owners of the parent					
		440,004,563	409,859,927	440,123,422	409,978,786
Non-controlling interests	11	66,822,135	52,090,475	-	-
Total equity		506,826,698	461,950,402	440,123,422	409,978,786
Total liabilities and equity					
		1,161,049,825	1,285,955,288	954,000,109	1,042,682,324

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
Revenue from sale of goods and rendering of services	5, 19	1,773,790,577	1,801,478,940	951,120,952	1,289,649,841
Cost of sale of goods and rendering of services	5	(1,390,698,220)	(1,526,508,007)	(812,342,746)	(1,152,701,004)
Gross profit		383,092,357	274,970,933	138,778,206	136,948,837
Other income	5	8,035,990	12,870,559	5,012,291	7,916,166
Distribution costs	5	(55,594,847)	(43,767,754)	(28,863,777)	(26,896,383)
Administrative expenses	5	(235,912,865)	(152,281,938)	(87,290,037)	(61,396,632)
Finance costs		(4,453,494)	(2,361,090)	(3,741,227)	(1,614,870)
Share of profit of subsidiaries	10	-	-	47,757,231	14,469,988
Profit before tax expense		95,167,141	89,430,710	71,652,687	69,427,106
Tax expense	22	(13,657,277)	(17,643,492)	(4,874,483)	(10,888,063)
Profit for the year		81,509,864	71,787,218	66,778,204	58,539,043
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations	10	(633,568)	(286,393)	(633,568)	(286,393)
Items that will not be reclassified subsequently to profit or loss					
Gain on remeasurements of defined benefit plans	17	-	1,743,699	-	1,392,025
Share of other comprehensive income of subsidiaries		-	-	-	179,354
Income tax relating to items that will not be reclassified subsequently	22	-	(348,741)	-	(314,276)
		-	1,394,958	-	1,257,103
Other comprehensive income (expense) for the year, net of tax					
		(633,568)	1,108,565	(633,568)	970,710
Total comprehensive income for the year		80,876,296	72,895,783	66,144,636	59,509,753

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
(in Baht)					
Profit attributable to:					
Owners of parent		66,778,204	58,420,184	66,778,204	58,539,043
Non-controlling interests	11	14,731,660	13,367,034	-	-
Profit for the year		81,509,864	71,787,218	66,778,204	58,539,043
Total comprehensive income attributable to:					
Owners of parent		66,144,636	59,390,894	66,144,636	59,509,753
Non-controlling interests	11	14,731,660	13,504,889	-	-
Total comprehensive income for the year		80,876,296	72,895,783	66,144,636	59,509,753
Basic earnings per share	23	0.22	0.19	0.22	0.20

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

Vintcom Technology Public Company Limited and its Subsidiaries
Statement of changes in equity

	Note	Consolidated financial statements							
		Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
				Legal reserve	Unappropriated				
Year ended 31 December 2018									
Balance at 1 January 2018									
		150,000,000	182,453,164	15,000,000	22,549,326	(34,659)	369,967,831	38,585,586	408,553,417
(in Baht)									
Transactions with owners, recorded directly in equity									
Distribution to owners of the parent									
Dividends to owners of the Company	24	-	-	-	(19,498,798)	-	(19,498,798)	-	(19,498,798)
Total distribution to owners of the parent		-	-	-	(19,498,798)	-	(19,498,798)	-	(19,498,798)
Comprehensive income for the year									
Profit or loss		-	-	-	58,420,184	-	58,420,184	13,367,034	71,787,218
Other comprehensive income		-	-	-	1,257,103	(286,393)	970,710	137,855	1,108,565
Total comprehensive income (expense) for the year		-	-	-	59,677,287	(286,393)	59,390,894	13,504,889	72,895,783
Balance at 31 December 2018									
		150,000,000	182,453,164	15,000,000	62,727,815	(321,052)	409,859,927	52,090,475	461,950,402

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

Vintcom Technology Public Company Limited and its Subsidiaries
Statement of changes in equity

	Consolidated financial statements							Note
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity	Equity attributable to owners of the parent	Non-controlling interests	
			Legal reserve	Unappropriated				
Year ended 31 December 2019								
Balance at 1 January 2019	150,000,000	182,453,164	15,000,000	62,727,815	(321,052)	409,859,927	52,090,475	461,950,402
				(in Baht)				
Transactions with owners, recorded directly in equity								
<i>Distribution to owners of the parent</i>								
Dividends to owners of the Company	-	-	-	(36,000,000)	-	(36,000,000)	-	(36,000,000)
<i>Total distribution to owners of the parent</i>	-	-	-	(36,000,000)	-	(36,000,000)	-	(36,000,000)
Comprehensive income for the year								
Profit or loss	-	-	-	66,778,204	-	66,778,204	14,731,660	81,509,864
Other comprehensive income	-	-	-	-	(633,568)	(633,568)	-	(633,568)
Total comprehensive income (expense) for the year	-	-	-	66,778,204	(633,568)	66,144,636	14,731,660	80,876,296
Balance at 31 December 2019	150,000,000	182,453,164	15,000,000	93,506,019	(954,620)	440,004,563	66,822,135	506,826,698

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of changes in equity

	Separate financial statements						
	Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity	Equity attributable to owners of the parent	Non-controlling interests
			Legal reserve	Unappropriated			
	(in Baht)						
Year ended 31 December 2018							
Balance at 1 January 2018	150,000,000	182,453,164	15,000,000	22,549,326	(34,659)	369,967,831	
Transactions with owners, recorded directly in equity							
Distribution to owners of the parent							
Dividends to owners of the Company	24	-	-	(19,498,798)	-	(19,498,798)	
Total distribution to owners of the parent		-	-	(19,498,798)	-	(19,498,798)	
Comprehensive income for the year							
Profit or loss		-	-	58,539,043	-	58,539,043	
Other comprehensive income		-	-	1,257,103	(286,393)	970,710	
Total comprehensive income (expense) for the year		-	-	59,796,146	(286,393)	59,509,753	
Balance at 31 December 2018	150,000,000	182,453,164	15,000,000	62,846,674	(321,052)	409,978,786	

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	Separate financial statements							
		Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
				Legal reserve	Unappropriated				
(in Baht)									
Year ended 31 December 2019									
Balance at 1 January 2019		150,000,000	182,453,164	15,000,000		62,846,674	(321,052)	409,978,786	
Transactions with owners, recorded directly in equity									
Distribution to owners of the parent									
Dividends to owners of the Company	24	-	-	-		(36,000,000)	-	(36,000,000)	
Total distribution to owners of the parent		-	-	-		(36,000,000)	-	(36,000,000)	
Comprehensive income for the year									
Profit or loss		-	-	-		66,778,204	-	66,778,204	
Other comprehensive income		-	-	-		-	(633,568)	(633,568)	
Total comprehensive income (expense) for the year		-	-	-		66,778,204	(633,568)	66,144,636	
Balance at 31 December 2019		150,000,000	182,453,164	15,000,000		93,624,878	(954,620)	440,123,422	

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018 (Restated)	2019	2018 (Restated)
(in Baht)					
Cash flows from operating activities					
Profit for the year		81,509,864	71,787,218	66,778,204	58,539,043
<i>Adjustments to reconcile profit to cash receipts</i>					
<i>(payments)</i>					
Tax expense		13,657,277	17,643,492	4,874,483	10,888,063
Finance costs		4,453,494	2,361,090	3,741,227	1,614,870
Depreciation		12,803,783	10,197,197	4,798,503	4,775,853
Amortisation		3,091,860	2,491,867	131,129	150,547
Unrealised (gain) loss on exchange		54,210	(103,558)	2,140,102	540,966
Share of profit of subsidiaries		-	-	(47,757,231)	(14,469,988)
(Reversal of) bad and doubtful debts expenses		28,548	(242,253)	-	228,404
Losses on inventories devaluation		135,193	79,955	135,193	79,955
(Gain) loss on disposals of equipment		289,004	(176,400)	-	(154,361)
Written-off withholding tax deducted at source		-	-	-	5,769
Interest income		(1,813,496)	(1,724,627)	(1,984,734)	(1,656,632)
Fair value adjustment of business					
acquisition payable	4	23,714,586	-	23,714,586	-
		137,924,323	102,313,981	56,571,462	60,542,489
Changes in operating assets and liabilities					
Trade and other accounts receivable		202,987,492	(335,063,679)	203,311,215	(277,170,075)
Inventories		12,951,520	12,699,055	(2,134,370)	24,649,692
Other non-current assets		(71,007)	(354,625)	(75,356)	68,657
Trade and other accounts payable		(10,882,412)	114,364,992	25,563,030	53,219,974
Non-current provisions for employee benefits		6,782,922	1,425,135	4,181,339	(614,267)
Net cash generated from (used in) operating		349,692,838	(104,615,141)	287,417,320	(139,303,530)
Taxes received		8,722,335	6,311,944	8,722,335	4,373,413
Taxes paid		(37,292,324)	(29,962,672)	(23,310,931)	(18,019,605)
Net cash from (used in) operating activities		321,122,849	(128,265,869)	272,828,724	(152,949,722)

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018 (Restated)	2019	2018 (Restated)
(in Baht)					
Cash flows from investing activities					
Payment for capital increase in subsidiary		-	-	(4,714,500)	(3,819,600)
Repayment of business acquisition payable	26	(14,911,576)	-	-	-
Acquisition of subsidiary, net of cash acquired	4,10	-	(86,503,444)	-	(115,000,000)
Proceeds from sale of equipments		964,198	461,705	17,806	58,892
Acquisition of equipment		(17,336,593)	(5,937,328)	(1,540,217)	(2,581,091)
Acquisition of intangible assets		(436,345)	(1,209,034)	(40,000)	(79,650)
Proceeds from repayment of short-term loans to related parties		-	-	19,800,000	-
Short-term loans to related parties		-	-	(32,859,044)	(24,949,325)
Increase in restricted deposits with financial institutions		-	(16,032,574)	-	(14,625,000)
Decrease in restricted deposits with financial institutions		659,223	2,500,000	-	2,500,000
Interest received		1,783,580	1,728,694	2,274,465	1,364,331
Net cash used in investing activities		(29,277,513)	(104,991,981)	(17,061,490)	(157,131,443)
Cash flows from financing activities					
Proceeds from short-term borrowings from financial institution		177,000,000	375,000,000	177,000,000	375,000,000
Repayment of short-term borrowings from financial institution		(354,000,000)	(198,000,000)	(354,000,000)	(198,000,000)
Repayment of borrowings		(2,743,218)	(20,485,930)	-	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(1,353,432)	(531,312)	(1,353,432)	(531,312)
Dividends paid to owners of the Company	24	(36,000,000)	(19,498,798)	(36,000,000)	(19,498,798)
Interest paid		(668,979)	(1,365,074)	(411,690)	(1,275,922)
Net cash from (used in) financing activities		(217,765,629)	135,118,886	(214,765,122)	155,693,968

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

Vintcom Technology Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2019	2018 (Restated)	2019	2018 (Restated)
(in Baht)					
Net increase (decrease) in cash and cash equivalents,					
before effect of exchange rates		74,079,707	(98,138,964)	41,002,112	(154,387,197)
Effect of exchange rate changes on cash and					
cash equivalents		32,624	130,624	(96,499)	(281,478)
Net increase (decrease) in					
 cash and cash equivalents		74,112,331	(98,008,340)	40,905,613	(154,668,675)
Cash and cash equivalents at 1 January		186,624,597	284,632,937	83,800,805	238,469,480
Cash and cash equivalents at 31 December	6	260,736,928	186,624,597	124,706,418	83,800,805
<i>Non-cash transactions</i>					
Purchase of equipment under financial lease		3,000,000	-	3,000,000	-
Equipment and other intangible assets payable		261,688	1,337,476	38,032	175,028
Business acquisition payable	<i>4</i>	25,574,049	135,135,136	25,574,049	135,135,136

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

Vintcom Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

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Vintcom Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 26 February 2020.

1 General information

Vintcom Technology Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in December 2017. The Company’s registered office at 159/21 Serm-Mit Tower, 14th Floor, Sukhumvit 21 Road (Asoke), North-Klongtoey, Wattana, Bangkok.

The parent company during the financial year was Vnet Capital Co., Ltd. (68% shareholding) which was incorporated in Thailand.

The principal businesses of the Company and its subsidiaries are trading computer and equipment including related software and related services for computer. Details of the Company’s subsidiaries as at 31 December 2019 and 2018 are disclosed in notes 10.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* which replaces TAS 18 *Revenue*, TAS 11 *Construction Contracts* and related interpretations. The details of accounting policies are disclosed in note 3(r).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 29.

(b) Functional and presentation currency

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

(c) Use of judgements and estimates

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

Vintcom Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

(i) Judgements

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

3(r) and 19 Revenue recognition:

- whether performance obligations in a bundled sale of products and services are capable of being distinct;
- allocation of transactions to performance obligations in the contract by using the stand-alone selling prices of difference products or services;
- whether revenue from sales of products is recognised over time or at a point in time;

3(v) and 15 Leases: whether an arrangement containing a lease; and lease classification.

(ii) Assumptions and estimation uncertainties

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

3(k) 10 and 13 Impairment test of goodwill: key assumptions underlying recoverable amounts;

3(o) and 17 Measurement of defined benefit obligations: key actuarial assumptions;

3(q) and 4 Acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis;

3(r) and 19 Revenue recognition: several performance obligations; and

27 Recognition and measurement of provisions and contingencies;

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Business combinations

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

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

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

Vintcom Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

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

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

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

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

Subsidiaries

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

Non-controlling interests

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

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

Loss of control

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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

Vintcom Technology Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

(b) Foreign currencies

Foreign currency transactions

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

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

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

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) Derivatives

Derivatives are used to manage exposure to foreign exchange arising from operational, financing and investment activities. Derivatives are not used for trading purposes.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(d) Cash and cash equivalents

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



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(e) Trade and other accounts receivable and contract assets

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

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

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

(f) Inventories

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

Cost is calculated using specific identification basis in case of goods bought for specific customers and first in first out basis is applied for goods not specifically bought for specific customers. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

(g) Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the equity method.

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

Disposal of investments

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

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

(h) Equipment

Recognition and measurement

Owned assets

Equipment are measured at cost less accumulated depreciation and impairment losses.

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Cost includes expenditure that is directly attributable to the acquisition of the asset, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised in profit or loss.

Leased assets

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

Subsequent costs

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

Depreciation

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

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

Spare parts	5 years
Office equipment	1 - 6 years
Furniture and fixtures	1 - 6 years
Leasehold building improvement	3 - 10 years
Vehicles	5 years

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

(i) Contract cost assets

Contract cost assets are the incremental costs to obtain a contract with a customer. The Group expects to recover these costs. However, the incremental costs of obtaining a contract are expensed when incurred, if the expected amortisation period is one year or less.

Contract cost assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis/on systematic basis over the term of the contract it relates to, consistent with the related revenue recognition.

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(j) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a) to the financial statements. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. For equity instruments, In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

The estimated useful lives for the current and comparative periods are as follows:

Computer software	3 - 5 years
Service agreement	5 years 11 months

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

(k) Impairment

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

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Calculation of recoverable amount

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

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

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

(l) Interest-bearing liabilities

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

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Contract liabilities

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

(o) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

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

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

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

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

(p) Provisions

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

(q) Measurement of fair values

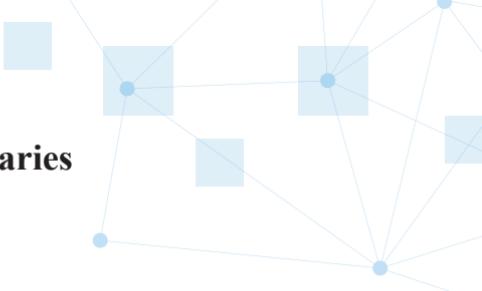
The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

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

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

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

- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are not based on unobservable inputs.



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

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

(r) Revenue

Accounting policies for revenue recognition in 2019

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

Sale of goods and services

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

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

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

Accounting policies for revenue recognition in 2018

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

For multiple element sales contracts that combines the sales of goods, rendering of services and subsequent services (maintenance services) in the same contract. Total arrangement consideration is allocated at the inception of the arrangement to each element based on fair value. Revenue of each component and for single contracts are recognised as the followings;

Sale of goods

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

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Rendering of services

Contract services is recognised when the outcome of a transaction can be estimate reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion of a transaction is determined based on the proportion that costs incurred to date bear to the estimated total costs of the transaction. When the outcome of the transaction involving the rendering of services cannot be estimate reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Maintenance service is recognised rateably over the period of contract.

Other services is recognised as services are provided.

(s) Rental income

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

(t) Investment income

Investment income comprises interest income from investments and bank deposits. Interest income is recognised in profit or loss as it accrues.

(u) Finance costs

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

(v) Lease payments

Payments made under operating lease are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

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

Determining whether an arrangement contains a lease

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

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

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(w) Income tax

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

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

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

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

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

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

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

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

(x) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

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(y) Related parties

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

(z) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets, liabilities, other income, distribution costs and administrative expenses, finance costs and share of profit of subsidiaries.

4 Acquisition of subsidiary

On 17 October 2018 the Group obtained control of I-Secure Co., Ltd., a managed security service provider (MSSP), security operation center (SOC) and security consultancy by acquiring 100% of the shares and voting interests in the company from non-related persons of the Company (the "sellers").

Taking control of I-Secure Co., Ltd. will enable the Company to diversify its business to the managed security services which will relatively help boost its revenues. Moreover, the Company will benefit from the synergy through customer referral and transfer of knowledge, experience and expertise from the vendor which has engaged in such type of IT business for a long period of time and has a huge base of large-scale corporate customers. The performance of I-Secure Co., Ltd. will help generate income and good working results for the Company in the long run, as well as a favourable return on investment.

For the period from 17 October 2018 to 31 December 2018, I-Secure Co., Ltd. contributed revenue of Baht 47 million and profit of Baht 2 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have been increased by Baht 141 million and consolidated profit for the year would have been increased by Baht 4 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

TFRS required Management to make preliminary assessment of the fair values of the assets, liabilities and contingent liabilities specified at the acquisition date. The Group reassessed the fair value of the assets acquired and liabilities assumed; and consideration transferred including contingent consideration from a business acquisition during the measurement period, which must not exceed one year from the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Such information affects to the valuation of these amount which recognised on the acquisition date. Finalisation of the valuation of assets acquired and liabilities assumed; and consideration transferred including contingent consideration from a business acquisition was completed during the year 2019. The financial statements as at 31 December 2018 included in these financial statements have been restated to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Moreover, the Group recorded the change in fair values of contingent liabilities which occurred from events after acquisition date, amount to Baht 24 million in the consolidated statement of comprehensive income and separate statement of comprehensive income as of 31 December 2019.

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The following summarises the fair value of assets acquired and liabilities assumed; and consideration transferred including contingent consideration at the acquisition date:

	Fair value as prior recognised	Adjustment*	Fair value after adjustment
<i>(in thousand Baht)</i>			
<i>Identifiable assets acquired and liabilities assumed</i>			
Cash and cash equivalents	28,497	-	28,497
Trade and other accounts receivable	50,222	-	50,222
Inventories	6,812	-	6,812
Equipment	3,220	-	3,220
Other intangible assets	2,081	1,639	3,720
Corporate income tax and withholding tax refund	3,900	-	3,900
Other non-current assets	349	-	349
Trade and other accounts payable	(28,416)	-	(28,416)
Short-term loans	(19,800)	-	(19,800)
Deferred tax liabilities	(414)	(328)	(742)
Long-term loans	(6,570)	-	(6,570)
Non-current provisions for employee benefits	(1,366)	-	(1,366)
Total identifiable net assets	38,515	1,311	39,826
Goodwill arising from acquisition	154,669	55,338	210,007
Consideration transferred and contingent consideration, at acquisition date	193,184	56,649	249,833

Net cash outflows

	Fair value as prior recognised	Adjustment*	Fair value after adjustment
<i>(in thousand Baht)</i>			
Net cash obtained from the acquisition of subsidiary	28,497	-	28,497
Cash paid	(115,000)	-	(115,000)
Net cash outflows	(86,503)	-	(86,503)

Consideration transferred and contingent consideration

	Fair value as prior recognised	Adjustment* <i>(in thousand Baht)</i>	Fair value after adjustment
Cash paid	115,000	-	115,000
Contingent consideration as stipulated in the agreement (fair value at acquisition date)	78,184	56,649	134,833
Consideration transferred and contingent consideration, at acquisition date	193,184	56,649	249,833
Adjustment in fair value of contingent consideration during the year	-	23,715	23,715
Consideration transferred and contingent consideration, at acquisition date	193,184	80,364	273,548

* Fair value adjustment during measurement period

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	Fair value
	<i>(in thousand Baht)</i>
Consideration transferred, at acquisition date	
Cash paid	115,000
Contingent consideration, at acquisition date	158,548
Total	273,548
 <i>Contingent consideration</i>	
At acquisition date	158,548
Amortisation of deferred interest	3,668
At 31 December 2019	162,216
 Current	81,879
Non-current	80,337
Total	162,216

The Company has agreed to pay the additional consideration to selling shareholders as stipulated in the agreement. The major factor is audited net profit after tax (NPAT) of I-Secure Co., Ltd. of the year 2019 and 2020 which have maturity date within year 2021.

The Group has contingent consideration related to the additional consideration determined by the best estimate at the reporting date, which represents its fair value at the reporting date, based on a discount rate rates of 1.92% per annum. The Company recorded contingent consideration in business acquisition payable. The fair value of the contingent consideration liability has been categorised as a Level 3 fair value.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value is determined by considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the calculation formula as stipulated in the agreement.	<ul style="list-style-type: none"> • Risk-adjusted discount rate (at 1.92% per annum) • Forecast NPAT in 2019 and 2020 (Baht 26 million per year) • Forecast annual revenue growth rate (17%) 	<p>The estimated fair value would increase if</p> <ul style="list-style-type: none"> • The risk-adjusted discount rate was lower; • NPAT was higher; or • The annual revenue growth rate was higher.

For the fair value of contingent consideration, changing one or more of the significant unobservable inputs used to reasonably possible alternative assumptions would have the effects. These effects have been calculated by recalibrating the values from the valuation technique using alternative estimates of unobservable inputs that might reasonably have been considered by a market participant to price the contingent consideration at the end of the reporting date. Any interrelationship between the unobservable inputs is not considered to have a significant impact within the range of reasonably possible alternative assumptions.

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<i>Unobservable inputs</i>	Increase	Decrease
	<i>(in million Baht)</i>	
NPAT (Baht 1 million movement)	4.67	(4.67)
Annual revenue growth rate (1% movement)	7.25	(1.57)

Intangible assets

The fair value of intangible assets (service agreement) has been determined by an independent valuer using discounted cash flow within the income approach for valuation. The discount rate is calculated from weighted average cost of capital of the business.

Goodwill

The goodwill is attributable mainly to the skills and technical talent of I-SECURE Co., Ltd.'s work force, and the synergies expected benefit through customer referral and transfer of knowledge, experience and expertise from the vendor in IT business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Restatement of prior year's financial statement

The financial statements as at 31 December 2018 included in these financial statements have been restated to reflect new information obtained about facts and circumstances that existed as of the acquisition date and the subsequently recognised adjustments as follows;

The impacts to the consolidated statement of financial position as at 31 December 2018:

	<i>(in thousand Baht)</i>
<i>Assets</i>	
Increase in goodwill	55,338
Increase in other intangible assets	1,639
Total	56,977
<i>Liabilities</i>	
Increase in deferred tax liabilities	328
Increase in business acquisition payable	56,649
Total	56,977

The impacts to the separated statement of financial position as at 31 December 2018:

	<i>(in thousand Baht)</i>
<i>Assets</i>	
Increase in investment in subsidiary	56,649
Total	56,649
<i>Liabilities</i>	
Increase in business acquisition payable	56,649
Total	56,649

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5 Related parties

Relationships with subsidiaries are described in note 10. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation	Nature of relationships
Vnet Capital Co., Ltd.	Thailand	68% shareholding and common directors
BCBG Co., Ltd.	Thailand	Common shareholders and common directors
NTN Solution Limited	Thailand	Common shareholders and common directors
Blue Fish Solution Co., Ltd.	Thailand	Common shareholders and common directors
Copperwired Co., Ltd.	Thailand	Common shareholders and common directors
Vhealth Threesixty Co., Ltd.	Thailand	Common shareholders and common directors
Logistplus Co., Ltd.	Thailand	Common shareholders

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

Transactions	Pricing policies
Sale of goods and rendering of services	Price closed to market price or contractually agreed price
Interest income	Base on promissory notes at 2.15% - 6.25% per annum
Other income	Price closed to market price or contractually agreed price
Purchase of goods and rendering of services	Price closed to market price
Purchase of assets	Price closed to market price
Rental expense	Price closed to market price
Other expenses	Price closed to market price or contractually agreed price
Key management personnel compensation	Shareholders and/or Board of Directors approve/ employment contract

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Parent				
Sale of goods and rendering of services	24	24	24	24
Rental expense	367	376	367	376
Other expenses	311	282	267	280
Subsidiaries				
Sale of goods and rendering of services	-	-	6,795	1,769
Other income	-	-	114	-
Purchase of goods and rendering of services	-	-	551	563
Interest income	-	-	1,286	296
Other expenses	-	-	382	-
Other related parties				
Sale of goods and rendering of services	223	221	-	120
Other income	1,427	1,427	-	-
Purchase of goods and rendering of services	1,177	-	353	-
Purchase of assets	334	678	-	18
Other expenses	1,663	482	193	111
Key management personnel compensation	27,593	24,683	23,993	21,083

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Key management personnel compensation

Key management personnel compensation include as follows;

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Short-term benefits of management	25,024	23,627	21,424	20,027
Defined benefits obligation	2,569	1,056	2,569	1,056
Total	27,593	24,683	23,993	21,083

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

Trade and other accounts receivable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Trade accounts receivable				
Other related party	17	-	-	-
Other receivables				
Subsidiaries	-	-	1,465	1,630
Other related party	315	-	315	-
	315	-	1,780	1,630
Total trade and other accounts receivable	332	-	1,780	1,630

Movement of short-term loans to	Interest rate At 31 December	Separate financial statements			
		At 1 January	Increase	Decrease	At 31 December
	<i>(% per annum)</i>	<i>(in thousand Baht)</i>			
2019					
Subsidiaries	2.15 - 2.35	24,867	31,111	(20,006)	35,972
2018					
Subsidiaries	2.15 - 6.25	-	24,867	-	24,867

As at 31 December 2019, the Company had short-term loans to related parties which are repayable on call. The loans are unsecured.

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Trade and other accounts payable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Trade accounts payable				
Subsidiary	-	-	173	410
Other payables				
Parent	69	16	30	14
Subsidiaries	-	-	406	117
Other related parties	611	86	230	15
Total	680	102	666	146
Total trade and other accounts payable	680	102	839	556

Significant agreements with related parties

Sales or services agreements

Office service contracts and employee payroll services

The Company entered into the Office and Payroll Service Agreement with Vnet Capital Co., Ltd. Vnet Capital Co., Ltd. would provide related office services such as office space support services, reception services, facility services, meeting room arrangement services including payroll services, withholding tax calculation, social security calculation and filing necessary tax forms. The service fee is fixed fee amounting to Baht 45,000 per month including the agreed amount eligible for reimbursement. The agreement had starting from 1 January 2020 to 31 December 2020.

Equipment and spare parts management agreement

The Company entered into equipment and spare parts management agreement with vServePlus Co., Ltd. vServePlus Co., Ltd. would provide storage service and logistic service for equipment and spare parts as agreed. Moreover, the relating services included fire insurance and accident insurance for the equipment and spare parts. The service fee is fixed fee amounting to Baht 31,000 per month. The agreement had starting from 1 October 2019 to 30 September 2020.

Software license agreement

vServePlus Co., Ltd. entered into a software license agreement with NTN Solution Limited granting right to use NIMBUS (ERP) for operation and providing relevant support services. The service fee is fixed fee amounting to Baht 80,000 per month. The agreement period is 1 February 2019 to 31 January 2020. Currently, the Company is in the process of renewal.

Commercial guarantee service agreement

The Company entered into the commercial guarantee service agreement for vServePlus Co., Ltd. The Company has guaranteed obligation for 51% according to the Company's interests in vServePlus Co., Ltd.

Vintcom Technology Public Company Limited and its Subsidiaries
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6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	788	227	580	118
Cash at banks - current accounts	13,838	12,274	120	138
Cash at banks - savings accounts	224,015	173,970	121,950	83,391
Cash at banks - fixed deposit 3 months	20,044	4	4	4
Cheques on hand	2,052	150	2,052	150
Cash and cash equivalents in the statement of financial position and statement of cash flows	260,737	186,625	124,706	83,801

7 Restricted deposits with financial institutions

As at 31 December 2019, savings accounts and fixed deposit in the consolidated and separate financial statements amounting to Baht 17.47 million and Baht 16.73 million, respectively (*2018: Baht 18.13 million and Baht 16.73 million, respectively*) are pledged at banks due to the Company's bank overdraft, commitment and contingent liabilities.

8 Trade and other accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Trade accounts receivable					
Related parties	5	17	-	-	-
Other parties		344,686	599,811	206,119	460,359
Total		344,703	599,811	206,119	460,359
Less allowance for doubtful accounts		(706)	(678)	(228)	(228)
Net		343,997	599,133	205,891	460,131
Finance lease receivables					
Other parties		10,361	5,884	-	-
Unbilled trade accounts receivable					
Other parties	19	44,881	49,728	10,358	11,348
Other receivables					
Related parties	5	315	-	1,780	1,630
Other parties		144,478	93,121	122,058	70,794
Total		144,793	93,121	123,838	72,424
Total trade and other accounts receivable		544,032	747,866	340,087	543,903
Current		540,109	747,866	340,087	543,903
Non-current		3,923	-	-	-
Total		544,032	747,866	340,087	543,903
(Reversal of) bad and doubtful debts expense for the year		28	(242)	-	228

Vintcom Technology Public Company Limited and its Subsidiaries
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Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	8	-	-	-
Overdue:				
Less than 3 months	9	-	-	-
Total	17	-	-	-
Other parties				
Within credit terms	276,329	336,303	179,089	252,332
Overdue:				
Less than 3 months	67,558	252,319	26,765	197,379
3 - 6 months	93	10,511	37	10,420
6 - 12 months	-	-	-	-
Over 12 months	706	678	228	228
Total	344,686	599,811	206,119	460,359
Less allowance for doubtful accounts	(706)	(678)	(228)	(228)
Net	343,980	599,133	205,891	460,131
Total	343,997	599,133	205,891	460,131

The normal credit term granted by the Group ranges from 30 days to 90 days.

Other receivables include as follows;

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Prepaid sales and services cost	120,008	77,372	113,410	64,752
Input value added tax suspense and Revenue Department receivable	18,433	6,517	6,802	1,762
Prepaid expense	3,939	3,409	1,335	1,734
Advance payment	1,928	3,369	1,647	1,849
Others	485	2,454	644	2,327
Total	144,793	93,121	123,838	72,424

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9 Inventories

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		(in thousand Baht)			
Finished goods		19,352	32,138	17,441	15,736
Work in progress		3,394	4,482	-	-
Spare parts		1,289	816	795	816
Goods in transit		476	26	476	26
Total		24,511	37,462	18,712	16,578
Less allowance for declining in value		(1,383)	(1,248)	(1,383)	(1,248)
Net		23,128	36,214	17,329	15,330
Inventories recognised in ‘cost of sale of goods and rendering of services’:					
- cost of sale of goods	21	984,790	1,162,818	597,261	975,094
- write-down to net realisable value		135	80	135	80
Total		984,925	1,162,898	597,396	975,174

10 Investments in subsidiaries

		Separate financial statements	
	Note	2019	2018
(in thousand Baht)			
At 1 January		310,241	42,238
Share of net profits		47,757	14,470
Other component of equity		(634)	(286)
Share of other comprehensive income		-	143
Acquisitions		4,715	197,027
Adjustment from business acquisition	4	-	56,649
At 31 December		362,079	310,241

During the year ended 31 December 2019 and 2018, there were the following acquisitions of investments in subsidiaries:

On 15 February 2019, the Company made an additional investment in Vintcom Technology (Myanmar) Co., Ltd., incorporated in Myanmar, for a consideration of Baht 4.72 million. There was no change in the percentage of ownership.

On 16 May 2018, the Company established Vintcom Technology (SG) Pte. Ltd., incorporated in Singapore, with 100% of shares and voting right in such company. The principal business of Vintcom Technology (SG) Pte. Ltd. is trading computer and equipment including related software. Share capital is 100,000 Singapore Dollars which is called for share payment amounting to 21,000 Singapore Dollars (equivalent to Baht 0.51 million). On 7 August 2018, the Company made a first payment for a consideration of 20,000 Singapore Dollars (equivalent to Baht 0.49 million). The outstanding of share payable is 1,000 Singapore Dollars (equivalent to Baht 0.02 million).

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On 13 July 2018, the Company made an additional investments in Vintcom Technology (Myanmar) Co., Ltd., incorporated in Myanmar, for a consideration of Baht 3.33 million. There was no change in the percentage of ownership.

On 17 October 2018, the Company has the acquisition of shares of I-Secure Co., Ltd. (“I-SECURE”) referring to the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2018 held on 12 October 2018 (100% of share in such company). The fair value of the investment as at the acquisition date after restatement is Baht 273.55 million (see note 4).

Impairment testing

Management of the Group performed an impairment test of carrying amount of investment in subsidiary by using valuation technical and key assumption same as described in note 13 relating in the part of impairment testing.

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

Name of subsidiary	Country of operation	Separate financial statements											
		Ownership interest		Paid-up capital/ Call-up capital		Cost		Equity		impairment		At equity-net	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
(in thousand Baht)													
Vintcom Technology (Myanmar) Co., Ltd.	(1) Myanmar	100	100	16,556	11,842	16,556	11,842	109	15	-	-	109	15
Vintcom Technology (SG) Pte. Ltd.	(2) Singapore	100	100	513	513	513	513	14,431	4,200	-	-	14,431	4,200
I-Secure Co., Ltd.	(3) Thailand	100	100	40,000	40,000	249,833	249,833	277,990	252,114	-	-	277,990	252,114
vServePlus Co., Ltd.	(4) Thailand	51	51	40,000	40,000	20,400	20,400	69,549	53,912	-	-	69,549	53,912
Total				287,302	282,588	362,079	310,241	362,079	310,241	-	-	362,079	310,241

Type of business

- (1) Providing installation service, consulting service and computer system maintenance service
- (2) Trading computer and equipment including related software
- (3) Providing computer and network security monitoring services
- (4) Providing installation service, consulting service and computer system maintenance service

There was no dividend income from those investments for 2019 and 2018.

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11 Non-controlling interests

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

	31 December 2019
	vServePlus Co., Ltd
	<i>(in thousand Baht)</i>
Non-controlling interest percentage	49%
Current assets	173,826
Non-current assets	29,748
Current liabilities	(61,797)
Non-current liabilities	(5,405)
Net assets	136,372
Carrying amount of non-controlling interest	66,822
Intra-group eliminations	-
Total	66,822
Revenue	390,490
Profit	30,065
Other comprehensive income	-
Total comprehensive income	30,065
Profit allocated to non-controlling interest	14,732
Intra-group eliminations	-
Total	14,732
Other comprehensive income allocated to non-controlling interest	-
Intra-group eliminations	-
Total	-
Cash flows from operating activities	47,522
Cash flows from investing activities	(19,470)
Cash flows from financing activities	-
(Dividends to non-controlling interest: nil)	-
Effect of exchange rate changes on cash and cash equivalents	130
Net increase in cash and cash equivalents	28,182

Vintcom Technology Public Company Limited and its Subsidiaries
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	31 December 2019
	vServePlus Co., Ltd
	(in thousand Baht)
Non-controlling interest percentage	49%
Current assets	183,334
Non-current assets	28,431
Current liabilities	(101,717)
Non-current liabilities	(3,741)
Net assets	106,307
Carrying amount of non-controlling interest	52,090
Intra-group eliminations	-
Total	52,090
Revenue	422,686
Profit	27,280
Other comprehensive income	281
Total comprehensive income	27,561
Profit allocated to non-controlling interest	13,367
Intra-group eliminations	-
Total	13,367
Other comprehensive income allocated to non-controlling interest	138
Intra-group eliminations	-
Total	138
Cash flows from operating activities	18,963
Cash flows from investing activities	(3,902)
Cash flows from financing activities	-
(Dividends to non-controlling interest: nil)	-
Effect of exchange rate changes on cash and cash equivalents	412
Net increase in cash and cash equivalents	15,473

Vintcom Technology Public Company Limited and its Subsidiaries
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12 Equipment

	Consolidated financial statements						
	Office Equipment	Spare parts	Furniture and fixture	Leasehold building Improvement	Vehicles	Assets under construction and installation	Total
<i>(in thousand Baht)</i>							
Cost							
At 1 January 2018	31,267	8,485	6,902	10,220	4,810	-	61,684
Additions	3,136	541	937	950	-	1,432	6,996
Acquisitions through business combination	10,818	-	2,824	1,953	-	-	15,595
Disposals	(587)	(413)	(25)	-	-	-	(1,025)
At 31 December 2018 and 1 January 2019	44,634	8,613	10,638	13,123	4,810	1,432	83,250
Additions	5,514	393	1,780	1,386	6,700	3,488	19,261
Transfers	309	-	18	4,641	-	(4,775)	193
Disposals	(922)	-	(1,882)	(1,953)	(1,670)	-	(6,427)
At 31 December 2019	49,535	9,006	10,554	17,197	9,840	145	96,277
Depreciation							
At 1 January 2018	20,508	3,218	2,427	2,959	1,624	-	30,736
Depreciation charge for the year	4,071	1,684	1,379	2,262	801	-	10,197
Acquisitions through business combination	8,180	-	2,609	1,586	-	-	12,375
Disposals	(421)	(299)	(19)	-	-	-	(739)
At 31 December 2018 and 1 January 2019	32,338	4,603	6,396	6,807	2,425	-	52,569
Depreciation charge for the year	5,735	1,685	3,749	670	965	-	12,804
Transfers	12	-	-	-	-	-	12
Disposals	(901)	-	(1,880)	(1,667)	(726)	-	(5,174)
At 31 December 2019	37,184	6,288	8,265	5,810	2,664	-	60,211
Net book value							
At 1 January 2018							
Owned assets	10,638	5,267	4,475	7,261	-	-	27,641
Assets under finance leases	121	-	-	-	3,186	-	3,307
	10,759	5,267	4,475	7,261	3,186	-	30,948
At 31 December 2018 and 1 January 2019							
Owned assets	12,207	4,010	4,242	6,316	1,137	1,432	29,344
Assets under finance leases	89	-	-	-	1,248	-	1,337
	12,296	4,010	4,242	6,316	2,385	1,432	30,681
At 31 December 2019							
Owned assets	12,294	2,718	2,289	11,387	3,380	145	32,213
Assets under finance leases	57	-	-	-	3,796	-	3,853
	12,351	2,718	2,289	11,387	7,176	145	36,066

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	Separate financial statements					
	Office Equipment	Spare parts	Furniture and fixture	Leasehold building Improvement	Vehicles	Total
	<i>(in thousand Baht)</i>					
Cost						
At 1 January 2018	25,611	8,485	992	608	3,140	38,836
Additions	2,116	541	15	-	-	2,672
Disposals	(442)	(413)	(6)	-	-	(861)
At 31 December 2018 and 1 January 2019	27,285	8,613	1,001	608	3,140	40,647
Additions	777	393	9	224	3,000	4,403
Disposals	(22)	-	-	-	-	(22)
At 31 December 2019	28,040	9,006	1,010	832	6,140	45,028
Depreciation						
At 1 January 2018	18,889	3,218	832	442	1,425	24,806
Depreciation charge for the year	2,402	1,684	57	166	467	4,776
Disposals	(282)	(299)	(6)	-	-	(587)
At 31 December 2018 and 1 January 2019	21,009	4,603	883	608	1,892	28,995
Depreciation charge for the year	2,458	1,685	57	146	452	4,798
Disposals	(4)	-	-	-	-	(4)
At 31 December 2019	23,463	6,288	940	754	2,344	33,789
Net book value						
At 1 January 2018						
Owned assets	6,601	5,267	160	166	-	12,194
Assets under finance leases	121	-	-	-	1,715	1,836
	6,722	5,267	160	166	1,715	14,030
At 31 December 2018 and 1 January 2019						
Owned assets	6,187	4,010	118	-	-	10,315
Assets under finance leases	89	-	-	-	1,248	1,337
	6,276	4,010	118	-	1,248	11,652
At 31 December 2019						
Owned assets	4,520	2,718	70	78	-	7,386
Assets under finance leases	57	-	-	-	3,796	3,853
	4,577	2,718	70	78	3,796	11,239

The gross amount of the Group and the Company's fully depreciated equipment that was still in use as at 31 December 2019 amounted to Baht 40.85 million and Baht 29.14 million, respectively (2018: Baht 31.15 million and Baht 20.65 million, respectively).

Vintcom Technology Public Company Limited and its Subsidiaries
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13 Goodwill

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
(in thousand Baht)					
Cost					
At 1 January		210,007	-	-	-
Acquired through business combinations	4	-	210,007	-	-
At 31 December		210,007	210,007	-	-
Impairment losses					
At 1 January		-	-	-	-
Impairment loss		-	-	-	-
At 31 December		-	-	-	-
Net book value					
At 1 January		210,007	-	-	-
At 31 December		210,007	210,007	-	-

Goodwill arose from the Company's purchase of shares at 100% shareholding of I-Secure Co., Ltd. (See note 4).

Impairment testing

The recoverable amount was based on the value in use of cash generating unit (CGU) with goodwill, determined by discounted future cash flows to be generated from the going concern of I-Secure Co., Ltd.

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were as follows:

Discount rate

The discount rates were based on weighted average cost of capital comprised of key financial assumptions such as cost of debt and cost of equity with 9.03%.

Budgeted NPAT

Budgeted NPAT were based on expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected from past experience and estimate sale growth.

Management has identified that a reasonably possible change in two key assumptions, discount rate and budgeted EBITDA growth rate, which in 2019 if discount rate increases by 2.03% or revenue growth rate decreases by 8.75% could cause the recoverable amount to be equal to the carrying amount.

Based on the impairment testing, the recoverable amount was estimated to be higher than its carrying amount. The Group did not recognise impairment in the financial statements.

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14 Other intangible assets

	Note	Consolidated financial statements			Separate financial statements
		Computer software	Service agreement	Total	Computer software
(in thousand Baht)					
Cost					
At 1 January 2018		7,515	6,109	13,624	6,134
Additions		1,106	-	1,106	80
Acquisitions through business combination	4	190	3,710	3,900	-
At 31 December 2018 and 1 January 2019		8,811	9,189	18,630	6,214
Additions		403	-	403	40
Transfers		(193)	-	(193)	-
Disposals		(87)	-	(87)	-
At 31 December 2019		8,934	9,819	18,753	6,254
Amortisation					
At 1 January 2018		5,978	2,444	8,422	5,778
Amortisation for the year		511	1,981	2,492	151
Acquisitions through business combination	4	180	-	180	-
At 31 December 2018 and 1 January 2019		6,669	4,425	11,094	5,929
Amortisation for the year		623	2,469	3,092	131
Transfers		(12)	-	(12)	-
Disposals		(87)	-	(87)	-
At 31 December 2019		7,193	6,894	14,087	6,060
Net book value					
At 1 January 2018		1,537	3,665	5,202	356
At 31 December 2018 and 1 January 2019		2,142	5,394	7,536	285
At 31 December 2019		1,741	2,925	4,666	194

Service agreement above is assets from business combination during 2016 and 2018 (see note 4).

Vintcom Technology Public Company Limited and its Subsidiaries
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15 Interest-bearing liabilities

	Consolidated financial statements					
	2019			2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in thousand Baht)</i>					
Short-term loans from financial institution	-	-	-	177,000	-	177,000
Long-term loans from financial institution	3,141	-	3,141	5,884	-	5,884
Finance lease liabilities	-	3,070	3,070	-	1,424	1,424
Total interest-bearing liabilities	3,141	3,070	6,211	182,884	1,424	184,308

The Company has short-term loans from financial institution carry interest rates as at the fixed rate per annum. The condition of repayment is on call.

The Group has long-term loans from financial institution carry interest rates as at MLR - 0.25 per annum and the maturity date is within 2021.

	Separate financial statements					
	2019			2018		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	<i>(in thousand Baht)</i>					
Short-term loans from financial institution	-	-	-	177,000	-	177,000
Finance lease liabilities	-	3,070	3,070	-	1,424	1,424
Total interest-bearing liabilities	-	3,070	3,070	177,000	1,424	178,424

Assets pledges as security for liabilities as at 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Accounts receivable *	686	686	-	-
Deposits with financial institution	-	10,500	-	10,500
Total	686	11,186	-	10,500

* A subsidiary has transferred the right the right to a bank for receipt of trade accounts receivable under contracts to a bank.

As at 31 December 2019 the Group and the Company had unutilised credit facilities totalling Baht 816.03 million and Baht 713.11 million, respectively (2018: Baht 620.04 million and Baht 534.15 million, respectively).

Vintcom Technology Public Company Limited and its Subsidiaries
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Finance lease liabilities	Consolidated financial statements/Separate financial statements					
	2019			2018		
	Minimum lease payments	Interest	Present value of minimum lease payment	Minimum lease payments	Interest	Present value of minimum lease payment

(in thousand Baht)

Maturity period

Within 1 year	582	143	439	668	97	571
1 - 5 years	2,972	341	2,631	862	9	853
Total	3,554	484	3,070	1,530	106	1,424

16 Trade and other payables

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018

(in thousand Baht)

Trade accounts payable

Related parties	5	-	-	173	410
Other parties		158,916	206,536	113,537	123,217
Total		158,916	206,536	113,710	123,627

Other payables

Related parties	5	680	102	666	146
Other parties		301,457	266,572	219,084	184,423
Total		302,137	266,674	219,750	184,569

Total trade and other payables		461,053	473,210	333,460	308,196
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Other payables include as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018

(in thousand Baht)

Unearned income	19	166,704	106,867	136,079	81,916
Accrued expenses		103,510	69,730	62,945	37,465
Revenue Department payable		18,881	12,157	14,952	8,386
Deposits and advances received		4,890	65,306	3,444	52,850
Others		8,152	12,614	2,330	3,952
Total		302,137	266,674	219,750	184,569

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17 Non-current provisions for employee benefits

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

Present value of the defined benefit obligations	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
At 1 January		13,019	11,972	7,821	9,827
			(in thousand Baht)		
Include in profit or loss:	20				
Current service cost		3,991	3,557	1,563	1,573
Past service cost		3,078	192	2,360	192
Interest on obligation		401	306	258	251
		7,470	4,055	4,181	2,016
Included in other comprehensive income					
Actuarial (gain) loss					
- Demographic assumptions		-	1,085	-	467
- Financial assumptions		-	(1,254)	-	(866)
- Experience adjustment		-	(1,575)	-	(993)
		-	(1,744)	-	(1,392)
Others					
Acquisitions through business combination	4	-	1,366	-	-
Benefit paid		(687)	(2,630)	-	(2,630)
		(687)	(1,264)	-	(2,630)
At 31 December		19,802	13,019	12,002	7,821

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

Principal actuarial assumptions	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
				(%)
Discount rate	2.31 - 3.26	2.31 - 3.26	2.53	2.53
Future salary growth	3.00 - 5.00	3.00 - 5.00	5.00	5.00
Employee turnover rate	0 - 25	0 - 25	0 - 25	0 - 25

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019 and 2018, the weighted-average duration of the defined benefit obligation for the Group was 16.52 - 26.65 years and for the Company was 26.65 years.

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For the year ended 31 December 2019

Sensitivity analysis

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

<i>Effect on defined benefit obligation At 31 December</i>	Consolidated financial statements			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(1,942)	(1,223)	2,289	1,433
Future salary growth	2,470	1,419	(2,124)	(1,235)
Employee turnover rate	(2,082)	(1,307)	880	506
	1 year increase in assumption		1 year decrease in assumption	
Future mortality	118	75	(71)	(74)

<i>Effect on defined benefit obligation At 31 December</i>	Separate financial statements			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(969)	(670)	1,111	767
Future salary growth	1,197	740	(1,061)	(661)
Employee turnover rate	(1,034)	(714)	317	209
	1 year increase in assumption		1 year decrease in assumption	
Future mortality	57	39	(57)	(39)

18 Share premium and reserves

Share premium

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

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Vintcom Technology Public Company Limited and its Subsidiaries

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Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19 Segment information and disaggregation of revenue

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

Segment 1	Sale of goods
Segment 2	Rendering of services

Each segment's performance is measured based on gross profit, as included in the internal management reports that are reviewed by the Group's CODM. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

For the year ended 31 December	Consolidated financial statements					
	Sale of goods		Rendering of services		Total reportable segments	
	2019	2018	2019	2018	2019	2018

(in thousand Baht)

Information about reportable segments

External revenue	<u>1,126,498</u>	<u>1,316,404</u>	<u>647,293</u>	<u>485,075</u>	<u>1,773,791</u>	<u>1,801,479</u>
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Disaggregation of revenue

Primary geographical markets

Thailand	819,213	986,167	620,583	417,442	1,439,796	1,403,609
Myanmar	194,670	256,515	8,586	39,726	203,256	296,241
Cambodia	87,342	59,766	3,929	15,493	91,271	75,259
Other countries	<u>25,273</u>	<u>13,956</u>	<u>14,195</u>	<u>12,414</u>	<u>39,468</u>	<u>26,370</u>
Total revenue	<u>1,126,498</u>	<u>1,316,404</u>	<u>647,293</u>	<u>485,075</u>	<u>1,773,791</u>	<u>1,801,479</u>

Vintcom Technology Public Company Limited and its Subsidiaries
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For the year ended 31 December	Consolidated financial statements					
	Sale of goods		Rendering of services		Total reportable segments	
	2019	2018	2019	2018	2019	2018

(in thousand Baht)

Major products and service lines

Computer equipment and related software	1,118,300	1,316,038	-	-	1,118,300	1,316,038
Computer and network security monitoring services	-	-	69,281	17,923	69,281	17,923
Maintenance and other services	8,198	366	578,012	467,152	586,210	467,518
Total revenue	1,126,498	1,316,404	647,293	485,075	1,773,791	1,801,479

Timing of revenue recognition

At a point in time	1,126,498	1,316,404	378,633	294,918	1,505,131	1,611,322
Over time	-	-	268,660	190,157	268,660	190,157
Total revenue	1,126,498	1,316,404	647,293	485,075	1,773,791	1,801,479

Gross profit	139,600	109,164	243,492	165,807	383,092	274,971
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For the year ended 31 December	Separate financial statements					
	Sale of goods		Rendering of services		Total reportable segments	
	2019	2018	2019	2018	2019	2018

(in thousand Baht)

Information about reportable segments

External revenue	689,244	1,060,414	261,877	229,236	951,121	1,289,650
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Disaggregation of revenue

Primary geographical markets

Thailand	614,738	774,944	251,586	179,449	866,324	954,393
Myanmar	45,383	216,018	6,362	36,811	51,745	252,829
Cambodia	29,123	59,604	3,929	12,976	33,052	72,580
Other countries	-	9,848	-	-	-	9,848
Total revenue	689,244	1,060,414	261,877	229,236	951,121	1,289,650

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For the year ended 31 December	Separate financial statements					
	Sale of goods		Rendering of services		Total reportable segments	
	2019	2018	2019	2018	2019	2018

(in thousand Baht)

Major products and service lines

Computer equipment and related software	681,047	1,060,414	-	-	681,047	1,060,414
Maintenance and other services	8,197	-	261,877	229,236	270,074	229,236
Total revenue	689,244	1,060,414	261,877	229,236	951,121	1,289,650

Timing of revenue recognition

At a point in time	689,244	1,060,414	141,318	89,466	830,562	1,149,880
Over time	-	-	120,559	139,770	120,559	139,770
Total revenue	689,244	1,060,414	261,877	229,236	951,121	1,289,650

Gross profit	89,504	82,897	49,274	54,052	138,778	136,949
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Reconciliations of reportable segment revenues, profit or loss

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018

(in thousand Baht)

Profit or loss

Gross profit for reportable segments	383,092	274,971	138,778	136,949
Unallocated amounts:				
- Other income	8,036	12,871	5,012	7,916
- Distribution costs	(55,595)	(43,768)	(28,863)	(26,896)
- Administrative expenses	(235,913)	(152,282)	(87,290)	(61,397)
- Finance costs	(4,453)	(2,361)	(3,741)	(1,615)
- Share of profit of investments in subsidiaries	-	-	47,757	14,470
Profit before income tax	95,167	89,431	71,653	69,427

Unallocated assets	1,161,050	1,285,955	954,000	1,042,682
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Unallocated liabilities	654,223	824,005	513,877	632,704
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Major customer

Revenues from one customer of the Group's and the Company's 1 and 2 segments represents approximately Baht 266 million and Baht 260 million, respectively, (2018: two customers; Baht 238 million and Baht 154 million, respectively) of the Group's and the Company's total revenues.

Vintcom Technology Public Company Limited and its Subsidiaries
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	Consolidated financial statements		Separate financial statements	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	<i>(in thousand Baht)</i>			
At 1 January 2019	49,728	(106,867)	11,348	(81,916)
Recognised as revenue during the year	404,634	204,887	52,785	137,845
Advance received	-	(264,724)	-	(192,008)
Transfer to receivables	(441,480)	-	(53,775)	-
At 31 December 2019	44,881	(166,704)	10,358	(136,079)

The contract assets comprising of unbilled trade accounts receivable primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on sales of goods under finance lease, maintenance and other services. The contract assets are transferred to receivables when the rights become unconditional to the Group. This usually occurs when an invoice is issued to the customer.

The contract liabilities comprising of unearned income primarily relate to the advance consideration received from customers for sales of goods and rendering of services. The Group recognises such contract liabilities as revenue when transferring control of the goods to the customers and consideration allocated to unsatisfied service-type warranty, for which revenue is recognised on a straight-line basis over the term of the service-type warranty.

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied	Consolidated financial statements			Separate financial statements		
	Within 1 year	After 1 year but within 5 years	After 5 years	Within 1 year	After 1 year but within 5 years	After 5 years
	<i>(in thousand Baht)</i>					
At 31 December 2019						
Sales of software license	18,177	6,235	-	18,177	6,235	-
Maintenance and other services	52,511	41,604	-	27,515	23,352	-
Finance leases	1,221	-	-	-	-	-
Total	71,909	47,839	-	45,692	29,587	-

Consideration from contracts with customers is included in the amounts presented above.

The Group applies the practical expedient not to disclose revenue expected to be recognised in the future related to performance obligations that are unsatisfied as at 31 December 2019 when it is initially expected that the contracts have original durations of one year or less.

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20 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Salaries, wages, overtime and bonus	196,744	142,215	55,584	54,111
Commission fee	13,182	12,994	6,735	7,219
Defined benefit plans	7,470	4,055	4,181	2,016
Provident fund	4,125	2,380	1,164	1,038
Others	13,169	13,279	3,348	3,660
Total	234,690	174,923	71,012	68,044

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Group at rates ranging from 3% to 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

21 Expenses by nature

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Changes in inventories of finished goods	9	12,306	5,886	(2,134)	24,650
Purchase of goods	9	972,484	1,156,932	599,395	950,444
Changes in prepaid service cost		(43,972)	(8,625)	(50,639)	(8,625)
Purchase of services		390,459	321,471	254,149	174,113
Employee benefit expenses	20	234,690	174,923	71,012	68,044
Professional and consulting fees		9,275	8,811	4,382	5,665
Depreciation and amortisation	12, 14	15,896	12,689	4,930	4,927
Sale promotion expenses		9,230	5,003	6,887	4,937
Provision adjustment during the adjustment period		23,715	-	23,715	-
Office and equipment rental and service		14,517	13,800	3,207	3,267
Training and seminar expenses		8,080	9,523	6,579	7,089
Utilities expense		4,170	3,655	248	268
Others		31,356	18,490	6,766	6,215
Total cost of sale of goods and rendering of services, distribution costs and administrative expenses		1,682,206	1,722,558	928,497	1,240,994

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22 Income tax

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	8,112	18,795	9,563	8,645
Deferred tax expense				
Movements in temporary differences	5,545	(1,152)	(4,689)	2,243
Total	13,657	17,643	4,874	10,888

<i>Income tax</i>	Consolidated financial statements					
	2019			2018		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	<i>(in thousand Baht)</i>					

Recognised in other comprehensive income

Defined benefit plan actuarial gains	-	-	-	1,744	(349)	1,395
Total	-	-	-	1,744	(349)	1,395

<i>Income tax</i>	Separate financial statements					
	2019			2018		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	<i>(in thousand Baht)</i>					

Recognised in other comprehensive income

Defined benefit plan actuarial gains	-	-	-	1,392	(278)	1,114
Share of comprehensive income in subsidiaries	-	-	-	179	(36)	143
Total	-	-	-	1,571	(314)	1,257

<i>Reconciliation of effective tax rate</i>	Consolidated financial statements			
		2019		2018
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		95,167		89,431
Income tax using the Thai corporation tax rate	20	19,032	20	17,886
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net and others		(5,375)		(243)
Total	14	13,657	20	17,643

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Reconciliation of effective tax rate	Separate financial statements			
	2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		71,653		69,427
Income tax using the Thai corporation tax rate	20	14,331	20	13,885
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net and others		(9,457)		(2,997)
Total	7	4,874	16	10,888

Deferred tax as at 31 December	Consolidated financial statements			
	Assets		liabilities	
	2019	2018	2019	2018
	(in thousand Baht)			
Total	11,259	6,299	(585)	(1,171)
Set off of tax	(585)	(1,170)	585	1,171
Net deferred tax assets	10,674	5,129	-	-

Deferred tax as at 31 December	Separate financial statements			
	Assets		liabilities	
	2019	2018	2019	2018
	(in thousand Baht)			
Total	10,067	5,378	-	-
Set off of tax	-	-	-	-
Net deferred tax assets	10,067	5,378	-	-

Deferred tax	Consolidated financial statements			
	At 1 January	(Charged)/Credited to		At 31 December
		Profit or loss	other comprehensive income	
(in thousand Baht)				

2019

Deferred tax assets

Trade accounts receivable	46	6	-	52
Inventories	250	27	-	277
Provisions	2,312	1,169	-	3,481
Unearned income	3,691	(1,658)	-	2,033
Deferred interest expenses	-	673	-	673
Fair value adjustment of contingent consideration	-	4,743	-	4,743
Total	6,299	4,960	-	11,259

Deferred tax liabilities

Intangible assets	(1,077)	492	-	(585)
Deferred interest expenses	(93)	93	-	-
Total	(1,170)	585	-	(585)
Net	5,129	5,545	-	10,674

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Deferred tax	Consolidated financial statements				
	At 1 January	Acquired in business combination	(Charged)/Credited to		At 31 December
			Profit or loss	other comprehensive income	

(in thousand Baht)

2018

Deferred tax assets

Trade accounts receivable	-	-	46	-	46
Inventories	234	-	16	-	250
Provisions	2,394	-	267	(349)	2,312
Unearned income	5,700	-	(2,009)	-	3,691
Total	8,328	-	(1,680)	(349)	6,299

Deferred tax liabilities

Intangible assets	(733)	(742)	398	-	(1,077)
Deferred interest expenses	(223)	-	130	-	(93)
Total	(956)	(742)	528	-	(1,170)

Net	7,372	(742)	(1,152)	(349)	5,129
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Deferred tax	Separate financial statements			
	At 1 January	(Charged)/Credited to		At 31 December
		Profit or loss	other comprehensive income	

(in thousand Baht)

2019

Deferred tax assets

Trade accounts receivable	46	-	-	46
Inventories	250	27	-	277
Provisions	1,564	836	-	2,400
Unearned income	3,518	(1,590)	-	1,928
Deferred interest expenses	-	673	-	673
Fair value adjustment of contingent consideration	-	4,743	-	4,743
Total	5,378	4,689	-	10,067

2018

Deferred tax assets

Trade accounts receivable	-	46	-	46
Inventories	234	16	-	250
Provisions	1,965	(123)	(278)	1,564
Unearned income	5,700	(2,182)	-	3,518
Total	7,899	(2,243)	(278)	5,378

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23 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	<u>66,778</u>	<u>58,420</u>	<u>66,778</u>	<u>58,539</u>
Weighted average number of ordinary shares outstanding (basic) at 31 December	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Basic earnings per share (<i>in Baht</i>)	<u>0.22</u>	<u>0.19</u>	<u>0.22</u>	<u>0.20</u>

24 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share	Amount
			<i>(Baht)</i>	<i>(in million Baht)</i>
2019				
Annual dividend	26 April 2019	May 2019	<u>0.120</u>	<u>36.00</u>
2018				
Annual dividend	27 April 2018	May 2018	<u>0.065</u>	<u>19.50</u>

25 Financial instruments

Financial risk management policies

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

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

Capital management

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

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Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies for the subsequent period.

Assets and liabilities denominated in the foreign currencies as at 31 December	Consolidated financial statements			
	2019			
	United States Dollars	Singapore Dollars	Burmese kyat	Total
	<i>(in thousand Baht)</i>			
Cash and cash equivalents	30,714	2,296	14	33,024
Trade and other accounts receivable	78,221	368	-	78,589
Trade and other accounts payable	(65,867)	-	-	(65,867)
Gross balance sheet exposure	43,068	2,664	14	45,746
Currency forwards purchase (sell) - net	(9)	-	-	(9)
Net exposure	43,059	2,664	14	45,737

Assets and liabilities denominated in the foreign currencies as at 31 December	Consolidated financial statements			
	2018			
	United States Dollars	Singapore Dollars	Burmese kyat	Total
	<i>(in thousand Baht)</i>			
Cash and cash equivalents	65,523	820	10	66,353
Trade and other accounts receivable	117,325	-	-	117,325
Trade and other accounts payable	(147,933)	(60)	-	(147,993)
Gross balance sheet exposure	34,915	760	10	35,685
Currency forwards purchase (sell) - net	107	-	-	(107)
Net exposure	35,022	760	10	35,792

Assets and liabilities denominated in the foreign currencies as at 31 December	Separate financial statements	
	2019	2018
	United States Dollars	United States Dollars
	<i>(in thousand Baht)</i>	
Cash and cash equivalents	9,939	48,585
Trade and other accounts receivable	16,820	98,201
Trade and other accounts payable	(39,751)	(83,646)
Gross balance sheet exposure	(12,992)	63,140
Currency forwards purchase (sell) - net	(9)	107
Net exposure	(13,001)	63,247

Credit risk

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

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

Liquidity risk

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

Carrying amount and fair values

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

	Carrying amount	Consolidated/Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	

(in thousand Baht)

31 December 2019

Financial liabilities measured at fair value

Foreign currency forward contracts (United States Dollars)	9	-	9	-	9
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31 December 2018

Financial assets measured at fair value

Foreign currency forward contracts (United States Dollars)	107	-	107	-	107
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Measurement of fair values

Valuation technique

The following table show the valuation technique used in measuring level 2

Type	Valuation technique
Foreign currency forward contracts	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Type	Valuation technique
Finance lease liabilities	Compared with interest fair value.
Business acquisition payable	Using interest risk which for adjusting credit risk as a discount rate.

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26 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within 1 year	13,993	14,186	2,288	1,739
1 - 5 years	6,817	12,673	-	-
Total	20,810	26,859	2,288	1,739
<i>Other commitments</i>				
Purchase orders for goods and services	182,225	47,010	116,158	22,855
Bank guarantees	4,972	4,585	893	850
Total	187,197	51,595	117,051	23,705

Rental and service agreement

The Group entered into office rental agreement, service agreement and warehouse rental agreements. These agreements have maturity period 5 months to 3 years which will expire within 2020 to 2022.

Other service agreements

Service agreement from business acquisition

As vServePlus Co., Ltd. purchased IT service business from VST ECS (Thailand) Co., Ltd. On 23 August 2016 amount Baht 14.45 million (book value as at 30 September 2018) which will be paid in 2019. The Company acquired transferred employees, equipment and service agreement in accordance with the Business Transfer Agreement and Service Level Agreement. VST ECS (Thailand) Co., Ltd. granted permission to vServePlus Co., Ltd. to provide services to clients and agreed to share revenue of each agreement as agreed rate. The agreement's period is 1 September 2016 to 31 July 2023. vServePlus Co., Ltd. fully paid for business acquisition payable in 2019.

In August 2017, VST ECS (Thailand) Co., Ltd. entered into novation agreement to certain transfer right and obligations under Business Transfer Agreement date 23 August 2016 to VST ECS Services (Thailand) Co., Ltd. (its subsidiary).

Service Level Agreement

vServePlus Co., Ltd. entered into Service Level Agreement with VST ECS Services (Thailand) Co., Ltd. granting right to provide services to VST ECS Services (Thailand) Co., Ltd. and agreed to share revenue of each agreement as agreed rate. The agreement's period is 1 January 2020 to 31 December 2022.

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27 Contingent liabilities

In 2011, the Company was sued at the Civil Court by another company on tort claim requesting for damage recovery of Baht 120.12 million and in 2012, by the same company at the Criminal Court for a criminal action on the same ground.

In 2013, the Company against that company on offense of taking false information for criminal case, and claimed of greater amount of damage recovery than the amount sued for by the company. The Criminal Court and Civil Court issued a temporary order to suspend the case awaiting result of the criminal case taken against the Company which is now pending at hearing process at the Criminal Court.

In 2016, the Criminal Court had order to dismiss the criminal case of which the Company was sued.

On 27 January 2017, the prosecutor had appealed, and the Company had cross-appealed on 16 May 2017. Currently, the case is at appeal court.

On 15 November 2018, the Court of Appeal dismissed the case and all of the 10 defendants were adjudged not guilty.

On 26 June 2019, such Criminal Case has rendered the final judgement by the Court of Appeal and the plaintiff has not been permitted to file to the Supreme Court. The Company has brought the result of this case to the Civil Court of Southern Bangkok of litigation proceeding civil case.

However, the Civil Court of Southern Bangkok has issued the notification dated on 7 October 2019, ordered the case to be await for the result of other cases with same cause of action from Central Administrative Court before the Civil Court of Southern Bangkok will make the further consideration.

28 Event after the reporting period

At the Board of Directors' meeting held on 23 February 2020, the Board approved to submit for approval at the Annual General Meeting of the Shareholders, a full year 2019 dividend payment at the rate of Baht 0.16 per share, amounting to Baht 48 million. This dividend is subject to the approval of the Shareholders at the Annual General Meeting.

29 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate/separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January 2020 as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

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(a) TFRS - Financial instruments standards

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

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's and Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 20.81 million and Baht 2.29 million, respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

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





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