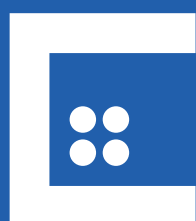




CPW

ANNUAL
REPORT
2019

www.copperwired.co.th



CPW
ANNUAL
REPORT
2019

Contents

| | | |
|----|---|-----|
| 01 | Message from Chairman of the Board of Directors and CEO | 5 |
| 02 | Policies and Overview of the Business Operations of the Company | 24 |
| 03 | Nature of Business | 32 |
| 04 | Risk Factors | 60 |
| 05 | General Information and Other Significant Information | 66 |
| 06 | Securities and Shareholding Information | 68 |
| 07 | Dividend Policy | 69 |
| 08 | Management Structure | 70 |
| 09 | Corporate Governance | 86 |
| 10 | Corporate Social Responsibilities (CSR) | 100 |
| 11 | Internal Control and Risks Management | 106 |
| 12 | Related Parties Transactions | 110 |
| 13 | Financial Highlights | 134 |
| 14 | Management Discussion and Analysis | 156 |
| 15 | Audit Committee Report | 164 |



Mr. Narong Intanate

Chairman of the Board of Directors

Mr. Paramate Rienjaroensuk

Chief Executive Officer (CEO)

01

Message from Chairman of the Board of Directors and CEO

2019 marked the 20th anniversary of Copperwired since our “Apple Center” – the first Apple retail store in Thailand shopping mall, which was established to fulfill our desire to bring new technology and special retail shopping experience to our customers. Since then, we have continuously offered our customers with modern technology and digital lifestyle products, and are now a leader in modern retail and distribution channels. Our digital lifestyle products, in particular, those IoT (Internet of Things) devices have fulfilled our customers’ needs and wants through various channels – iStudio by Copperwired and .life (dotlife) retail stores, iServe Apple service centers, as well as online channels such as www.istudio.store, www.dotlife.store.

New digital technologies, including A.I. and platform applications, have been influencing ways of life and become necessities in our living. These new technologies have led to changes in the behavior and lifestyles of consumers. This trend will undoubtedly continue in the future, especially in the disruptive era, enable people to effectively work and remotely socialize from any place.

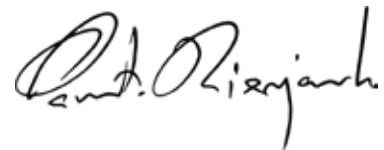
In terms of financial performance, our 2019 revenue was 3,607.72 million baht and our net profits were 77.55 million baht. We have 42 stores in Thailand, 6 of which had started in 2019. Though most of our revenue was from physical stores, with investment in online channels, our online stores should contribute much more to our business in the near future.

During the year, we have conducted many programs to preserve the environment and help society in need. Among these are internal campaigns to reduce the use of plastic bags and paper, launches of new environmental-friendly lifestyle products, and participation in the Fairy Tale Library project – the principal objective of which being to create pupils’ reading habits via the provision of a library of suitable books.

On behalf of the board of directors, we would like to thank our shareholders, customers, and other stakeholders for their continued support and confidence in the Company. We are committed to providing the best products, services, and shopping experience to our customers, and observe good corporate governance with social responsibility.



Mr. Narong Intanate
Chairman of the Board of Directors



Mr. Paramate Rienjaroensuk
Chief Executive Officer (CEO)

Board of Directors and Executive Committee



Mr. Narong Intanate

Chairman of the Board of Directors / Executive Chairman /
Member of the Nomination and Remuneration Committee



Mr. Sapon Punyaratabandhu

Member of Executive Committee /
Member of Risk management
Subcommittee



Mr. Paramate Rienjaroensuk

Chief Executive Officer (CEO) /
Member of Executive Committee



Prof. Dr. Pornchai Chunnachinda

Independent Director /
Chairman of the Audit Committee



Mr. Manus Chiaravanond

Independent Director / Member of the
Audit Committee / Chairman of the
Nomination and Remuneration
Committee



Mr. Kongkiet Wangveerarnit

Independent Director / Member of the
Audit Committee / Chairman of the Risk
Management Subcommittee



Mr. Punn Kasemsup

Independent Director / Member of the
Nomination and Remuneration Committee

Management



Mr. Paramate Rienjaroensuk
Product Director (Acting)



Ms. Papavee Vitchupreecha
Retail Director



Ms. Sureeporn Intanate
Creative Design & Marketing Director



Ms. Rattanakorn Rojvatcharapibal
Finance and Accounting Director /
Company Secretary



Mr. Adiwet Khaosut
Business Operations Director



Mrs. Yaowaluk Nilubol
Human Resources and Admin Director

Board of Directors and Executive Committee Management and Company Secretary



Mr. Narong Intanate (Age : 62 Years)

% of shareholdings : 0.88% **

Chairman of the Board of Directors

Date of appointment : 1 October 2008

Executive Director

Date of appointment : 10 August 2018

Member of the Nomination and Remuneration Committee

Date of appointment : 7 November 2018

Education

- Bachelor of Business Administration,
California State University – USA
- Master of Business Administration,
California State University – USA

Training

Director Accreditation Program (DAP) 97/2012

Positions in listed companies

2008 – Present

Position

- Chairman of the Board of Directors / Executive Chairman

2018 – Present

Position

- Member of the Nomination and Remuneration Committee
Copperwired Public Company Limited

1992 – Present

Position

- Chairman of the Board of Directors / Executive Director /
Member of the Nomination and Remuneration Committee
Vintcom Technology Public Company Limited

**Please see more information in "Securities and shareholders"

Positions in non-listed companies

● 2016 – Present

Position

- *Chairman of the Board of Directors*
vServePlus Co., Ltd.
- *Director*
VNET SEED CAPITAL (SINGAPORE) PTE. LTD.

● 2014 – 2019

Position

- *Director*
BCBG Co., Ltd.

● 2009 – Present

Position

- *Chairman of the Board of Directors*
vHealth threesixty Co., Ltd.

● 2001 – 2018

Position

- *Chairman of the Board of Directors*
NTN Solution Limited

● 1998 – 2017

Position

- *Chairman of the Board of Directors*
CTC Global (Thailand) Ltd.

● 1991 – Present

Position

- *Chairman of the Board of Directors*
Thai Incubator Dot Com Co., Ltd.
- *Chairman of the Board of Directors*
Vnet Capital Co., Ltd.

● 1979 – 2017

Position

- *Chief Executive Officer*
VST ECS (Thailand) Co., Ltd.

● 2010 – Present

Position

- *Director*
Koan Co., Ltd.

● 2018 – Present

Position

- *Director*
I-Secure Co., Ltd.



Mr. Sapon Punyaratabandhu (Age : 57 Years)

% of shareholdings : 1.62%

Director

Date of appointment : 1 October 2008

Member of Executive Committee

Date of appointment : 10 August 2018

Education

- BBA in Accounting, Thammasat University
- M.S. in Accounting, Thammasat University
- Certified Public Accountant Registration No. 3821

Training

- Director Certification Program (DCP) 17/2002
- Role of the Compensation Committee (RCC) 1/2006 and 2/2007
- Corporate Governance for Capital Market Intermediaries (CGI) 5/2015

Positions in listed companies

2008 – Present

Position

- Member of Executive Committee

2018 – Present

Position

- Member of Risk management Subcommittee
Copperwired Public Company Limited

1999 – Present

Position

- Independent Director / Member of the Audit Committee
Asia Plus Group Holdings Public Company Limited

2000 – Present

Position

- Executive Director
Vintcom Technology Public Company Limited

2019 – Present

Position

- Independent Director / Member of the Audit Committee
SVI Public Company Limited

Positions in non-listed companies

● 1999 – Present

Position

- *President*
Vnet Capital Co., Ltd.

● 2013 – Present

Position

- *Independent Director*
Frasers Property Industrial REIT
Management (Thailand) Co., Ltd.

● 2018 – Present

Position

- *Director*
Japan Strategic Capital Co., Ltd.
- *Director*
Munja Co., Ltd.
- *Director*
I-Secure Co., Ltd.

● 2016 – Present

Position

- *Director*
vServePlus Co., Ltd.

● 2010 – Present

Position

- *Director*
Koan Co., Ltd.

● 2015 – Present

Position

- *Director*
VNET SEED CAPITAL (SINGAPORE) PTE. LTD.

● 2014 – 2019

Position

- *Director*
BCBG Co., Ltd.

● 2013 – Present

Position

- *Director*
Blue fish solution Co., Ltd.

● 2009 – Present

Position

- *Director*
vHealth threesixty Co., Ltd.

● 2003 – Present

Position

- *Director*
Thai Automotive VCF Co., Ltd.

● 2001 – 2018

Position

- *Director*
NTN Solution Limited

● 2000 – Present

Position

- *Director*
Thai Incubator Dot Com Co., Ltd.



Mr. Paramate Rienjaroensuk (Age : 52 Years)

% of shareholdings : 11.28%

Director

Date of appointment : 26 September 2000

Chief Executive Officer

Date of appointment : 26 September 2000

Member of Executive Committee

Date of appointment : 10 August 2018

Product Director (Acting)

Date of appointment : 10 August 2018

Education

Bachelor of Computer Information System

California State Polytechnic University, Pomona

Training

Director Certification Program (DCP) 154/2011

Positions in listed companies

● **2000 - Present**

Position

• *Chief Executive Officer (CEO) /*

Member of Executive Committee / Product Director (Acting)

Copperwired Public Company Limited

Positions in non-listed companies

● **2012 – 2018**

Position

• *Director*

Metline Pipe Co., Ltd.

● **2002 – Present**

Position

• *Chief Executive Officer / Director / Product Director (Acting)*

Koan Co., Ltd.



Prof. Dr. Pornchai Chunhachinda

(Age : 57 Years)

% of shareholdings : 0.03%

Independent Director /

Chairman of the Audit Committee

Date of appointment : 18 June 2018

Education

- Bachelor of Science (Accounting; Honour)
Chulalongkorn University
- Master of Business Administration
Thammasat University
- Master of Science (Finance)
Florida International University
- Doctor of Philosophy (Finance)
Florida International University

Training

- Capital Market Academy Program
(CMA) 11/2010
- Role of the Chairman program
(RCP) 11/2012
- Role of the Compensation Committee
(RCC) 12/2011
- Audit Committee Program
(ACP) 4/2005
- Director Certification Program
(DCP) 36/2003

Positions in listed companies

- | | |
|---|--|
| <ul style="list-style-type: none"> ● 2018 – Present 2011 – 2016 Position • Independent Director / Audit Committee Chairman Copperwired Public Company Limited | <ul style="list-style-type: none"> ● 2014 – 2017 Position • Independent Director / Audit Committee Chairman Krungthai Panich Insurance Public Company Limited |
| <ul style="list-style-type: none"> ● 2018 – Present Position • Chairman and Independent Director J.S.P. Property Public Company Limited | <ul style="list-style-type: none"> ● 2014 – 2017 Position • Chairman Phol Dhanya Public Company Limited |
| <ul style="list-style-type: none"> ● 2018 – Present Position • Independent Director / Audit Committee Chairman Bangkok Post Public Company Limited | |
| <ul style="list-style-type: none"> ● 2018 – Present Position • Chairman Premier Tank Corporation Public Company Limited | |
| <ul style="list-style-type: none"> ● 2015 – 2017 Position • Independent Director / Member of audit committee Bangkok Commercial Asset Management Public Company Limited | |

Positions in non-listed companies

- **2005 – Present**
Position
• Professor (Finance)
Thammasat University
- **2008 – 2017**
Position
• Chairman and Independent Director
Ausiris Futures Co., Ltd.



Mr. Manus Chiaravanond

(Age : 63 Years)

% of shareholdings : 0.03%

Independent Director /

Member of the Audit Committee

Date of appointment : 18 June 2018

**Chairman of the Nomination
and Remuneration Committee**

Date of appointment : 7 November 2018

Education

- Bachelor of Science (Finance),
California State University, Sacramento
- Master of Business Administration,
California State University, Sacramento

Training

- Director Accreditation Program (DAP) 152/2018

Positions in listed companies

2018 – Present

Position

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

2011 – 2016

Position

- Independent Director / Member of Audit Committee
Copperwired Public Company Limited

Positions in non-listed companies

2018 – Present

Position

- Director / Chief Executive Officer
Chia Tai Co., Ltd.

2008 – 2017

Position

- Director / Chief Operating Officer
Chia Tai Co., Ltd.

2005 – Present

Position

- Director/
Chia Tai Cultivation Technology Co., Ltd.
- Director
Chia Tai Produce Co., Ltd.

1989 – Present

Position

- Director
Chia Tai Seeds Co., Ltd.
- Director
Choncharoen Farm Co., Ltd.

1994 – Present

Position

- Director
Choncharoen and Sons Estate Co., Ltd.

1992 – Present

Position

- Director
CTT Seed Co., Ltd.

2018 – Present

Position

- Director
CT Fresh Co., Ltd.

2018 – Present

Position

- Director
T S A Co., Ltd.

1989 – Present

Position

- Director
Agro Chemical Industry Co., Ltd.

1989 – Present

Position

- Director
South-East Agricultural Co., Ltd.



Mr. Kongkiet Wangveerarnit

(Age : 60 Years)

% of shareholdings : 0.03%

**Independent Director / Audit Committee /
Chairman of the Risk Management Committee**

Date of appointment : 18 June 2018

Education

- Bachelor of Science of Engineering,
King Mongkut's Institute of Technology Ladkrabang
- Master of Science, Chulalongkorn University

Training

- Director Certification Program (DCP) 14/2002

Positions in listed companies

● 2018 – Present

Position

- Independent Director / Member of the Audit Committee /
Chairman of the Risk Management Subcommittee
Copperwired Public Company Limited

Positions in non-listed companies

● 2015 – Present

Position

- Director
ECS Value (Cambodia) Co., Ltd.

● 2006 – 2019

Position

- Executive Vice President
VST ECS (Thailand) Co., Ltd.



Mr. Punn Kasemsup (Age : 50 Years)

% of shareholdings : 0.03%

Independent Director

Date of appointment : 18 June 2018

Member of the Nomination and Remuneration Committee

Date of appointment : 7 November 2018

Education

- Bachelor of Laws
Thammasat University
- Master of Laws International and Comparative Law
Southern Methodist University - USA

Training

- Director Certification Program
(DCP) 140/2010
- Financial Statements for Directors
(FSD) 10/2010
- Audit Committee Program
(ACP) 37/2011
- Advanced Audit Committee Program
(AACP 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

Positions in listed companies

2018 – Present

Position

- Independent Director / Member of the Audit Committee

2011 – 2016

Position

- Independent Director / Member of the Audit Committee
Copperwired Public Company Limited

2018 – Present

Position

- Independent Director / Member of the Audit Committee / Investment Committee
Demco Public Company Limited

2016 – Present

Position

- Independent Director / Member of the Audit Committee
Vintcom Technology Public Company Limited

2557 – 2560

Position

- Independent Director / Member of the Audit Committee
AME Technology Public Company Limited

2013 – Present

Position

- Independent Director / Member of the Audit Committee
City Sports and Recreation Public Company Limited

Positions in non-listed companies

2017 – Present

Position

- Independent Director /
Chairman of the Audit Committee
Cissa Group Co., Ltd.

2002 – Present

Position

- Law (Partner) / Managing Director
Kompass Law Co., Ltd.

2002 – Present

Position

- Director
HNP Legal & Litigation Co., Ltd.

2015 – 2016

Position

- Independent Director
City Network Co., Ltd.

2011 – 2014

Position

- Independent Director /
Audit Committee
Polaris Capital Co., Ltd.



Positions in listed companies

● 2009 – Present

Position

- Retail Director
Copperwired Public Company Limited

Ms. Papavee Vitchupreecha (Age : 38 Years)

% of shareholdings : 0.07%

Retail Director

Date of being executive : 2 November 2009

Education

Bachelor of Accounting, Huawchiewchalermprakiet University



Positions in listed companies

● 2012 – Present

Position

- Creative Design & Marketing Director
Copperwired Public Company Limited

Positions in non-listed companies

● 2018 – Present

Position

- Creative Design & Marketing Director
Koan Co., Ltd.

Ms. Sureeporn Intanate (Age : 36 Years)

Daughter of Mr.Narong Intanate

% of shareholdings : 0.94%

Creative Design & Marketing Director

Date of being executive : 1 May 2012

Education

- Bachelor of Architecture in Industrial Design, King Mongkut's Institute of Technology Ladkrabang
- Master of Arts in Design Management, London College of Communication, University of the Arts London



Ms. Rattanakorn Rojvatcharapibal

(Age : 37 Years)

% of shareholdings : 0.07%

Company Secretary

Date of being executive : 10 August 2018

Finance and Accounting Director (CFO)

Date of being executive : 4 July 2011

Education

- *Bachelor of Accounting, Rajamangala Institute of Technology Bangkok Technical College*
- *Accountant*
- *Certified Public Accountant Registration No. 12060*

Training

- *Company Secretary Program (CSP), Class 94/2018*
- *Orientation Course-Strategic CFO in Capital Markets, Class 6/2018*

Positions in listed companies

● **2009 – Present**

Position

- *Finance and Accounting Director*

2018 – Present

Position

- *Company Secretary*
Copperwired Public Company Limited

Positions in non-listed companies

● **2018 – Present**

Position

- *Finance and Accounting Director*
Koan Co., Ltd.

● **2012 – 2018**

Position

- *Director*
Metline Pipe Co., Ltd.



Mr. Adiwet Khaosut (Age : 37 Years)

% of shareholdings: 0.07%

Business Operations Director

Date of being executive : 1 May 2011

Education

- Bachelor Degree Faculty of Business Administration, Department of Accounting, Rajamangala University of Technology
- Certified Public Accountant Registration No. 10287

Positions in listed companies

● **2011 – Present**

Position

- Business Operations Director
Copperwired Public Company Limited

Positions in non-listed companies

● **2011 – Present**

Position

- Director
AK Audit Co., Ltd.

● **2018 – Present**

Position

- Business Operations Director
Koan Co., Ltd.



Mrs. Yaowaluk Nilubol
(Age : 46 Years)

% of shareholdings : 0.07%

Human Resources and Admin Director

Date of being executive : 20 July 2009

Education

- Bachelor of Science in Psychology, Faculty of Humanities, Srinakharinwirot University

Positions in listed companies

● **2009 – Present**

Position

- Human Resources and Admin Director
Copperwired Public Company Limited

Positions in non-listed companies

● **2012 – Present**

Position

- Director
Nil Smart Tech Co., Ltd.

● **2018 – Present**

Position

- Human Resources and Admin Director
Koan Co., Ltd.

Details of executive And controlling person in the company's subsidiaries and related companies

| | Mr. Narong Intanate | Mr. Sopon Punyaratabandhu | Mr. Paramate Rienjaroensuk | Prof. Dr. Pornchai Chunhachinda | Mr. Manus Chiaravanond | Mr. Kongkiet Wangveerarnit | Mr. Punn Kasemsup | Ms. Papavee Vitchupreecha | Ms. Sureeporn Intanate | Ms. Rattanakorn Rojvatcharapibal | Mr. Adiwet Khaosut | Mrs. Yaowaluk Nilubol |
|---|------------------------|------------------------------|-------------------------------|---------------------------------------|---------------------------|-------------------------------|----------------------|------------------------------|---------------------------|-------------------------------------|-----------------------|--------------------------|
| Copperwired Public Company Limited | C,I,IV,V | I,IV | I, IV, X, XII | VII, II | | VII, III | VII | X | X | X | X | X |
| Subsidiary | | | | | | | | | | | | |
| Koan Co., Ltd. | I | I | I, X | | | | | X | X | X | X | X |
| Related company | | | | | | | | | | | | |
| HNP Legal & Litigation Co., Ltd. | | | | | | | I | | | | | |
| J.S.P. Property Public Company Limited | | | | C | | | | | | | | |
| Chia Tai Co., Ltd. | | | | | I, XII | | | | | | | |
| Chia Tai Cultivation Technology Co., Ltd. | | | | | I | | | | | | | |
| Chia Tai Produce Co., Ltd. | | | | | I | | | | | | | |
| Chia Tai Seeds Co., Ltd. | | | | | I | | | | | | | |
| Choncharoen Farm Co., Ltd. | | | | | I | | | | | | | |
| Choncharoen and Sons Estate Co., Ltd. | | | | | I | | | | | | | |
| CISSA GROUP Co., Ltd. | | | | | | | VII, II | | | | | |

| | Mr. Narong Intanate | Mr. Sopon Punyaratabandhu | Mr. Paramate Rienjaroensuk | Prof. Dr. Pornchai Chunhachinda | Mr. Manus Chiaravanond | Mr. Kongkiet Wangveeramit | Mr. Punn Kasemsup | Ms. Papavee Vitchupreecha | Ms. Sureeporn Intanate | Ms. Rattanakorn Rojvatcharapibal | Mr. Adiwet Khaosut | Mrs. Yaowaluk Nilubol |
|---|------------------------|------------------------------|-------------------------------|---------------------------------------|---------------------------|------------------------------|----------------------|------------------------------|---------------------------|-------------------------------------|-----------------------|--------------------------|
| CTT Seed Co., Ltd. | | | | | I | | | | | | | |
| CT Fresh Co., Ltd. | | | | | I | | | | | | | |
| Demco Public Co., Ltd. | | | | | | | III, XI, VII | | | | | |
| T S A Co., Ltd. | | | | | I | | | | | | | |
| City Sports and Recreation PCL. | | | | | | | I, VI, III | | | | | |
| Frasers Property Industrial REIT Management (Thailand) Co., Ltd. | | VII | | | | | | | | | | |
| Thai Automotive VCF Co., Ltd. | | I | | | | | | | | | | |
| Thai Incubator Dot Com Co., Ltd. | I,C | I | | | | | | | | | | |
| Nil Smart Tech Co., Ltd. | | | | | | | | | | | | VIII |
| Blue fish solution Co., Ltd. | | I | | | | | | | | | | |
| Bangkok Post Public Co., Ltd. | | | | VII,III | | | | | | | | |
| BCBG Co., Ltd. | I | I | | | | | | | | | | |
| Premier Tank Corporation PCL. | | | | C | | | | | | | | |

| | Mr. Narong Intanate | Mr. Sopon Punyaratabandhu | Mr. Paramate Rienjaroensuk | Prof. Dr. Pornchai Chunhachinda | Mr. Manus Chiaravanond | Mr. Kongkiet Wangveeramit | Mr. Punn Kasemsup | Ms. Papavee Vitchupreecha | Ms. Sureeporn Intanate | Ms. Rattanakorn Rojvatcharapibal | Mr. Adiwet Khaosut | Mrs. Yaowaluk Nilubol |
|--------------------------------------|------------------------|------------------------------|-------------------------------|---------------------------------------|---------------------------|------------------------------|----------------------|------------------------------|---------------------------|-------------------------------------|-----------------------|--------------------------|
| Perseverance Co., Ltd. | | | | | | | I | | | | | |
| Foresight Holdings Co., Ltd. | | I | | | | | | | | | | |
| Munja Co., Ltd. | | I,C | | | | | | | | | | |
| Vintcom Technology PCL. | I,C | I | | | | | VII | | | | | |
| vServePlus Co., Ltd. | I,C | I | | | | | | | | | | |
| Vnet Capital Co., Ltd. | I,C | I, XII | | | | | | | | | | |
| vHealth threesixty Co., Ltd. | I,C | I | | | | | | | | | | |
| Asset Plus Fund Management Co., Ltd. | | III, VII | | | | | | | | | | |
| Asia Plus Securities Co., Ltd. | | VII, III | | | | | | | | | | |
| Agro Chemical Industry Co., Ltd. | | | | | I | | | | | | | |
| South-East Agricultural Co., Ltd. | | | | | I | | | | | | | |
| AK Audit Co., Ltd. | | | | | | | | | | | I | |
| Asia Plus Group Holdings PCL. | | VII, III | | | | | VII, II | | | | | |

| | Mr. Narong Intanate | Mr. Sopon Punyaratabandhu | Mr. Paramate Rienjaroensuk | Prof. Dr. Pornchai Chunhachinda | Mr. Manus Chiaravanond | Mr. Kongkiet Wangveerarnit | Mr. Punn Kasemsup | Ms. Papavee Vitchupreecha | Ms. Sureeporn Intanate | Ms. Rattanakorn Rojvatcharapibal | Mr. Adiwet Khaosut | Mrs. Yaowaluk Nilubol |
|--|------------------------|------------------------------|-------------------------------|---------------------------------------|---------------------------|-------------------------------|----------------------|------------------------------|---------------------------|-------------------------------------|-----------------------|--------------------------|
| I-Secure Co., Ltd. | I | I | | | | | | | | | | |
| SVI Public Company Limited | | VIII | | | | | | | | | | |
| VNET Seed Capital (Singapore) PTE.LTD. | I | I | | | | | | | | | | |
| Japan Strategic Capital Co., Ltd. | | VIII | | | | | | | | | | |
| Vintcom Technology (Myanmar) Co., Ltd. | | I | | | | | | | | | | |
| Kompass Law Co., Ltd. | | | | | | | I, XII | | | | | |
| ESC Value (Cambodia) Co., Ltd. | | | | | | VIII | | | | | | |

Remarks

C – Chairman of the Board of Directors

I – Authorized Director

II – Chairman of the Audit Committee

III – Audit Committee

IV – Executive Committee

V – Nomination and Remuneration Committee

VI – Company Secretary

VII – Independent Director

VIII – Director

IX – Assistant Managing Director

X – Management

XI – Risk Management Subcommittee

XII – Chief Executive Officer

XIII – Chairman of the Nomination and Remuneration Committee

XIV – Chairman of the Risk Management Committee

Policies and Overview of the Business Operations of the Company

2.1 Business Overview

Copperwired Public Company Limited or (“Company” or “CPW”) and Koan Company Limited (“Subsidiary Company” or “KOAN”) Communally, the “Group” is engaged in the business of retailers and distributor of distinctive products and innovated digital lifestyle products that can be used in everyday lives. The products are audio equipment, health and fitness equipment, electrical appliances for homes and offices, including smartphones and tablets, smartwatches, and various accessories.

The company business operates in the structure of retailer of digital lifestyle product for general customers through the main channels of the retail outlets.

1. .life stores (dotlife) selling digital lifestyle products, innovative technology products, and various gadgets and accessories.

2. iStudio by copperwired stores, U-Store by copperwired, and Ai_ store selling only Apple-branded smartphones, notebooks, and tablets that include selling accessories both for Apple-branded and other leading brands in the market.

3. iServe store is an Apple Authorizes Service Centre offering repair/ replacement of defective Apple brand products to Apple customers with Apple standards.

4. E-Commerce channels through the company’s websites, www.istudio.store, www.dotlife.store.

While the subsidiary company operates as a distributor of digital lifestyle products, cooperate premiums, business projects, and accessories for resellers/retailers such as CPW, Central Department stores, The Mall, Power Buy, King Power, and other APRs.

2.2 Visions, Missions, and Business Goals

Visions

We aim to provide our customers with the best experiences and focus on offering quality products and the most excellence service to serve the need for our customer living lifestyle.

Missions

- We focus on the product selection under the concept of “Design Lifestyle Technology” to make our CPW notable and different.
- We will continue to develop our staff to increase the capacity and efficiency of work to make our profit and manage our cost for the maximum benefits to our stakeholders.
- Our customers are the CENTER of our focus on creating the satisfaction experiences of the quality of the products and retail services, and social responsibility for the maximum satisfaction.
- We always search for new business opportunities to strengthen our organization to grow sustainably.

2.3 Background, Important Changes and Development

Copperwired Public Company Limited was established on 26 September 2000 by Mr. Paramate Rienjaroensuk with registered capital for 3.00 million Baht. Its main objective is to operate a business as a retailer for Apple products appointed to be a distributor and service provider by Apple South East Asia (Thailand) Ltd. The first iStudio store (the previous name is Apple Centre), opened at Siam Discovery shopping mall, the first Apple brand store in Thailand, is located in a shopping mall. In 2010, the Company opened the first .life store at Paradise Park Srinakharin shopping mall operates a business of retailing digital lifestyle products under a concept of modern technology digital lifestyle products. The .life store is to respond to people's lives in the digital age to improve the lifestyle of the consumers. The primary customer group is everyone at any age who has a high interest in new innovative technological products. At present (as of 31 December 2019), the company has 42 total store and service centers under its administration which includes 15 branches of Apple Premium Resellers, 21 branches of .life stores, and 6 Apple service centers.

Furthermore, the company invested in Koan Co., Ltd, operating the business as a distributor of the digital lifestyle product, and high-performance accessories products through various channels. The Company invested further in the business unit, and presently it holds 100% shares of KOAN.

Sequence of Major Events of the Company



YEAR 2000

- Copperwired Co., Ltd was established and registered with the registered capital of 3.00 million Baht on 26 September 2000
- It signed in Apple Authorized Reseller (AAR) agreement with Apple South Asia (Thailand) Ltd. to be the official reseller of Apple Products
- Open its first store under the name of Apple Centre at Siam Discovery Shopping Mall, as the first Apple store in Thailand, located in the shopping mall.

YEAR 2006

- In June 2006, the Company increased registered paid-up capital from 3.00 million Baht to 7.00 million Baht as the current capital of the company and expanded branches.
- Cosigned in Apple Premium Reseller (APR) Agreement with Apple South Asia (Thailand) Ltd. The company had rights to open a shop of iStudio under the name of "iStudio by copperwired"
- Opened iStudio by copperwired Shop, Siam Paragon Branch, which is the first Premium Reseller Shop in Thailand
- Invested 25.00 % in Koan Co., Ltd, the company with paid-up registered capital for 2.00 million Baht, formerly operating the business as an installer and systematizing information technology. Later, it changed to operate a business of wholesaling digital lifestyle products by sourcing various products from foreign countries to distribute to resellers and retailers.

YEAR 2007

- Opened iStudio store at Central World Branch

YEAR 2008

- September 2008, the Company increased registered paid-up capital from 7.00 million Baht to 20.00 million Baht to be used as current capital and for expanding branches of the company. VNET CAPITAL CO., LTD co-invested and purchased 120,000 new shares accounted for 60.00%. VNET holds the major shares of the company in 2008.
 - Expanding retail space of Central World Branch from 120 Sq. M. to 500 Sq. M. It was the biggest APR store in Southeast Asia at that time.
-

YEAR 2009

- Cooperated with Power Buy Company by managing the sales of Apple products in all Power Buy stores.
-

YEAR 2010

- March 2010, the Company increased registered paid-up capital from 20.00 million Baht to 30.00 million Baht. In December, the Company increased capital to 60.00 million Baht as current investment and for branch expansion.
 - Opened the first .life store at Paradise Park under the concept of digital lifestyle while emphasizing on the everyday living in relation to technological products and accessories.
 - August 2010, the Company invested in Koan Co., Ltd by purchasing shares from existing shareholders. As a result, the proportion of investment increased from 25.00% to 70.00% of the registered paid-up capital.
 - Cooperated with local shareholders to establish Copperwired-N Co., Ltd (CPW-N) to operate the business of administrating shops in the northern region. The company invested for 65.00% of registered paid-up shares for 10.00 million Baht.
-

YEAR 2011

- September 2011, the Company additionally invested in Koan Co., Ltd by purchasing shares from existing shareholders and had proportion of investment from 70.00% to 100.00% of registered paid-up capital. It increased registered paid-up capital of Koan Co., Ltd from 2.00 million Baht to 20.00 million Baht for business expansion.
- October 2011, the Company increased registered paid-up capital from 60.00 million Baht to 100.00 million Baht as the current capital of the company.
- December 2011, the company increased registered paid-up share from 100.00 million Baht to 105.30 million Baht by selling 53,000 capital-increased shares to Melco Holdings Inc. (The company registered in the Stock Exchange of Japan) accounted for 5.03% of registered paid-up capital in the total amount of 51.00 million Baht (962.26 Baht/ share)
- Ceased cooperation with Power Buy for sale administration of Apple Products in area of Power Buy
- Cooperated with Tesco Lotus for sale administration of Apple products at electric appliance division of Tesco Lotus
- Cooperated with local shareholders in establishing Copperwired-S Co., Ltd. (CPW-S) to operate a business of shop administration in the southern area. The company invested for 60.00% of registered and paid-up capital of 10.00 million Baht
- Signed in Apple Authorized Service Provider (ASP) Agreement with Apple South Asia (Thailand) Ltd. to be an official provider for Apple product repair service and open the first iServe service center at Amarin Plaza to provide services for customers in relation with repair of Apple Products.

YEAR 2012

- Ceased operation with Tesco Lotus for sale administration of Apple Product in areas of Tesco Lotus

- December 2012, the Company increased registered paid-up capital from 105.30 million Baht to 168.00 million Baht as current capital and for branch expansion of the company

- Cooperated with local shareholders to establish Copperwired-E Co., Ltd (CPW-E) to operate a business of shop administration in the northeastern region. The company invested for 55.00% of registered and paid-up capital of 10.00 million Baht

- To structure investment of CPW-N that there are shops under the administration of CPW-N for 3 branches including (1).life Shop, CentralPlaza Chiangmai Airport Branch, (2) iBeat Shop, Chiangrai Branch and (3) iStudio Shop, CentralPlaza Chiangrai Branch, the company achieved an agreement with the other shareholder as follows

- 1.The company agreed to purchased .life Shop, CentralPlaza Chiangmai Airport Branch by transferring all properties and employees from CPW-N at the book value of 4.08 million Baht to operate the administration under its name. so, there are only two branches under the administration of CPW-N and

2. The Company sold all 650,000 shares of CPW-N accounted for 65.00% of paid-up capital in the amount of 7.40 million Baht to the other shareholder. So, CPW-N was no longer a subsidiary and the shareholder registered to change the name from CPW-N to “E Space RR Co., Ltd”.

YEAR 2013

- December 2013, the Company increased registered paid-up capital from 168.00 million Baht to 206.00 million Baht as current capital and for branch expansion of the business

YEAR 2014

- Increased capital by the proportion in CPW-E from registered paid-up capital from 10.00 million Baht to be the new registered paid-up capital of 40.00 million Baht.

YEAR 2016

- Open Ai_ Shop at Siam Discovery Shopping Mall with a concept of modernizing the existing branch to be unique

- To structure the investment of the company in CPW-S, that there were three branches under its administration including two branches of .life Shop at Big C Supercenter and a branch of .life Shop at CentralFestival Phuket, the company achieved an agreement with the other shareholder as follows

1. January 2016, it sold decorations of a .life Shop at Big C Supercenter to an outsider in the amount of 0.30 million Baht while another branch in Big C Supercenter closed down when the rental agreement was terminated.

2. April 2016, the company purchased .life Shop at CentralFestival Phuket Branch by transferring all properties and employees from CPW-S in the amount of 0.09 million Baht. Therefore, the .life Shop, CentralFestival Phuket Branch was under the administration after the company acquisition.

3. August 2016, the Company purchased all shares of CPW-S from the existing shareholders for 400,000 shares or 40% of paid-up shares in the amount of 1.67 million Baht (referred from book share value and surplus for 200,000 Baht)

4. The company had the resolution to register the cancellation of CPW-S on 30 September 2016 (liquidated on 30 June 2017)

- Opened www.istudio.store and www.dotlife.store as a channel for online product distribution and communication of information, promotion for customers who are fond of Apple Products and digital lifestyle products
- The company agreed to purchased iStudio Shop, UD Town Branch in Udonthani by transferring all properties and employees from CPW-E in the price of 1.98 million Baht for operation under the administration of the company (later, it closed down when the rental agreement was terminated)

YEAR 2017

- Increased proportion of shareholding in CPW-E by purchasing all shares from existing shareholders (1.80 million shares with a par value of 1.00 Baht). The company had a proportion of shareholding in CPW-E for 100.00%
- CPW-E sold iServe Shop at CentralPlaza Ubonratchathani by transferring all properties and employees from existing shareholders for 0.60 million Baht

YEAR 2018

- Increased capital by the proportion in Koan Co., Ltd from registered and paid-up capital for 20.00 million Baht to 50.00 million Baht as current capital for business expansion.
- Koan Co., Ltd opened distribution channels through www.koan.co.th to increase distribution channels for digital lifestyle products and accessories to customers directly including corporate and general customers.
- To structure the company's investment in CPW-E as the subsidiary for 100% the company operated as follows

1. September 2018, the board meeting had the resolution to purchase decorations and office supplies from iStudio Shop, CentralPlaza Ubonratchathani Branch from CPW-E in the total price of 2.05 million Baht to operate administration under the company. As a result, CPW-E had no branches under the supervision and no longer operated the business.

2. December 2018, the board of directors had a resolution to sell all shares of CPW-E to outsiders for 4,000,000 shares with a par value of 0.43 Baht in the total amount of 1.72 million Baht (from book value at 0.29 Baht/ share). As a result, CPW-E was no longer the subsidiary and the new shareholder changed the name CPW-E to be "Mateline Pipe Co., Ltd"

- After restructuring the investment, the company had only a subsidiary holding 100.00% shares which was Koan Co., Ltd.



YEAR 2019

- March 2019, the company increased registered and paid-up capital from 206.00 million Baht to 220.00 million Baht as current capital for company's branch expansion
- On 11 April 2019, the extraordinary meeting No. 1/2019 of the company had a resolution to approve the following important matters

- Approved the transformation from a limited company to a public company limited and changed the name to Copperwired Public Company Limited

- Changed par value from 100.00 Baht/ share to 0.50 Baht/ share

- Increased registered capital for 80.00 million Baht from existing registered capital of 220.00 million Baht to 300.00 million Baht by issuing new capital-increased shares for 160.00 million shares with a par value of 0.50 Baht accounted for 26.67% of issued and paid-up shares after this offering. Nevertheless, the shareholder's meeting approved and allocated capital-increased ordinary shares for 160.00 million shares with details as follows

1. Capital-increased ordinary share for 9.80 million shares to be offered to company's directors and executives

2. Capital-increased ordinary share for 6.20 million shares to be offered to company's employees

3. Capital-increased ordinary share for 24.00 million shares to be offered to benefactors

4. Capital-increased ordinary share for 120.00 million shares for Initial Public

Offering: IPO

- Approved registered company's ordinary shares as securities in the Stock exchange of Thailand

- 25 April 2019, the company registered transformation to be a public company limited under the name of "Copperwired Public Company Limited"

- Opened U-Store at Suansunandha Rajabhat University

- On 18 October 2019, the company's ordinary shares were first traded in the Stock Exchange of Thailand in the service industry and commercial business section



2.4 CPW's Shareholding Structure Diagram



Copperwired Public Company Limited

Retailer of digital lifestyle products, smartphone, computer and tablet and Apple brand service center

Registered Date: 26 September 2000

Registered Capital: THB 300,000,000

Registered Paid-up Capital: THB 300,000,000



KOAN

Koan Company Limited

Wholesale business and Distributor of digital lifestyle products

Registered Date: 7 November 2011

Registered Capital: THB 50,000,000

Registered Paid-up Capital: THB 50,000,000

03

Business Operation

At present, the Company and subsidiary operate distribution business with various digital lifestyle products more than 2,000 items. The company and subsidiary select digital lifestyle products with unique and modern design combined with technology connected with the internet for command control (internet of things product) and enhances everyday lives. These unique contemporary designs and exclusive products are for home or office and everyday use. The products are headphones, wireless speakers, smartwatch, activities tracker, drones, vacuum robots, security equipment, motion sensors, smart locks, game players, and hi-tech toys. Among these products, cameras, including action cameras and instant cameras, mobile and computer accessories such as mobile phone cases, protective film, charging cable, etc are also on the product list. Apart from digital lifestyle products, living lifestyle products such as luggage, flask, electric scooters, and electric motorcycles are products from more than 200 leading brands all over the world.

Furthermore, the Company operates Apple Premium Reseller (APR), Apple Authorized Reseller (AAR) and Campus Experience Store officially approved by Apple South Asia (Thailand) Ltd. to sell products under Apple Brand in Thailand. The Company is also an official Apple Authorized Service Provider (ASP) for Apple.

Speaking of operations of the group, Copperwired Public Company Limited operates the business of retailing digital lifestyle products as well as products under Apple brand through retail shops through the administration of the Company as follows.

1. .life (dotlife) Shop is a retail shop retailing digital lifestyle products under the management of the company. Products at .life are sourced from around the work; quality of the product is selected for the store.

2. Apple Brand Shop distributes Apple products, including iStudio by copperwired, U-Store by copperwired, and Ai_ Shop. Moreover, the company is appointed by Apple South Asia (Thailand) Ltd. to be the service provider for Apple products under the name of "iServe". Nevertheless, permission to open additional Apple brand shop and service centers are authorized under the Apple authorized reseller agreement, and Apple authorized service provider agreement.

The majority of the digital lifestyle product KOAN Co., Ltd. are imported from foreign countries. Resellers purchase products from Koan and distribute the products to end-users.

During 2017-2019, the company and subsidiary had income from sale and services categorized by types of products and service with the following details

| Business Group | For the year ended 31 December | | | | | |
|---|--------------------------------|---------------|-----------------|---------------|-----------------|---------------|
| | 2560 | | 2561 | | 2562 | |
| | Million baht | % | Million baht | % | Million baht | % |
| Revenue from selling products¹ | | | | | | |
| Digital lifestyle products | 1,184.28 | 42.46 | 1,399.84 | 43.37 | 1,540.75 | 42.71 |
| Smartphone | 736.21 | 26.40 | 866.45 | 26.84 | 1,121.83 | 31.09 |
| Computer & Tablet | 764.18 | 27.40 | 838.13 | 25.97 | 839.41 | 23.27 |
| Lists included in sale revenue | | | | | | |
| Discount payable ² | (0.41) | (0.01) | (0.12) | (0.00) | (0.00) | (0.00) |
| Adjusted estimation Point redemption ³ | 0.36 | 0.01 | 0.79 | 0.02 | (1.28) | (0.04) |
| Total sale revenue | 2,684.62 | 96.26 | 3,105.09 | 96.20 | 3,500.71 | 97.03 |
| Service revenue | | | | | | |
| Maintenance & Warranty | 76.60 | 2.74 | 88.16 | 2.73 | 86.17 | 2.39 |
| Net sale and service revenues | 2,761.22 | 99.00 | 3,193.25 | 98.93 | 3,586.88 | 99.42 |
| Other revenues ⁴ | 27.83 | 1.00 | 34.37 | 1.07 | 20.84 | 0.58 |
| Total revenue | 2,789.05 | 100.00 | 3,227.62 | 100.00 | 3,607.72 | 100.00 |

Source: The management of the company and consolidated financial statement in 2017-2019

Remark: /1 Revenue of the consolidated financial statement shown in above table is revenue excluding transactions in the company and subsidiary.

/2 Discount payable is transaction of discounting the company provides for customers according to normal trade condition

/3 Adjusted estimation of point redemption is updated as of the end of record of point and reward expenses estimated by the company. In 2017 and 2018, the surplus arose from estimation adjusted from expired points

/4 Other revenues including compensation for shop decoration, revenue from sale promotion and revenue from advertisement

3.1 Products and Services

3.1.1 Products and services of CPW

The company operates the business of retailing digital lifestyle products in .life Shops. The company is appointed as an official Apple authorized reseller in Apple Brand Shop under the administration of the company including iStudio by copperwired, Ai_Shop, and U-Store by copperwired. The retailers of mobile phones, computers, and tablets include retailer of accessories with the joint function of Apple products such as headphones, protective case, protective film, charging cable, and HDMI Cable from leading standard brands. Additionally, the company is appointed by Apple South Asia (Thailand) Ltd. to be service provider according to Apple standard under the name of iServe

3.1.2 KOAN Co., Ltd (“subsidiary” or “KOAN”)

The Company holds 100% shares of its subsidiary. The subsidiary operates as a distributor for digital lifestyle products such as cases, protective films, speakers, headphones, etc. The majority of the leading brands overseas are Aftershokz, Belkin, Innergie, Mophie, Moshi, Nanoleaf, Philips Hue, Sphero, Withings, Zoku, etc. The subsidiary focuses on resellers and retailers that sell products to end-users. The reputable resellers are retailers such as iStudio, Central Department Store, The Mall, Power Buy, King Power, AIS shop, Loft, Munkong Gadget, and Apple Store.

The group has revenue from sale and services divided by type of products and services into four groups as follows

Group 1 : Digital lifestyle products

The digital lifestyle products are consist of various products, more than 2,000 items from 200 leading brands all over the world. The digital lifestyle products can be categorized by type of usage as follows

1.Phone & Computer Accessories

Currently, smartphones are widely accessible and overgrowing by the trend of smartphones. Furthermore, the users can change or add accessories as needed, and a computer laptop is developed to much portable size, convenient for traveling. So, many users emphasize good care and protection to extend the useful life of the devices. The company has various smartphone and computer equipment selected from well-known brands with beautiful designs, colorful look, and different functions for more convenient and more effective use of the primary devices of the customers.

The categories for phone and computer accessories of the company divided as follows

- Protective films that prevent accidental marks for smartphones and computers screen.
- Various types of cases for smartphones and computers, including functional cases, stylish cases, and lifestyle cases.
- Mobile platforms, computer platforms, bags and computer cases
- Charging gadgets such as charging cables with different sizes, Type-C Thunderbolt Micro USB, portable chargers, wireless chargers, home chargers, car chargers, chargers for traveling, etc.
- Peripherals to enhance the efficiency of smartphone use such as HDMI cable and USD cable



Illustration of Phone & Computer Accessories

2. Smartwatch

With the technology of an ordinary watch to be embedded with functions that support all-in-one use, it must have message alert, email, activity schedule, entertainment, music, and call start-end. Additional features include a map, a navigation system, camera, song control, and everything on your wrist without usually picking up a smartphone. This technology makes the life of users more convenient as well as health monitoring functions such as heartbeat from the wrist, step counting, exercise, and bedtime, etc. All data are summarized and gathered that users could view data immediately at any time and any place. In case of abnormality, the notification from this device will show up. The company recognizes benefits from its usage and would like to promote it by delivering quality devices to its customers so that they can keep healthy and live their life conveniently.



Illustration of Smartwatch

3. Audio & Music Devices

In the past, audio and music device was used only for listening to songs with an emphasis on sound quality. However, at present, with technological advancement in the digital age, all products, as well as audio and music devices, are developed rapidly in various aspects with more functions than only listening to the songs such as wireless connection, multi-connection, telephone calls, portable charger, waterproof function, sweat-proof function, sound adjustment through the application, voice command, sound system from the cinemas. These innovations are creatively developed with various audio and music devices to respond to the needs of new-generation consumers who need full entertainment and more convenient life.

Audio and music devices distributed by the company are various such as

- Headphones i.e., headphones, wireless headphones, headphones for exercising, waterproof headphones
- Speakers such as the tabletop speaker, wireless speaker, waterproof speaker, portable speaker, home speaker, and smart speaker
- Headphone and speaker accessories
- Music equipment such as sound recorder, keyboard, sound mixing device, learning promotion equipment for music and songs



Illustration of Audio & Music

4. Gaming & Toy Products

There are devices for entertainment and skill enhancement, promoting knowledge, creativity, imagination, skills, concentration, movement, observation, brain, and intellectual development of users. It can be applied and extended creatively. Gaming and toy products are such as drones, smart robots monitored with smartphones, ball robots for education, etc.



Illustration of Gaming & Toy Products

5. Sport, Health & Well-being Products

These devices are for facilitating exercising or doing activities. Sports equipment at present developed with technology that consumers can measure their values quickly and conveniently. Furthermore, these data can use for health development. The Company realizes the importance of healthcare and has good intentions to deliver the right equipment selected from every corner of the world. The sport, health, and well-being products are various such as sleeping measuring devices, fitness trackers, smart scale, smart jumping rope, heartbeat rate monitor, blood pressure monitor, smartwatch, etc.



Illustration of Sport, Health & Well-being Products

6. Home & Office Products

This equipments facilitate routine life in the home and office to respond needs of people at present, who are fond of modernity and convenience. Smart home equipment helps customers to access and control systems inside and outside the home quickly from regularly used smartphones. The Company realizes the importance of this product group. It promotes the implementation of these technologies in the home or in the office to make life easier without wasting time for management in the house. Smart home products selected by the company are various such as an intelligent lighting system that its function can control and changes colors to improve the atmosphere in the home, air-conditioner's temperature controller that customers can control it easily. It saves energy and resources, air quality monitors, and safety from smart security cameras, supervising orderliness of the home that users can check from smartphones all the time. Apart from the design to facilitate life, it is to uplift the quality of life of customers.

Apart from product services, the company focuses on comprehensive services from giving suggestions about equipment, installation to after-sale service, which is the top priority of the company for customers to receive quality products and excellent services simultaneously.



Illustration of Home & Office Products

7. Photo & VDO Products

Currently, social media becomes a tool to present content and photos, and the popular ones are Facebook, Twitter, Instagram, and YouTube. These are resulting in behavioral changes in receiving and creating media from normal photos to be digital photos or just live motion pictures. People can access these photos easily with attractive images and exciting video content in society these days. Therefore, the company tries to select equipment responding needs and deliver it to customers of the company to create outstanding and creative content and to share these impressions on social media rapidly. The photo and video products available with the company are drones, action cameras, and a polaroid camera, which allows users can take photos and print them immediately. That includes a 360-degree camera, shockproof stick that helps users when shooting videos, accessories of cameras such as waterproof case, accessories for camera installation with a hat, remote controller, tripod, portable battery, and portable photo printer.



Illustration of Photo & VDO Products

8. Other Products

Apart from the above products, the company selects digital lifestyle products consistent with the concept of digital lifestyle to facilitate living as an option and variety of digital lifestyle products such as portable straw, car camera, umbrella, etc.



Illustration of Other Products

Group 2 : Smartphone

At present, the smartphone becomes a part of people's lives. We use it from waking up by setting the alarm, reading news, messages, or using social media such as Facebook, Line, Instagram, and routine activities. The smartphone is used as a communication device for reading, replying to emails, editing works, and presenting works. The smartphone plays a vital role in daily life for 24 hours and these days. The smartphone is more than just a communication device, it not only helps the company access media more accessible, but it helps in other aspects. These aspects are better photo taking, accessing news and information rapidly through high-speed internet, and the center of connection with smart devices at present.



Illustration of Smartphone Products

Group 3 : Computer & Tablet

Computers and tablets are devices that play a vital role and used in daily life for different purposes. With the use of computer systems, users can work effectively for various fields such as medicine, science, communication, business, engineering, transportation, and even entertainment. Especially at present, computers and tablets are tools for entertainment users who listen to music and watch movies, playing games, etc. It is clear that in every field, computers and tablets are essential. At present, the company is a reseller for computers and tablets under Apple Brand, such as MacBook and iPad, with different models.



Illustrations of Computer & Tablet Products

Group 4 : Maintenance & Warranty

The company is also an authorized service provider for Apple products within and out of warranty. The Service center officially appointed as the Apple Authorized Service Provider (ASP) by Apple South Asia (Thailand) Ltd. The service center provides consultation service, repairing Apple Products and on-site service to facilitate customers and to ensure that the products from the company's shops work effectively and the customers gain full benefits.

3.2 Distribution and Service Channels

The company has two main distribution channels including (1) retail shop and maintenance center and (2) online shops that customers can order products and make payment through the website of the shop with the following details

3.2.1 Retail shop and maintenance center under the administration of CPW includes 42 locations.

The company has retail branches for distributing products, including (1). life Shop, (2) Apple Brand Shop under the administration of the company such as iStudio by copperwired and Ai_ Shop and (3) iServe Shop, a one-stop service center for Apple Products with repair and maintenance service and counseling about software and maintenance for customers using Apple products as well as distributing spare parts for repair and replacement.

At present, the company has branches and service centers in leading department stores and community malls all over Bangkok, vicinity, and big cities for 36 locations and six centers with the following details.



.life Shop is a hub of digital lifestyle products with varieties of products more than 2,000 items under more than 200 leading brands all over the world. It selects manufacturers in every corner of the world with a concept and shops decoration with unique and modern materials. It is the place where those passionate about technology can take a look at and purchase products with enjoyment, like a playground for adults, so that customers will have a chance to be exposed to new technology and its utilization. Currently, the company has 21 branches of .life Shop located in leading department stores, shopping malls and community malls with details of each location as follows



.life Central World

.life Siam Paragon

.life Silom Complex

.life CentralFestival EastVille

.life CentralPlaza Westgate

.life CentralPlaza Grand Rama 9

.life CentralPlaza Pinklao

.life The Promenade

.life Mega Bangna

.life ICONSIAM

.life Terminal 21 Pattaya

.life Terminal 21 Korat

.life CentralPlaza Khonkaen

.life CentralPlaza Udonthani

.life CentralFestival Phuket

.life CentralFestival Hatyai

.life CentralPlaza Pitsanulok

.life CentralFestival Chiangmai

.life CentralPlaza Rayong

.life CentralPlaza Chaengwattana

.life Robinson Ladkrabang



iStudio
by copperwired

U•Store
by copperwired

Ai_

Apple Brand Shop

iStudio by copperwired Shop, U-Store Shop, and Ai_ Shop distribute products under Apple brands such as smartphone, notebook, tablet, smartwatch only of Apple Brand, and accessories of Apple Brand and other leading brands. The company appointed as the Apple Premium Reseller (APR) and Apple Authorized Reseller (AAR), and the company emphasizes selecting the location of the shops, shop designing, product placement along with the atmosphere in the shops to reflect product appearance. For the customer to have real experiences, the company also allows customers to try iPhone, iPad, Mac, Watch, or other Apple products and accessories. The team is knowledgeable and has high expertise in Apple products that can give information, respond inquiries, and demonstrate Apple products for customers. At present, the company has 15 branches of Apple Brand Shop with following details

iStudio by copperwired: The Company has 13 branches as follows

| | |
|-------------------------------|---------------------------------------|
| iStudio Siam Paragon | iStudio Park Ventures |
| iStudio Central World | iStudio Silom Complex |
| iStudio Central Embassy | iStudio Int-Intersect |
| iStudio J Avenue | iStudio CentralPlaza Rama 3 |
| iStudio The Circle | iStudio CentralPlaza Ubonratchathani |
| iStudio Sena Fest | iStudio CentralPlaza Nakhonratchasima |
| iStudio CentralPlaza Mahachai | |

U-Store by copperwired is a shop distributing Apple Products with the same pattern and standard in every branch as specified by Apple South Asia (Thailand) Ltd. It is operated under U-Store by copperwired, located at leading universities. At present, the company opens the first U-Store by copperwired at Suan Sunandha Rajabhat University on 13 August 2019.

Ai_ (Artificail Intelligence) is a shop that is a unique program authorized by Apple. It is a large shop decorated with delicate and unique materials to appear outstandingly different from other Apple Shops. There is a branch of Ai_ Shop at Siam Discovery Mall.





iServe

Service centers for iMac, iPad, iPhone, iPod, and other accessories officially authorized by Apple South Asia (Thailand) Ltd. To be the Apple Authorized Service Provider (ASP), it provides services for customers under the warranty condition, and customers out of warranty condition at customer's expense. Furthermore, there are services about advising about software and maintenance for customers using Apple products by experienced technicians certified by Apple according to the standard of ACMT (Apple Certificate Mac Technician). For spare parts, the company selects authentic parts of Apple with good measure and work efficiency for repairing only. It also provides device maintenance and instruction advice for customers with full effectiveness. At present, the company has six branches of service centers including

iServe Amarin Plaza

iServe Sena Fest

iServe Park Ventures

iServe CentralPlaza Rama 3

iServe The Circle

iServe CentralPlaza Mahachai



The Company online channels for customers to purchase products online include

1. www.dotlife.store retailing digital lifestyle products more than 2,000 items from 200 leading brands all over the world
2. www.istudio.store retailing smartphones, computer notebook, and tablets of Apple Brand and accessories of Apple Brand and other leading brands.

The customers can select products and pay product prices by transferring money through ATM, making payment through cash-on-delivery, bank counter, or making payment at the company's shops and credit card. Nevertheless, the customers can select payment by installments with credit cards joining the campaign.

The company delivers products to customers through online channels to their homes all over Thailand. With standard couriers, the customer can track product delivery until the products are delivered to the customers in perfect condition. For customers in Bangkok, they can select an express delivery service. Furthermore, the company also facilitates delivery at the closest shop as per customer selection to pick up products. Nevertheless, it is for customers to quickly and conveniently access products and services, and the company also adds contact channels, including Live Chat, Facebook Messenger, Line, or E-mail to give information and respond to inquiries about products and services.

3.2.2 Distribution channel of KOAN

1. Direct product sale

KOAN does not own retail shops because most sales are wholesale, and KOAN has the team to manage purchase orders from customers via phone, email, and meeting with customers at the shops.

2. E-Commerce distribution channel

Apart from the direct sale, KOAN offers products through the E-Commerce website www.koan.co.th. However, KOAN does not focus on expanding retail sales through E-Commerce because KOAN operates the business as a distributor. The site's main objectives are to allow resellers to review the products and purchase the products directly. From 2017-2019, the Company and subsidiary had sales through distribution channels of the group as follows.

| | | 2017 | | 2018 | | 2019 | |
|--|---------------|--------------|--------|--------------|--------|--------------|--------|
| Distribution Channel | Business Unit | Million Baht | % | Million Baht | % | Million Baht | % |
| Retail shop and service ¹ | CPW | 2,610.74 | 93.61 | 2,992.77 | 92.72 | 3,335.66 | 92.46 |
| Commercial wholesale | KOAN | 146.84 | 5.26 | 186.54 | 5.78 | 224.45 | 6.22 |
| Online distribution | CPW/KOAN | 3.64 | 0.13 | 13.94 | 0.43 | 26.77 | 0.74 |
| Total revenue from sales and service | | 2,761.22 | 99.00 | 3,193.25 | 98.93 | 3,586.88 | 99.42 |
| Other revenues ² | | 27.83 | 1.00 | 34.37 | 1.07 | 20.84 | 0.58 |
| Total revenues of company and subsidiary | | 2,789.05 | 100.00 | 3,227.62 | 100.00 | 3,607.72 | 100.00 |

Remark:

¹ Service revenue includes repair cost at iServe and differential of warranty from Apple Care and income from other guarantees from 2017. The company recognizes the differential between revenue and cost of warranty as service revenue in 2016. In the above table, the cost of warranty deducted for 10.58 million Baht for comparison.

² Revenue from commercial wholesale is the amount deducted from the amount the company purchases from KOAN for distribution. The total purchase amount of the company will be the distribution amount of subsidiary from 2016-2018 accounted for 227.34 million Baht, 322.50 million Baht, and 387.60 million Baht, respectively.

3.3 Target Customer Group

The company and subsidiary's target customer group are divided into 2 groups by type of distribution as follows

3.3.1 Retail customer's / end users

1. Customers in favor and follow technological products all the time
2. Customers at shops who are end-users to buy products at the company's shops
3. Customers fond of products under Apple brand

3.3.2 Wholesale customer / purchase for distribution

1. Customers of department stores, large shops, duty-free shops such as Central Department Store, The Mall, Power Buy, King Power, AIS shop, iStudio and Apple Store etc. including shops specifically selling sport products and house decorations etc.
2. Customers of computer shops, mobile phone shops such as mobile phone shop at MBK Center or in upcountry.
3. Customers selling products online
4. Juristic person / natural person buying for use or distribution as premiums in the organization

3.4 Pricing Policy

Digital Lifestyle Products

For digital lifestyle products, the company and subsidiary purchase for distribution, the company, and subsidiary has a policy of pricing as follows.

1. For products that have suggested price from Supplier, is generally used to set prices of the products for the retail, the company will set the retail price as agreed with the supplier, and the most retail price is at same nationwide. Nevertheless, the company will adjust the selling price under the structure and conditions that the company's trade partners specify. As well as the selling price of products of Apple Brand, such as iPhone, iPad, MacBook, and Apple Watch, to be according to the country manufacturer's structured price. Nevertheless, some products may have special promotions according to Apple's policy, such as discounts or premiums, etc. The Company supported price differences and special incentives from the trade partners according to the agreed conditions.
2. Products set price by the supplier. The pricing of products depends on the type of products and market competition at that time compared with the same product type and other factors such as popularity at that moment, Baht value in case of importing products, the retail price of the competitors, the retail price in foreign countries, etc. The company has trade discounts for promoting product sales of the company.
3. Consigned products: the consigner will determine the selling price and promotion

3.5 Product and Service Supply

3.5.1 Digital lifestyle products

The company and its subsidiary have a sector responsible for the selecting of products for distribution by providing domestic and international manufacturers or distributors and finding information from the manufacturers or local distributors by using online channels to enhance the efficiency of selecting products to be distributed to company's customers. The company will consider the following factors

1. The quality of selected products and services is that they have unique design and appearance and are suitable for digital lifestyle products.
2. The distributors shall have a marketing plan in support of product distribution
3. Products with sale profit rate according to the company's policy
4. The manufacturers and distributors shall be permitted and comply with specific control laws (if any)
5. The distributors shall be competent in providing products with quality and in time that the company needs the products.

At present, the Company is a retailer and wholesaler for digital lifestyle products and accessories for about 2,000 items with 200 leading manufacturers and distributors. The company and subsidiary have a good relationship and are a business partner for a long time.

3.5.2 Products under Apple Brand

The company is appointed as Apple Premium Reseller (APR) and Apple Authorized Reseller (AAR) to retail products under Apple Brand by purchasing products from the distributors permitted from Apple South Asia (Thailand) Ltd. such as Ingram Micro (Thailand) Co., Ltd, Synnex (Thailand) Public Company Limited or mobile phone service providers including AIS, TRUE and DTAC. Furthermore, as the company appointed as the Apple Authorized Service Provider (ASP), which allows the Company to purchase spare parts from Apple South Asia (Thailand) Ltd. for internal repair and to increase work efficiency.

3.5.3 Warehouse management

The products of the company and subsidiary are always subject to technological change, and many are high-value costs. The company and subsidiary emphasize inventory management to avoid problems of outdated products. Apart from the estimation of sufficient and suitable ordering for distribution in each branch for each product, the company and subsidiary hire Logist Plus Co., Ltd to manage the warehouse. Logist Plus Co., Ltd has experienced more than 20 years about logistic outsourcing for several companies, including companies in hi-tech and electronic groups, with damage guarantee in products of the company and subsidiary.

Nevertheless, the company uses Warehouse Management System (WMS) System for warehouse management as a system in NIMBUS as ERP System used by the company, warehouse and branches through the internet for ordering, shipping status and reporting immediately as well as the acceptance and release of products with Barcode system and delivery with Scan Serial Number, etc.

The company and executives managing the warehouse will perceive updated information of products provided that the company orders products when the inventory is lower than the specified order point. The warehouse manager will inspect, store, and distribute products to the branches and customers ordering online. The warehouse manager is responsible for damages or loss of all such products until they delivered to the shops or customers.

The warehouse manager can deliver products within term as follows

- Delivery in Bangkok and vicinity within the following day
- Delivery in upcountry except for Maehongson and 3 southern-border provinces within 1-2 days
- Delivery in different province, district, island, remote areas within 3-5 days

The company can inspect the products according to the internal audit system specified twice a year in June and December of each year or may request for inspection as defined by the company. According to such a measure, the company can control the quantity and age of inventories effectively, making the company save budgets for building warehouses and expenses for hiring employees in the warehouse and related employee training expenses.

However, for space of the warehouse, the company and subsidiary make a warehouse rental agreement with WTC Logistics Co., Ltd around Rural Development 3 Road, Khlong Song Tonnoon Sub-district, Ladkrabang District, Bangkok. The company can inspect the products according to the internal audit system specified twice a year in June and December of each year or may request for inspection as defined by the company. According to such a measure, the company can control the quantity and age of inventories effectively, making the company save budgets for building warehouses and expenses for hiring employees in the warehouse and related employee training expenses.

However, for space of the warehouse, the company and subsidiary make a warehouse rental agreement with WTC Logistics Co., Ltd around Rural Development 3 Road, Khlong Song Tonnoon Sub-district, Ladkrabang District, Bangkok.

3.6 Selection of Branch Location

3.6.1 Finding areas for new shops

The company has a retail department responsible for opening retail branches of the company such as .life Shop, iStudio by copperwired Shop, U-Store by copperwired Shop, Ai_ Shop, and iServe Shop. The company's team will select areas for branch opening by considering following factors

- Location of a shop in departments / university
- Popularity of the department store
- Reasonable rental cost
- Characters and lifestyle of local populations / instructional courses in that university
- Number of nearby populations / number of students and personnel
- Shops of competitors in local area.

Nevertheless, opening Apple Brand Shop in Thailand requires permission with Apple South Asia (Thailand) Ltd. before the operation. Only authorized resellers to have the right to request opening the Apple Brand Shop, and consideration result are subject to Apple. Apple has conditions or criteria of consideration for opening a branch of Apple Brand Shop as follows

1. Areas or locations of the branches of Apple Brand Shop that the reseller will open are considered by Apple in various aspects as follows.
 - The reputation of the location owners or performance of real estate developers which mostly are well-known shopping malls. Or department stores in the business district in Bangkok and upcountry such as Central Group and The Mall Group etc.
 - Location of the shops in the shopping malls or department stores must be outstanding and easily accessible with high traffic volume.
 - The distance of Apple Brand Shop in each location with a branch shall be at least 5 kilometers except for the central business district: CBD with a concentration of people or in a radius not over 5 kilometers to be Apple Brand Shop of the same reseller such as iStudio by copperwired in Siam Paragon, Central World and Embassy.
2. The potentials of reseller including teams, executives, policies, trends of business operation of the distributor, financial status, and adequacy of current cost and investment etc.
3. The previous sales performance of the distributors, marketing plan, and record of reseller standard agreement etc.

However, practically, the retail team has duties to find locations according to the business expansion plan of CPW and build up a good relationship with landowners or real estate developers to obtain rights of space reservations in the newly opened department stores. At present, the opening of iStudio by copperwired mostly in CBD which not only includes CBD in Bangkok but it also means provinces or area with economic or industrial expansion in which large department stores opened. After obtaining areas or potential areas, it shall discuss with Apple in opening branches of Apple Brand Shop. If CPW is confident that Apple will permit operation of the new location, CPW will follow the business plan presented to Apple officially. Furthermore, Apple will maintain the balance of reseller portfolio and that no reseller is exclusively permitted to open the branches only.

The company can open. life Shop, which is a shop selling digital lifestyle products used with iPhone and other Apple products. .life is under the administration of the company together with the opening of iStudio by copperwired Shops such as Siam Paragon, Central World, and Silom complex or in potential locations with Apple Brand Shop of other resellers. If the company considers that it is business worthwhile, the company will proceed with the approval. life Shop in Central Rama 9 and Central Festival Chiangmai is the alternative for customers to select digital lifestyle products. .life shop is also open at the Iconsiam Department Store where the first branch of Apple Store located in Thailand. It also provides alternatives and more selections of accessories for the customers.

3.6.2 Shop design and decoration

When the executive committee approves shop opening, the design and marketing department will consider details of the leased space and summarize the shop design for hiring an interior designer for further operation.

For Apple Brand Shop, the design is under the concepts of Apple. When the space owner approves the shop design (maybe supported for design cost and design and decoration cost as agreed with Apple), the company will recruit and select a contractor for decoration. The company will inspect construction work according to the plan to be finished in specified time.

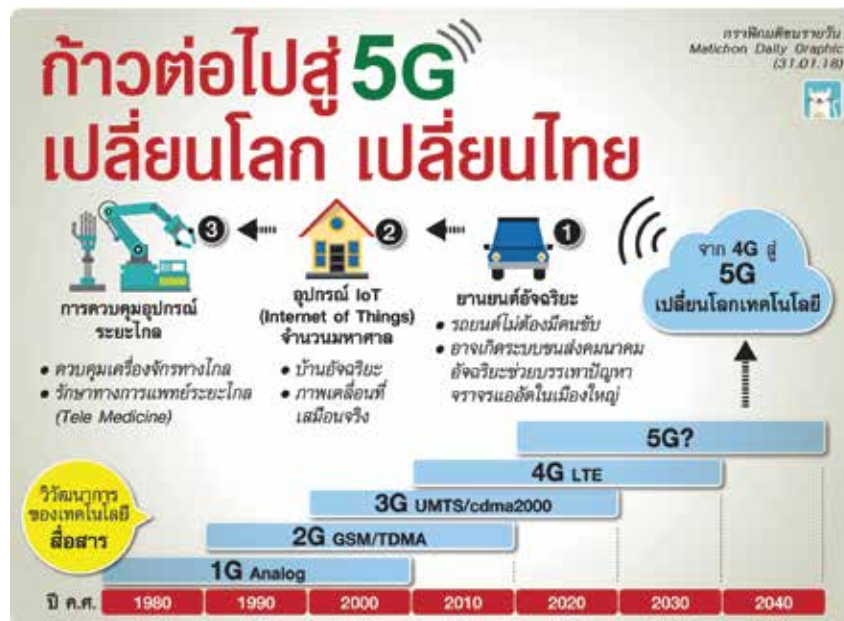
3.7 Industry and Competition Strategy

The development of communication infrastructure is an essential factor in developing the nation as it leads to the exchange of data connected with places in the entire world rapidly and efficiently and results in economic benefits and values.

The development of communication infrastructure in Thailand enables populations to access the internet and mobile network increasingly from the service development of private sectors providing the internet and mobile service providers, including policies and projects of the government, in driving the country to be Thailand 4.0.

Additionally, the 12th national economic and social development plan from 2017-2021 in the logistic section mentions communication technology development plan in 2020 with 5G technology or 5th Generation as the wireless communication in the 5th era. The Office of the National Broadcasting and Telecommunications Commission determines a plan for Thailand to use 5G technology within October 2020. By preparing to support frequency waves such as 700 Megahertz, 2,600 Megahertz, 26 Gigahertz, and 28 Gigahertz to be improved for further use, which is to enter 5G age at a similar time to other countries all over the world. Therefore, every sector, including public and private sectors, shall adapt to the changes of 5G technology that come in with new technologies such as the Internet of Things, which includes equipment or items containing electronic circuit and software sensors to connect things that data can exchange. The artificial intelligence that can analyze data for humans, AI, virtual reality, and augmented reality technology will also be using the 5G technology.

The coming of 5G technology will enhance competitiveness, increase economic value, and contribute to the management, resources, industrial systems, industrial sector, transport sector, financial sector or media sector, etc. the development of 5G System can be categorized as three main groups as follows



Source: Page-1 scoop, Daily Matichon, published on 31 January 2018

1. Connected Cars or autonomous vehicles may lead to a smart transport system and enhance the effectiveness of congested traffic in big cities.
2. Using IoT with devices that contain chips processing units enables users to communicate with each other more with 5G technology. Supporting devices, home appliances, and electric appliances in the home or office that allow users to communicate automatically, resulting in a smart home or smart office.
3. Remote Controlling such as machine remote controlling or remote treatment that the doctors can diagnose diseases through the screen and give treatment with remote tool controlling (TeleMedicine) or advice on the real-time system by sending high-definition motion pictures in only 1 second.

IoT (Internet of Things)

Overview of IoT market all over the world up to 2025



Source: Post Today

From the transition of technology in the digital age, any devices that consumers use in daily life connected to the internet is called IoT. These devices include household appliances, communication devices, medical tools, or even consumer goods like eyeglasses, and watches tend to connect things in the internet world and enter smarter mode, called IoT" (IoT). The functions of smart devices rely on an intelligent system that may work together with usage on the internet network to facilitate and increase benefits to consumers. Participating from 2017-2020, IoT market all over the world would grow for 28.5% on average, and businesses related to IoT, including hardware, software, services, and network for IoT connection, will have a higher value of the investment.

Meanwhile, in Thailand, IoT market in 2017 had connected devices for approximately 8.4 billion pieces, which increased by 31% compared with 2016. It anticipated that in 2020, more than 65% of the companies would use IoT solutions and products. The tendency in 2025, also predicted that expenses related to IoT all over the world would be 2 trillion US dollars or around 63 trillion Baht. The costs affect the world economy to have a value of 10 trillion USD or 315 trillion Baht. Similarly, the economy in Thailand in 2025 will be valued for 3 trillion Baht, including 500 billion Baht of expenses related to IoT. Nevertheless, in the future, devices for daily use will be connected with the internet network.

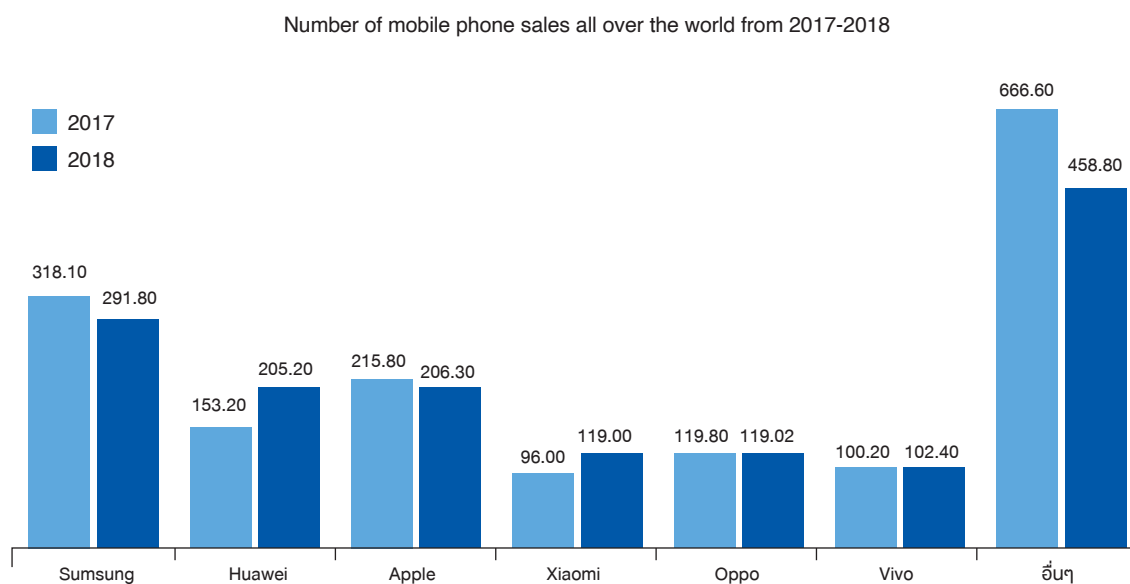
| Device type | Market size in 2017 | Growth rate (percent) | Target consumer group | Need of use | Number of users |
|--|-------------------------|-----------------------|--|--|-----------------------------|
| Smartwatch / Wristband | 264,600 – 270,725 units | 4.2 – 6.5 | <ul style="list-style-type: none"> Persons fond of exercising Health lovers Elderly people | For healthcare and safety of consumers especially elderly people | 2017 = 0.7 million persons |
| | 1,614.1 – 1,654.4 units | 1.5 – 3.7 | | | 2021 = 1.2 million persons |
| Smart air-conditioner (with movement and temperature sensor) | 354,880 – 393,890 units | 3.5 – 5.9 | <ul style="list-style-type: none"> Persons fond of technology for convenience Persons conserving energy | For convenience | 2017 = 5.6 million persons |
| | 6,742.7 – 6,914 units | 2.2 – 4.8 | | | 2021 = 7.4 million persons |
| Smartphone | 17.2 – 17.4 units | 1.8 – 2.9 | <ul style="list-style-type: none"> Consumers fond of doing activities on social media at any time and any place Elderly people | Doing activities for entertainment such as watching movies, listening to music's and communicating | 2017 = 41.9 million persons |
| | 96,550 – 97,950 units | 3.0 – 4.5 | | | 2021 = 48.5 million persons |

Source: "Trend of smart devices skyrocket" Kasikorn SME Research Center, July 2017

For the market of Smart Home products as a part of the company's product groups, the domestic market value in 2016 was approximately 645 million Baht. It anticipated increasing to 2.5 billion Baht in 2020 with a growth rate of 40%. The home automation products, such as cleaning robots, smart bulbs, and smart plugs, remain the product group with the highest market share at 40%. The anticipation of 5-year growth shows that smart home products for older adults and healthcare will grow highest to 60% according to the demographic structure that Thailand will enter the aging society. That is, populations in that country have a higher average age. Facilitating devices for a home living will become popular, and there will be development in consistence with the application, including security products that will secondly grow at 40%. These devices are smart bulbs with built-in cameras, speakers, and intelligent front door for residents to recognize faces and converse with visitors without walking out the door. Not only is it about convenience, but it also helps cleaning and protect residents from any persons with bad intentions.

Additionally, the tendency of smart home product installation will change from purchasing DIY (Do It Yourself) products to the installation of each piece, which is system planning to work together for more effective security automatically. It also expands to offices, transport systems, factories, real estate developers, hotels and apartments, etc. Therefore, relying on an expert for planning, installing, and giving advice about devices and systems is an opportunity for entrepreneurs to grow in the future. Furthermore, the tendency of smart home product's prices in the future will be cheaper, and devices that controlled through smartphones because of the IoT with smart home products such as smart bulbs and CCTV for houses. As a result, the market base becomes border as middle-level consumers can install smart home devices.

Condition of smartphone industry

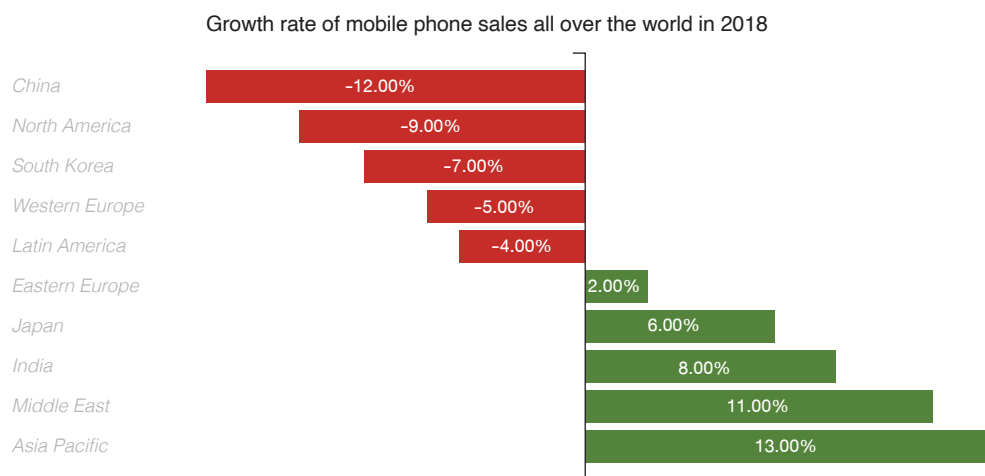


Unit: Million items Source: Counterpoint Technology Market Research

From the above data, the number of mobile phones sold all over the world in 2018 decreased from 2017 with the volume of selling at 1.50 billion items and 1.56 billion pieces. It dropped from 2017 for 60 million items accounted for 3.79%. In 2018, Samsung brand sold 291.80 million units while Apple was on the second selling 206.30 million units, and Huawei was in the third-place selling 205.20 million units. Although Huawei increased substantial sales volume from the previous year for about 52 million units, which increased accounted for 33.94%, Samsung and Apple had decreasing growth for 8.26% and 4.04%. The tendency of the growth of the smartphone industry in 2019 anticipated that the volume of mobile phones would be lower 1.90%, and the sale volume of smartphones with the android platform will decrease for 0.01% while the smartphones with iOS platform will decrease for 12.1%. Apple anticipated that it is unable to release new products to support 5G within 2019. Still, the smartphone market predicted having the same value as in 2018. However, the smartphone market has decreased sales as a result of pricing for hi-end models with a higher price per unit affecting average sale price of smartphones all over the world, which can be seen from the increasing average sale price for 11.00% in 2017.

For previous growth, there were supporting factors from the infrastructure with 3G and 4G technology. And that the entrepreneurs produced and distributed smartphones to developing markets at price consumers can easier access and marketed with various promotions to boost up the purchasing needs of consumers in every segment, especially smartphone with moderate price. It shown from below data identifying the growth rate of sales of mobile phones by countries and regions.

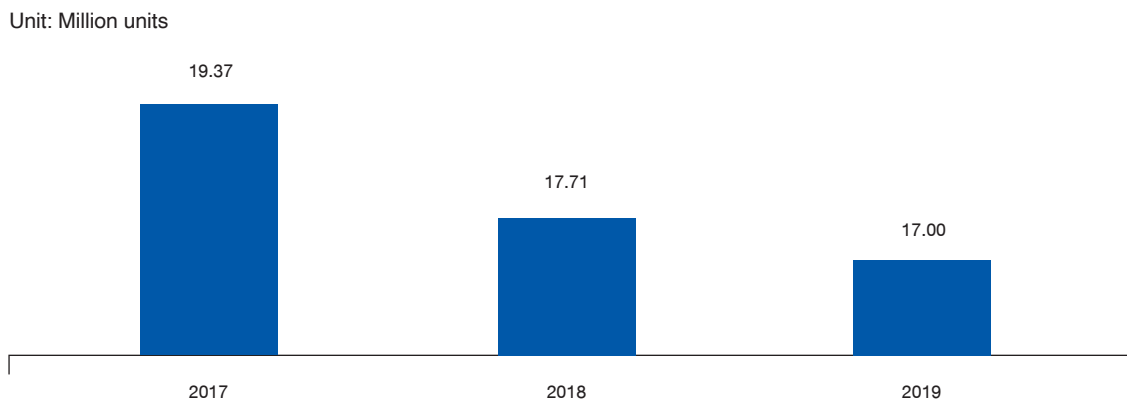
In past years, Apple Inc., the largest manufactures Apple products, including a personal computer and mobile communication, encounter the challenge with the competitors. The competitors with a large amount of the capital and much-experienced on market development, product development, and the options of purchasing these products are viable to aggressive pricing practices. Furthermore, the frequency of new product releasing to marketplaces is more frequent, which negatively affects the operation of Apple Inc. Therefore, crucial factors for competition in the future include (1) sale price of the devices, (2) efficiency and quality of products, (3) credibility in the innovation of software design and (4) related business management such as distributor, competence in distributing products, services, and supports of information for users. These factors are still essential to competition in the industry. However, Apple Inc. diversifies risks by expanding the business to parts related to personal computers and communication devices by distributing products and services related to songs and digital contents in a peer-to-peer format. As a result, the overall operation of Apple depends on the development of new products, services, and superior innovation. That includes integrating all solutions, hardware (iPhone, iPad, Mac, and iPod), software (iOS, OS X and iTunes), online services, online contents and applications (iTunes Store, App Store, iBooks Store, and Mac App Store) that Apple Inc. to the customer all over the world. Although revenue base diversification performed with more services, Apple Inc. needs to continuously develop products and services to be competitive with competitors in the industry (Data from annual report 2018 of Apple Inc.).



Remark : *Asia Pacific- excluding China, India, Japan / Source : Counterpoint Market Pulse

According to the above data, the number of mobile phones sold worldwide in 2018 decreased from 2017 with the volume of selling at 1.50 billion items and a total of 1.56 billion items. It dropped from 2017 to 60 million items accounted for 3.79%. In 2018, Samsung brand sold 291.80 million units while Apple was on the second selling 206.30 million units, and Huawei was in the third-place selling 205.20 million units. Although Huawei increased substantial sales volume from the previous year for about 52 million units, which increased accounted for 33.94%, Samsung and Apple had decreasing growth for 8.26% and 4.04%. The tendency of the growth from the above data, the growth of mobile phone sales in the main markets of smartphones in 2018, had negative growth. In China, it decreased by 12.00 % while in North America and Western Europe, it dropped by 9.00% and 7.00%, respectively. It indicated saturation in the main markets of smartphones with slight positive adjustment. However, in developing markets, the sales of mobile phones grow positively in the Asia Pacific becomes 13.00%. In the Middle East 10%, and Japan 8% due to the rapid operation of the entrepreneurs with broad innovations and effective marketing strategies that boost up purchasing needs of consumers in every segment, especially for smartphones with a moderate and high price. The smartphone industry's tendency to grow worldwide in 2019 anticipated that the markets in the Asia Pacific region would lead to the growth of mobile phone sales, with economic growth rising with an average growth rate of 4.70%. Although in 2019, the smartphone market in Thailand expected to be growing slightly in value. It is still a market that tends to improve upon the incoming innovation due to a high internet penetration rate compared with other countries in the region and consumers' behavior substantially relying on smartphones in daily life.

Unit: Million unitsSales of mobile phones in Thailand from 2017-2019



Source : Canals; Bangkok Post - <https://www.bangkokpost.com/tech/1686012/smartphone-sales-slipping> และการตลาดออนไลน์ Jaymart Plc.

Canalys; Bangkok Post - <https://www.bangkokpost.com/tech/1686012/smartphone-sales-slipping> and prediction of Jaymart Plc. Although the sales of mobile phones in Thailand in 2018 decreased compared with 2017 with a sales volume of 17.71 million items and 19.37 million items, respectively. It was lower than in 2017 for 1.66 million items accounted for 8.57%, but the value of the smartphone market dropped by 4.00%. The tendency of growth of the smartphone industry in Thailand in 2019 expected that the number of smartphones sold would shrink at 4.00% equal to the sales volume of 17 million items. However, the smartphone market's value is anticipated to be the same as in 2018 or slightly grow, as seen from the above data; nevertheless, causes or factors regarding the growth of smartphones in Thailand can be summarized as follows.

1. The smartphone market in Thailand grows with Replacement Market.

Presently, due to the 75% rate of smartphone possession of Thai consumers, the markets or target groups of purchasing newly issued smartphones tend to decrease. Additionally, the release of new products of hi-end smartphone manufacturers shows that the average price is higher from about twenty thousand Baht to 30-50 thousand Baht. Thus the growth is partially from the customers purchasing new smartphones to replace the old ones. At present, the replacement cycle of consumers in Thailand is 18 months on average.

2. The medium-level smartphone has higher sales.

As hi-end smartphones have an average higher price, many smartphone manufacturers start marketing strategy by increasing functions comparable to hi-end smartphones at a moderate price. As a result, customers will find a smartphone with a higher price than the old to meet their needs responded with more various and useful functions than previously. Mostly, they select a new smartphone with price ranged from 3,000-7,000 Baht. During 2015-2017, smartphones with lower prices than 3,000 Baht have a smaller proportion compared with other price groups of the smartphone at entry-level. This behavior shows that the users will select a smartphone at a higher price.

3. Consumers use a smartphone for a longer time because of buying a new one with better specification and shortage of innovation in the smartphone market

The replacement cycle of smartphones has delayed from the past, since the hi-end smartphone manufacturers offer better specifications and can use them for more than two years. For Android, the replacement rate is every 12-13 months, and 24 months for iOS. It anticipated that the consumer's replacement cycle for smartphones in Thailand changes from 18 months of an average to 24-36 months because of a shortage of progressive innovation in smartphone markets. The changes result in difficulty in attracting consumers.

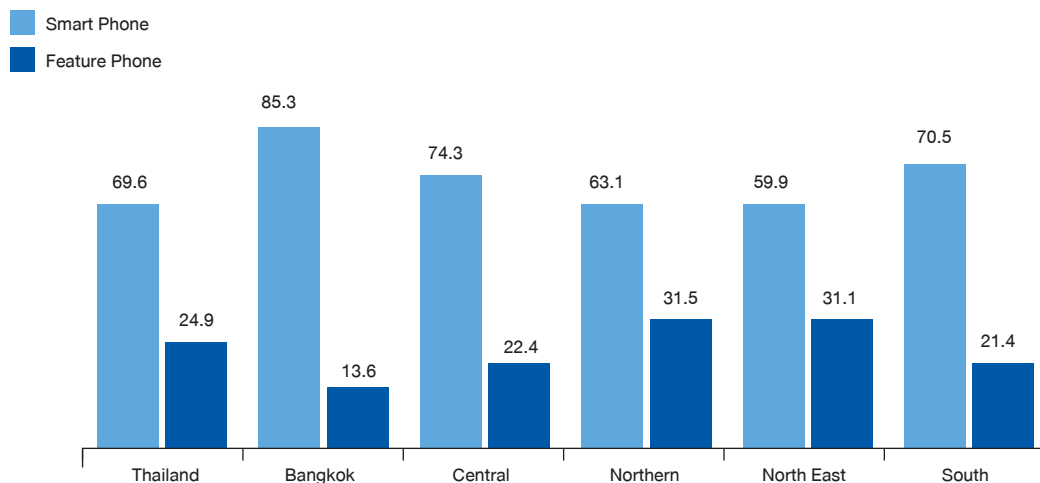
4. The tendency of consumer's behavior using the smartphone for taking photos, uploading photos and contents on social media. Since the consumers changed behavior from the fact that everyone can access the internet and perceive information through online connection increasingly, therefore, functions of smartphones become the strengths that smartphone manufacturers are to compete with others to win the market. At present, the consumers decide to select a smartphone from brands, specs, processing system, screen size, camera quality, etc. Many smartphone manufacturers increase better functions that respond to the needs of the users at a lower price, especially with mid-range pricing of 10,000-15,000 Baht. Lower cost of mobile services with package promotions that emphasize online data use is a supporting factor that more users will use smartphones.

Furthermore, mobile accessories such as cases, protective films, charging cables, HDMI cables, and headphones, etc. tend to grow with the business of a new smartphone and replacement market. The accessory is not expensive, and users can replace it as they need to follow the trends.

Expansion of smartphone users toward digital lifestyle product use

According to the survey of information technology use and household communication in 2018 by the National Statistical Office, Ministry of Digital Economy and Society, surveyed from populations of 63.3 million people with age from six years nationwide, people own mobile phones accounted for 89.6% or about 56.7 million persons. From the above data, the populations using smartphones nationwide accounted for 69.6% while the feature phone has substantially decreased proportion. In Bangkok, the percentage has reached 85.3%. Such data indicate that most people nowadays have a smartphone for communication and surfing the internet for convenience in routine life. The usage includes financial transactions, buying products online, searching for information, etc. It shows that the living behavior of most populations is considering a smartphone as necessary as it is the 5th factor for living. However, the advancement of modern and rapid communication technology leads to the development of smartphone features to control and commands IoT devices to facilitate life. An example at present is sending the command to control air-conditioners from smartphones that users can send to turn on-off the air conditioner from any place. At present, it developed to control other devices additionally such as bulbs, electric plugs, etc. Therefore, it is evident that the opportunity to access IoT will expand to smartphone users. The higher purchasing power of populations in the country and communication infrastructure are supporting factors of the expansion of IoT products soon.

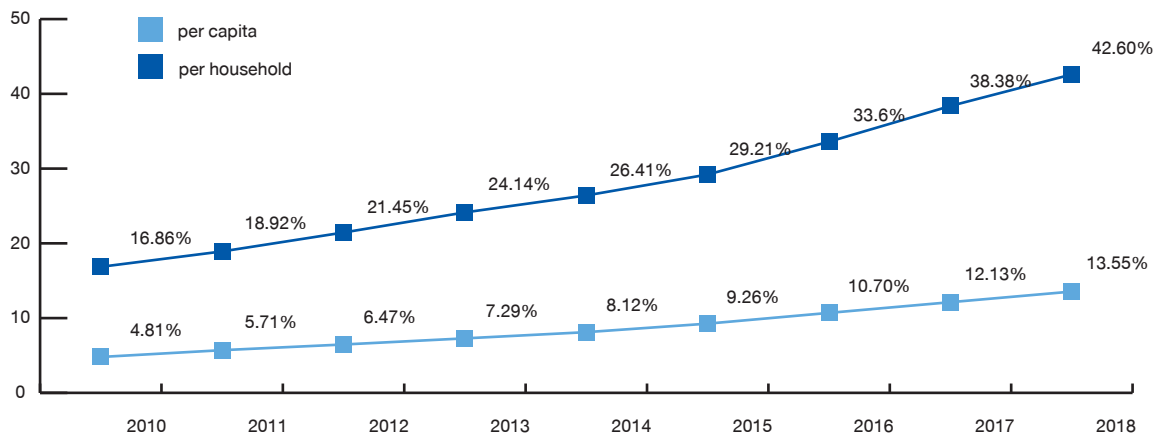
Diagram of proportion of populations with age at least 6 years having mobile phones by region



Source : National Statistical Office of Thailand

To analyze the growth of products connected the IoT in Thailand, it is necessary to analyze it from the standard of the household internet access. In 2010 the rate of 16.86%, a high yearly growth, increased very high during 2015 from the development of communication infrastructure from 3G technology to 4G. In 2018, the rate of access to households was up to 42.60%. In 2020, Thailand is moving forward to use 5G communication technology, which is the main factor that supports access to the internet of populations in the country, and it is an opportunity for markets of digital lifestyle products sold by the company at .life (dotlife) shops and iStudio Shops.

Diagram of internet access rate



Source : NBTC

3.7.1 Tendency and development of innovation in the future affecting industry

At present, the industry is changing rapidly with the invention and development of innovation, which may substantially affect guidelines for developing products to be released for marketplaces. As a result, the tendency of customer's needs may directly change and affect relevant persons in the industry. Therefore, entrepreneurs need to study and understand change and adapt to catch up with such changes. Nevertheless, the tendency that may cause essential changes in the industry are as follows

1. The emergence of communication technology of 5G or 5th in Thailand from 2020
2. Cloud technological advancement that leads to more space for data storage and more effective processing
3. Development of Internet of Things Technology
4. Development of virtual network and technology including digital transformation

3.7.2 Competition

1. Digital lifestyle product retail shops

.life Shop is a hub with most of the digital lifestyle products in Thailand. The shop is the strength of the company because of the selection of digital lifestyle products that use in routine life and technology combined with the design for an attractive image. The company selects various groups of products for more than 2,000 items from 200 leading brands. It includes the parts chosen by the company and imported through KOAN.

At present, entrepreneurs distributing products in marketplaces mostly focus on selling IT products or electric appliances, supported by digital lifestyle products. The entrepreneurs in the department store group allocate spaces by departments of fashion, IT, electronic devices, and sports. These shops select digital lifestyle products to suit their shops, but there are not many varieties of the products as .life Shops or www.dotlife.store. Furthermore, the company has a quality team having knowledge and expertise in every product in the shop to bring confidence to customers. It includes product warranty and coordination in case of the products being problematic. As a high standard and reliable digital lifestyle retail shop, the customers can ask questions or contact in case the products have a problem.

2. Shops under Apple Brand

Currently, there are few entrepreneurs appointed by Apple South Asia (Thailand) Ltd. as Apple-Authorized Reseller (AAR) and Apple Premium Reseller (APR) in Thailand to distribute Apple products that receive rights to manage Apple Brand Shop. Furthermore, the company operates the business of apple authorized service provider with repair standard as specified by Apple. For the competition of Apple Brand Shops, the entrepreneurs required to comply with conditions specified by Apple, such as the design of the shops, product types, product prices, discounts, and promotions has to be the same for Apple Brand Shop. The criteria are the same, including shops of the company and other competitors such as COM7, SPVI or UFICON. The competing factors within the APR group are the shops' location, credit card promotions (0% installments), discount with cashback, and if there are any extra services provided. Personnel at the shops can provide information to present the products and services clearly and correctly to meet the needs of customers. It is a vital factor in competition. However, Apple Brand products are highly popular among customers and widespread. The customers can select products from the electronic appliance division in the department stores or purchase products from mobile shops at the department stores (block shop) with lower prices but no after-sale services or permanent service center. So, it may be risks for customers compared with purchasing products from those companies, or Apple authorized resellers.

Example of companies permitted and appointed as Apple Authorized Resellers in Thailand

| Company | Branches of only Apple Brand Shop | Number of service centers |
|------------------------------------|--------------------------------------|---------------------------|
| Copperwired Public Company Limited | 15 | 6 |
| SPVI Public Company Limited | 25 | 5 |
| Comseven Public Company Limited | 102 | 26 |
| UFicon Co., Ltd | 12 | 3 |
| Unity progress Co., Ltd | - | 1 |

Source: Company's data and data collected from each company as of 31 December 2019

Note: Number of branch of Apple Brand Shop, including Ustore which has opened in University

3. Digital lifestyle product wholesale business

Most manufacturers and distributors are overseas manufacturers that usually appoint resellers / distributor for their brands and products in each country with only a few that is famous and widely accepted. Nevertheless, defining distributors for each country depends on the policy, sales, reputation of the company. In Thailand, each brand will be selecting one or two distributors, and resellers appointed by the manufacturers and distributors once named. However, KOAN's strong point would be the ability to distribute various digital lifestyle products from renowned manufacturers and distributors of the worldwide brand and that the products are diverse with good quality. The products can resell in retailer shops in various kinds such as department stores, sports shops, electric appliance shops, digital lifestyle shops, IT shops, mobile shops, duty-free shops etc.

Furthermore, KOAN provides the marketing plan and the sales guidelines to support resellers. The recommendations are product knowledge, usage instructions, price structure, training, warranty support, and sale tactics. At present, there are very few of the digital lifestyle wholesalers that can provide various products such as KOAN. However, some direct importers smuggle products and sell them at a lower price sometimes. Most products sold to customers of mobile shops, IT shops, and retail shops are not in warranty and do not include after-sale services.

3.7.3 Competition strategy

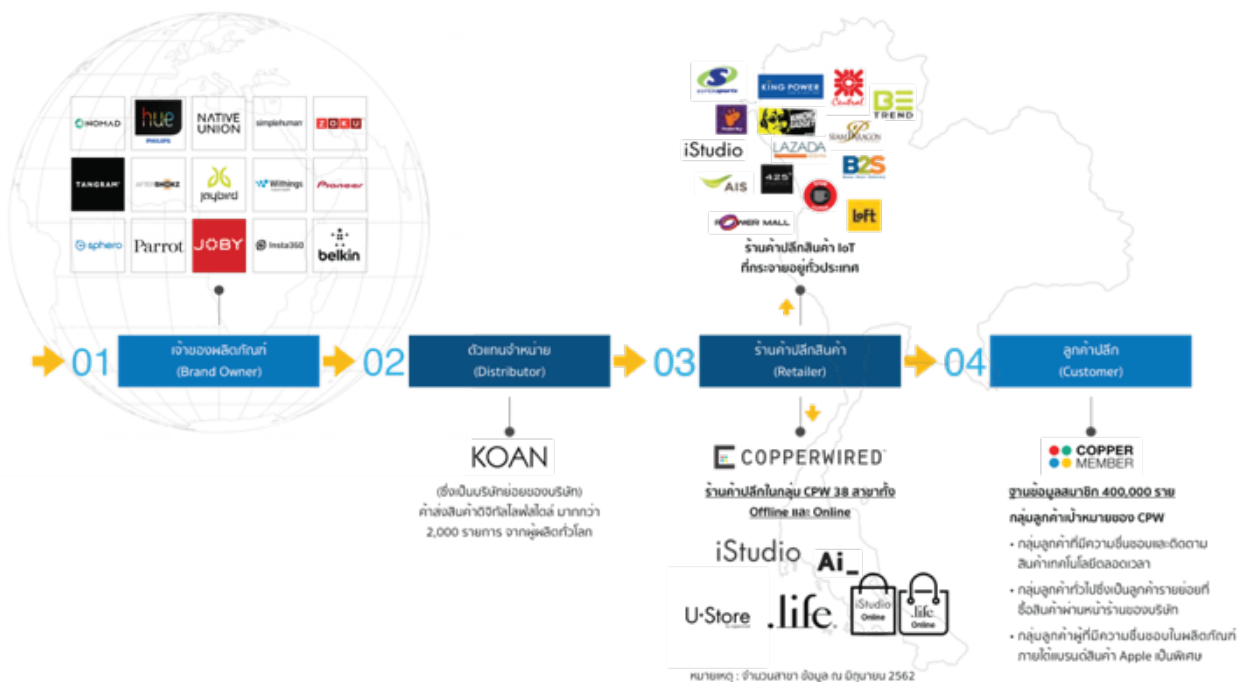
1. Selecting various products for distribution

The group emphasizes the selection of products to be distributed under its management. The products will be digital lifestyle products that can generally use in daily life combined with technology and beautiful design and uplift the livelihood of users to be convenient. The company and KOAN have a team responsible for selecting digital lifestyle products from around the world. The team has experience in this business for more than ten years, and certainly, they will select products to meet the interests of the customer. Furthermore, the internet user is another channel for supplying products of the group. The team is sourcing and seeking the most updated products. As a result, the products distributed by the group can satisfactorily meet the needs of customers. Moreover, a group of executives and related teams yearly join world-class conventions and visit retails in foreign countries that sell similar products. It is to obtain perspectives, select updated products, and meet up with new suppliers to build an excellent relationship for better negotiation and exchanging ideas of product strategy for the market.

2. Developing various distribution channels

The company and subsidiary distribute digital lifestyle products covering wholesale and retail (wholesale of the group excludes Apple Brand products because the company is the authorized reseller only). The group has various channels for product distributions. There are 34 branches of the company's retail shops, retailers over the country such as Central Department Stores, The Mall, King Power and Apple Store etc. By reaching out to the customer through social media and connecting the customer to purchase online create many conveniences and reduces travel time. Payment can be issued online through the site, and products can be delivered right to the customer. With the development of the virtual product on the websites, customers will have a similar experience to purchase products directly at the shops.

Diagram of distribution channels



3. Potential development of employees

The company emphasizes the development and training for sales staff to understand the company's products and services because the products are related to technology. The sales staff is required to have knowledge and understanding of the products very well. They need to demonstrate usage, system connection, basic troubleshooting, and the response of customers' doubts productively for customer satisfaction. The Company regularly arranges training courses for the sales staff by encouraging employees to learn how to demonstrate the actual digital products according to the real experiences. Additionally, storefront staff from the iStudio by copperwired Shop and Ai_Shop regularly transferred to the Apple training center. The training includes learning and experiencing the new features of the products under Apple Brand. Apple also provides standard course training for Apple's products, computers, smartphones, and tablets. Moreover, the company focuses on providing additional services to customers in the shop, such as data transfer, software updates, on-site service, necessary trouble shootings, and the recommendation of accessories used with Apple products.

The Company has developed the team with better knowledge and a better understanding of how to connect IoT products and how to install the smart home group products. Currently, the installation of smart home products is changing from purchasing piece by piece installation to the whole automated system for better security efficiency. Therefore, the company plans to add a more efficient team to manage this customer group and expand the customer base to increase sales.

4. Cooperation with real estate developers in installing smart home/ smart condominium devices

The trend of IoT devices expanded to smart homes to enhance the living of the new generations. The company foresees the potential growth for intelligent home and intelligent condominiums. The first project started at a corporation with the real estate development company, Panjapol Property Co., Ltd, by setting up the user experience for the customer to see the integration of the IoT device in their homes at the project location. The initial start was installing smart home devices at The Craft Ploenchit project, the Luxury Low Rise Condominium with 90 units on the 8-floor building, designed under the concept of Home Intelligent that works with Apple HomeKit. This HomeKit application allows users to quickly and conveniently control all HomeKit accessories through mobile phones or iPads with a simple command. Another feature of the HomeKit app is that the user can check to see if any strangers are at their home, or using Apple TV with the device as a remote controlling. The company's goal is to be the leader of IoT for smart home along with high-end real estate business and expanding to hotels and apartments in the future.

5. Selecting the location of branches and shop decoration

The company realizes the importance of shop locations, including .life Shop or Apple Brand Shop. With more than 20 years of experience in the business operation and the first of opening apple brand shop in the department stores. The company has skills and concepts of selecting locations of the branches in department stores, shopping malls, and good reputation community mall with high traffic volume. The company's retail management team evaluates the areas in the department stores, whether if the location is suitable for opening new branches, in terms of shop size, its visibility, and the accessibility of the space. Furthermore, the retail management team build and maintain a good relationship with the space owner to obtain information, have a better opportunity to select leased spaces before anyone. The team also studies and analyzes consumer behavior in each area regularly before choosing the space.

The Company prioritizes the shop decoration by using modern materials that are consistent with digital lifestyle products to attract customers to visit the retail shops.

6. Building up a good relationship with retail customers

The company provides a copper member database with more than 400,000 persons to be customer loyalty for collecting points as discounts for buying products at the special price of the company's affiliate shops. Every 25 Baht is 1 point, and every 10 points can be redeemed as 1 Baht for discount. Furthermore, the company uses social media such as Facebook and Line for releasing news, information, promotions, and new products to customers.

7. Building up a good relationship with wholesale trade partners

The group has a policy to develop and maintain a good relationship with trade partners as business partners. For more than ten years of business, the group has more than 200 trade partners, including small, large, domestic, international digital lifestyle product manufacturers, and brand distributors. The Company and subsidiary emphasize and pay attention to trade partners with the same standards, straightforward product trading, without favoritism, and standard payment terms under trade conditions. As a result, the group gains trust from trade partners. If the business partners have new products, products will be offered to the group to test and open to any comments or suggestions. Often they will apply the comments to the concepts of further product development and improve before the launch.

8. Alliance strategy with mobile network service providers

Currently, the company is a trade partner with Advance Info Service PCL, AIS network provider, for selling smartphones with monthly packages and promotions. With this cooperation, new and old AIS network users will receive rights in purchasing smartphones with special prices at Apple Brand Shop under the administration of the company, including iStudio by copperwired, U-Store by copperwired and Ai_ Shop. The customers do not need to visit the AIS service centers, and it is another way to boost up sales of smartphones for the company.

The Company realizes the importance of risks that may affect business operation significantly, risk management guidelines are essential to prevent ongoing risks. Risks identified in this topic are significant risks factors that may cause adverse impacts to the Company and its ordinary share's value, and may adversely affect the investment of the investors, which can be summarized as follows

04

Risk Factors

4.1 Risks About Business Operation of the Company

4.1.1 Risks from not renewing reseller agreement from the large manufacturer

The Company is appointed as an Apple Premium Reseller (“APR”) and Authorized Apple Reseller (“AAR”) from Apple South East Asia (Thailand) Limited for selling products under the brand “Apple” in Thailand. Furthermore, the Company is an official Apple Authorized Service Provider (ASP). At present, as of 12 December 2019, the Company has 15 Apple Premium Reseller stores as the apple product reseller under the administration of the Company and six branches of iServe Center. From 2017 to 2019, the Company had revenues from selling Apple products and providing services accounted for 68%, 70%, and 74% of total income, respectively. In case of no extension of the renewal of an agreement, such revenue will be decreased.

Furthermore, Apple, as the right granter, has the right to terminate the agreement under its discretion at any time just by making a prior written notice for thirty (30) days.

However, the Company has operated the business with Apple South Asia (Thailand) Limited since 2006, and the Company has a good relationship with such manufacturer. Furthermore, the Company has complied with conditions in the agreement strictly in terms of regulations and policies. Also practices or even channel member code of conduct and sales performance of the distributors in the past. As a result, the Company is renewed for reseller agreement all along. Additionally, the group opens .life store to operate the business of retailing digital lifestyle products and KOAN as its subsidiary to operate the business of wholesaling digital lifestyle products with varieties of more than 2,000 items of the products under 200 brands all over the world. Therefore, the Company has more variety digital lifestyle products to sell apart from Apple products.

4.1.2 Risks from permission for opening Apple Brand Shop from Apple

Opening Apple brand stores, iStudio by copperwired, and Apple repair centers, iServe, in each service location, requires consent from Apple. If the brand owner does not permit the Company to open the store in such locations or if Apple allows the competitors to take the location instead, these will surely affect the opportunities to opening Apple brand Shop according to the Company’s business expansion plan.

However, the Company has a goal and plan to open Apple brand store in potential locations such as in the leading shopping malls in Bangkok or big cities area with relatively high purchasing power. Furthermore, the Company is the apple product reseller with a good business relationship for more than ten years, and previously, the Company holds high performance from the successful managing of the stores, including iStudio, Siam Paragon Branch, and iServe, Amarin Plaza Branch, etc. It is a supporting factor for the Company to get permission from Apple in requesting the open of Apple Brand Shop in new service locations according to the Company’s action plan continuously.

4.1.3 Risk from Apple Store opening a branch in Thailand

Recently, Apple Incorporated opened a retail store, the first “Apple Store” located at ICONSIAM in Bangkok. There is high possibility that Apple Stores will continue the store expansion to the location near by the central business district of Bangkok, where iStudio by copperwired is located. This may affect the company in a way that customers will purchase products from Apple Store instead of the company’s branches, and it could have impacts on the company’s business operation.

Nevertheless, normally, the guideline for opening Apple Store in each country is that the Apple Store will be open by the center of city, and the number of branches may not be more than 3 branches as in Singapore. Therefore, the company may be partially affected by the opening of Apple Store in the center of city where iStudio by copperwired is located.

However, the Apple Store is different from iStudio by copperwired, that may not meet the needs of Thai customers, which can be concluded as follows

1. Service policy: Thai customers enjoyed the extra services such as data backup, user’s instruction, and adding on additional accessories such as applying protections. While Apple Store provides services according to Apple Standard which may not cover all the extra services.
2. Apple Products: Not all products can be purchase at the Apple Stores, while the previous models or N-1 can be purchased from iStudio by copperwired.
3. Various promotions: Attractive promotion programs are more available at iStudio by copperwired. Promotions with telecommunication providers (Telco) such as AIS, offering iPhone at special pricewith monthly Package as specified by AIS or 0% interests 24 months installments with our cooperated major credit card partners.

Therefore, the customer groups affected by the Apple Store may be foreign tourists due to public relation and store decoration that may be a new landmark to attract tourists.

Furthermore, .life store provides digital lifestyle products as well as offerings various accessories for Apple products such as cases, cables, cameras, speakers and headphones etc. Due to the varieties of accessories selection at .life store, this may be better solution for customers to select accessories within .life store which located near by the Apple Store. KOAN as a subsidiary of CPW, was selected to manage the supply chain of Apple third-party product accessories for the Apple Store at ICONSIAM Branch and through online channels.

4.1.4 Risks from concentration of retail shops in business district of Bangkok

From the policy of company, location of business operation must be located in the central business district area especially in Bangkok near by Ratchaprasong, Ploenchit, Asoke or Silom. There are 12 branches or equivalent to one third of all branches in these areas. Most of these branches generate numerous revenue for the company, and are widely well known among customers. In case of uncontrollable risks such as political gatherings, shutting down of the central business districts as most of which is business or shopping hub that is occasionally targeted as symbolic area. This may affect the assurance and the safety of customers and employees in such areas and neighborhood that the branches cannot continue opening. As a result, there are impacts on the groups' business operation.

Nevertheless, the company realizes risks from concentration of retail shops in central business district in Bangkok and thus has a policy to expand branches to other central business districts based on the urbanization in Thailand such as Rama 9, Bang Yai, Bang Na, Raminthra etc. as well as provinces with big cities like Hat Yai, Chiang Mai, Phuket and Chomburi etc.

4.1.5 Risk from new branch expansion

Since the digital lifestyle products has grown at the retail business as well as at the distribution business, the company thus has the policy to expands the branches of .life store to increase channel distribution and more channel to extend the brand's reputation to cover the target group. The company has taken the risk of the chances that not every branch can generate enough revenue for the anticipations.

The company emphasizes such risk issues, therefore determines risk management measures to analyzes rate of return from branch opening from location of branches, customers, shop size, and sales compared with the branches with similar size in support of decision before opening a branch. If the sales after 4-6-month operation are below the target, the company will consider finding causes of such low turnover to resolve problems or consider relocating or closing the branches with the amount of loss.

4.1.6 Risk from business competition

Competitions of mobile phones, computers, and tablets are highly competitive, which includes competition among manufacturer groups of product developers to respond to the needs of users to capture market shares. The entrepreneurs are developing and releasing new products continuously to compete among distributors who are direct opponents of the Company. The entrepreneurs can be divided as follows

1. Entrepreneurs as distributors or right transferee to distribute Apple products to open Apple-branded stores for selling Apple products and accessories such as SPVI Public Company Limited or Comseven Public Company Limited etc.
2. Apple products retailers in independent shops such as Jay Mart and TG FONE etc.
3. Mobile service providers in Thailand (3 providers, including AIS, True, and DTAC)
4. Entrepreneurs as modern trade being the distributors and granted rights for product distribution such as Power Buy Mall, Big C or Tesco Lotus, etc.
5. Entrepreneurs are distributing computers and mobile phones such as Jay Mart, J.I.B. and IT City, etc.

From 2017-2019, the Company had revenue from selling mobile phones, computers, and tablets for 53.80%, 52.81%, and 54.36% of total revenue, respectively. If there is an additional major competitor that presents or new high potential entrepreneurs enter this business, it may affect the overall operation of the company significantly.

However, the Company does not rely on only selling mobile phones, computers, and tablets. Still, there are also various digital lifestyle products over 2,000 items listed under 200 leading brands all over the world. Nevertheless, the Company emphasizes the selection of other digital lifestyle products to have higher gross profit to diversify risks from the business operation. Furthermore, the Company and the subsidiaries provides sales training and technical skills to the employees for better knowledge and understanding about products and be able to solve ny problems and to respond to any questions from the customers to ensure satisfaction with the best services and build up a good relationship with customers. Additionally, the Company focuses on selecting the location of .life stores, majority of the locations are situated at the leading department stores and at the heart of the big cities. According to the company strategy, the retail management teams select locations suitable for branch opening in terms of space and accessibility, and as well as analyzing customers' behaviors in each area regularly.

4.1.7 Risks from outdated products from technological change

Since the Company and subsidiaries operate the business of retailing and distributing digital lifestyle products, smartphones, computers, and tablets, which are products related to rapid technological change as well as constantly releasing new products. Such changes may affect the Company's products to be outdated and unpopular, causing the Company and subsidiaries unable to distribute such products within target schedule. The Company and subsidiaries may encounter loss from the depreciation of such trendy products.

The Company and subsidiaries established the prevention guideline to manage such risks by (1) quantity limitation for the Product Manager: Product Managers need to manage the limitation of the purchase order at the proper level, (2) using the ERP, NIMBUS system for warehouse management. Reports can be generated by the system for close monitoring and inventory analyzing. This way, the stock levels are managed properly, and replenishments are always as scheduled. The Company also manages products by allocating them to the shops with as scheduled and planned to avoid products become outdated and unpopular. (3) The Company has the policy to reserve depreciation of outdated products, slow-moving products, or damaged product provided that the Company and subsidiaries set a reserve differently. From 2017-2019, the Company set allowance for the devaluation of the inventories of 25.77 million Baht, 41.12 million Baht, and 37.26 million Baht.

Furthermore, the Company and subsidiaries use sale promotion to boost up sales and launch products periodically. For some products, the Company receives price protection from the distributors when new products released to marketplaces as a way to mitigate the Company from the impacts of the outdated product.

4.1.8 Risks from changes in product purchase channels of consumers

Due to the rapid development and expansion of communication technology, consumers can access internet data conveniently through smartphones, tablets, and computers. As a result, the purchase through online channels had become convenient and substantially growing with B2C – E-Commerce. It is anticipated that in the future, retail e-commerce markets will continually grow by the increase in internet usage in Thailand. Therefore, the purchasing behavior changed to order products online increasingly, and this may cause a decrease in the number of purchases through the company branches, which may affect the company's overall operation.

The purchasing power of Thai customers that need recommendations from sales representatives such as product demonstration, quality assurance, and installation before purchase decisions made remains exceptionally high in Thailand. Especially, the purchase of digital lifestyle products is still crucial to rely on product displays for customers to be able to touch and test the products before purchasing as well as demonstration and instruction from employees of the store. As a result, the retail store for digital lifestyle products is still necessary. Furthermore, the Company develops online channels for online purchases for customers to access products through www.dotlife.store and www.istudio.store. These online sites operated from the end of 2016, including www.koan.co.th, serving the B2B services for major resellers. The online channel has been one of the growing channels for The Company.

4.1.9 Risks from not renewal or change of conditions in space rental agreement

The Company's sell the products through the retail branches. The branches include 15 branches of Apple Brand Shop, 21 branches of .life Shops, as well as six branches of iServe centers. These locations are in leased spaces in the department stores with the short-term rental, not exceeding three years according to the general rental policy (except for iStudio at Siam Paragon that the Company has a 25-year agreement). As of 31 December 2019, the Company had rental agreements to expire in 2020 for 14 branches while the remainders will expire in 2021 and 2022. Therefore, the Company has risks from not being able to renew the space rental agreements with the owners. The other uncertainty would be the amendment of the agreement renewal, such as increasing rental rate or service costs that may affect the overall operations of the Company such as shop locations and service centers of the Company.

4.1.10 Risks from loss of expensive products

Most digital lifestyle products that the Company and subsidiaries import for selling have high prices on average, especially products under Apple Brand, including smartphones and tablets and computer laptops, etc.

Product loss or thefts are extremely part of the risks that occur at the retail stores, and these can be from customers or the failure of the employees during payment collections or at inventory counts. These situations may affect the profits of the Company and subsidiaries if the control measures are not adequately measured.

The Company realizes risks on such matters and thus implemented a solution to prevent these threats by installing electronic article surveillance of retail stores. The solution includes attaching Tags RFID on high-price products such as smartphones, tablets, computer laptops, and smartwatch, as well as installing a closed-circuit television system to record events in the retail store of the Company. Furthermore, the staffs at the retail are assigned for the daily count and reconcile expensive product groups, including iPhone and iPad, by the end of every day to verify data with ERP system. In case of loss, relevant employees shall compensate back in price equal to the retail price of such products.

For inventory management, the Company and subsidiaries outsourced a logistics company to manage the inventory, storage, and distributions of the products. The outsourcing company must be able to provide the highest efficiency of warehouse management support, which includes reducing the risk of loss of products by any party.

4.1.11 Risks from being brokers for product accident or loss insurance

The digital lifestyle products including mobile phones, computers and tablets that the company distributes have high unit value with small size that they can be easily lost or accidental. Normally, the manufacturers have warranty for product quality by kinds and types of products but it does not cover accidents or losses of the products. Nevertheless, it is to facilitate customers in case they wish to make additional insurance apart from product quality warranty. Such operation may be in scope of actions as a non-life insurance broker. The brokers are required to have a non-life insurance broker license from the Office of Insurance Commission (OIC). So, the company may have risks from being a broker for non-life insurance without the license.

However, the Company has not been diagnosed or interpreted official regarding operations in such matters before, but to minimize risks, the company has ceased operations of recommending additional product insurance in above said aspects since April 2019 because the company had little revenue from selling product insurance and it was not worthy for personnel investment. However, if in the future, the company realizes opportunity or channels for expanding such transactions, the company will consider matters and proceed with application for related licenses completely in order to give suggestions about insurance legally.

4.2 Risks From Administration and Management

Risks from dependence on executives

The Company and subsidiaries are established by Mr. Paramate Rienjaroensuk, who has the highest knowledge, expertise, and experience in the business of distributing digital lifestyle products such as smartphones, computers and tablets. He is still the chief executive officer of the Company and subsidiaries. However, if such personnel change in the future, it may affect the business operation of the Company and subsidiaries.

The Company realizes many risks are mainly from depending on the executives. Duties and responsibilities are well-scoped as well as approval and authorization of the executives to prevent dependence on only an executive. The Company provides support to the employees who have knowledge and competency to develop, to grow, be promoted and to receive higher returns for those employees with excellent performance to retain the employees with the organization.

4.3 Financial Risks

Risks from exchange rate

As the Company mainly imported the products from overseas, therefore, payments are requested to be settled in foreign currencies. From the year 2017-2019, the foreign exchange risk percentage by KOAN was estimated at 9.07%, 9.31%, and 7.60% of sale costs. Nevertheless, in the case of fluctuation of the exchange rate, it may affect the gross profit of the subsidiary and gross profit overall.

However, the subsidiary realizes such risk, and although at present, the cost of ordering digital lifestyle products in foreign currency is not much compared with total sales costs, it is anticipated that it tends to increase. Therefore, the Company and subsidiaries operate the business under financial policy carefully by specifying guidelines as follows

1. Following up movement of exchange rate closely and using financial tools to prevent risks from the exchange rate, the subsidiaries make a forward contract with the financial institutions to manage potential risks from importing digital lifestyle products from abroad.
2. Company's product pricing policy requires consideration of risks from an exchange rate that may affect sales cost.

4.4 Risks to Investment of Securities Holders

1. Risks from having major shareholders with total shares more than 50%

As of 31 December 2019, the Company had major shareholders of the group of Mr. Narong Inthanet (VNET Capital Co., Ltd) and the group of Mr. Narong Inthanet's family by holding shares for 54.88% of registered paid-up capital. Such shareholding proportion leads to that the group of Mr. Narong Inthanet engages in significant decision making in shareholder's meeting except for matters specified by laws or regulations of the Company that require three-quarter votes of the shareholder's meeting. Therefore, other shareholders of the Company may have risks from gathering votes to weigh and examine matters that the major shareholders propose to the shareholder's meeting for consideration.

However, the Company realizes such risks and hence determines scopes of approval authority clearly and a measure for transactions with the Company's directors, major shareholders, authorities as well as persons with conflicts that have no rights to approve such matters. Additionally, among seven members of the Company's board of directors, there are four independent directors, which is more than half of all Company's directors to balance the decision and authority of administration of the Company with clear and transparent management structure. It also contributes to screening any matters to be presented to shareholder's meeting also. Furthermore, when the Company is registered in the Stock Exchange, the Company is required to disclose information and comply with principles and regulations of SEC and the Stock exchange, such as transaction and obtainment and distribution of Company's assets, etc. for highest benefits of the Company and every shareholder. So, the Company is confident that other minor shareholders and stakeholders of the Company will be treated fairly and equally.

2. Risks from the fluctuation of ordinary share's price of the Company

After initial public offering, the Company's average share price tends to fluctuate due to numerous factors and some matters are beyond the control of the Company such as changes in economic status and society with impacts to related industry of the Company, fluctuation of share price in the stock exchange, overall operation of the Company different from expectation of the investors and analysts, changes of turnover and share price of the listed companies operating similar business to the Company as well as other factors that may affect operations of the Company i.e. legal alteration and industrial changes etc. These factors may affect the market price of ordinary shares of the Company to be fluctuated and that may cause the investors unable to sell shares of the Company in estimated price or the trade may be performed with lower price than ordinary share offering of the Company in this time.

- 5.1 Company

| | |
|--------------------------------|---|
| The Company name | Copperwired Public Company Limited |
| Registered No. | 0107562000149 |
| Symbol for trading | CPW |
| Type of business | Retailer of digital lifestyle products, smartphone, computer and tablet and accessories. |
| Sector | Service / Commerce |
| Head office | 159/6 Serm-Mit Tower, Unit 201 – 202, 2nd Floor, Sukhumvit 21 (Asoke), North Klongtoey, Wattana, Bangkok, 10110 |
| Tel | (66) 2-665-2950-3 |
| Fax | (66) 2-665-2954 |
| Website (URL) | www.copperwired.co.th |
| Authorised share capital | 300,000,000 Baht as at 31 December 2019 |
| Issued & paid-up share capital | 300,000,000 Baht as at 31 December 2019 |
| Par value (per share) | 0.50 Baht |

5.2 Subsidiary

| | |
|----------------------------------|---|
| The Company name | KOAN Company Limited |
| Registered No. | 0105545117945 |
| Type of business | Wholesale business and Distributor of digital lifestyle products and accessories. |
| Head office | 159/6 Serm-Mit Tower, Unit 203, 2nd Floor, Sukhumvit 21 (Asoke), North Klongtoey, Wattana, Bangkok, 10110 |
| Tel | (66) 2- 665 - 7311 |
| Fax | (66) 2- 665 - 7315 |
| Authorised share capital | 50,000,000 Baht as at 31 December 2019 |
| Issued and paid-up share capital | 50,000,000 Baht as at 31 December 2019 |
| Par value (per share) | 100 Baht |

5.3 Others

| | |
|---------------------|---|
| Securities Register | Thailand Securities Depository Co., Ltd. (TSD) The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Din Daeng Bangkok 10400 Tel : (66) 2-009-9000 Fax : (66) 2-009-9991 SET Contact center : (66) 2-009-9999 |
| Auditor | KPMG Phoomchai Audit Ltd. 50th-51th Floor, Empire Tower1 South Sathorn Road Yannawa, Sathorn, Bangkok 10120 Tel : (66) 2-677-2000 Fax : (66) 2-677-2222 |

5.4 Other significant information

-None-

6.1 Registered and Paid-up Capital

As at 31 December 2019, the Company's registered and paid-up capital totaled 300 million baht comprising 600,000,000 ordinary shares with the par value of 0.50 baht each.

6.2 Shareholders

The Company's top 10 major shareholders who held ordinary shares as of January 7, 2020, the latest date of the closing book entry, as follows;

| No. | List of Shareholders | No. of Shares (Share) | Proportions (Percentage) |
|-----|----------------------------|--------------------------|-----------------------------|
| 1 | Vnet Capital Co.,Ltd | 307,898,600 | 51.32 |
| 2 | Mr. Paramate Rienjaroensuk | 67,706,200 | 11.28 |
| 3 | Melco Holding Inc. | 24,637,800 | 4.11 |
| 4 | Thai Life Insurance Plc. | 18,000,000 | 3.00 |
| 5 | Mr. Sopon Punyaratabandhu | 9,742,800 | 1.62 |
| 6 | Mrs. Waleeporn Intanate | 7,857,000 | 1.31 |
| 7 | Ms. Sureeporn Intanate | 5,638,200 | 0.94 |
| 8 | Mr. Narong Intanate | 5,290,400 | 0.88 |
| 9 | Mr. Wasan Anurakwongsri | 3,700,000 | 0.62 |
| 10 | Mrs. Wanna Ongprasert | 2,607,000 | 0.43 |

6.3 Other Issuing Securitie

-None-

Dividend Policy of the Company and its Subsidiaries

The Board of Directors Meeting No. 7/2018, held on 7 November 2018, approved Dividend payment policy as follows;

Dividend Policy of the Company

The Company has dividend policy to pay the dividend to shareholders at the rate of not less than 50 (fifty) percent of the net income after corporate income tax and all reserves specified by law. Such dividend payments are subject to changes based on the Company's results of cash flow, adequacy of working capital in operations, investment plans, repayment of the loan, and other factors relating to the management of the Company's business and other necessity in the future.

Annual dividend payout shall be approved by the Shareholders' Meeting, except interim dividend, which may be approved by the Board of Directors occasionally when the Company's profit allows doing so. In such a case, the interim dividend payout will be reported to the next Shareholders' Meeting.

Dividend Policy of Subsidiaries

The Company has dividend policy to pay the dividend of its subsidiaries to shareholders at the rate of not less than 50 (fifty) percent of the net income after corporate income tax and all reserves specified by law. Such dividend payments are subject to changes based on the subsidiaries' results of cash flow, adequacy of working capital in operations, investment plans, repayment of the loan, and other factors relating to the management of the subsidiaries' business and other necessity in the future.

Annual dividend payout shall be approved by the Shareholders' Meeting, except interim dividend, which may be approved by the Board of Directors occasionally when the Company's profit allows doing so. In such a case, the interim dividend payout will be reported to the next Shareholders' Meeting.

8.1 Organization Chart

08

Management Structure

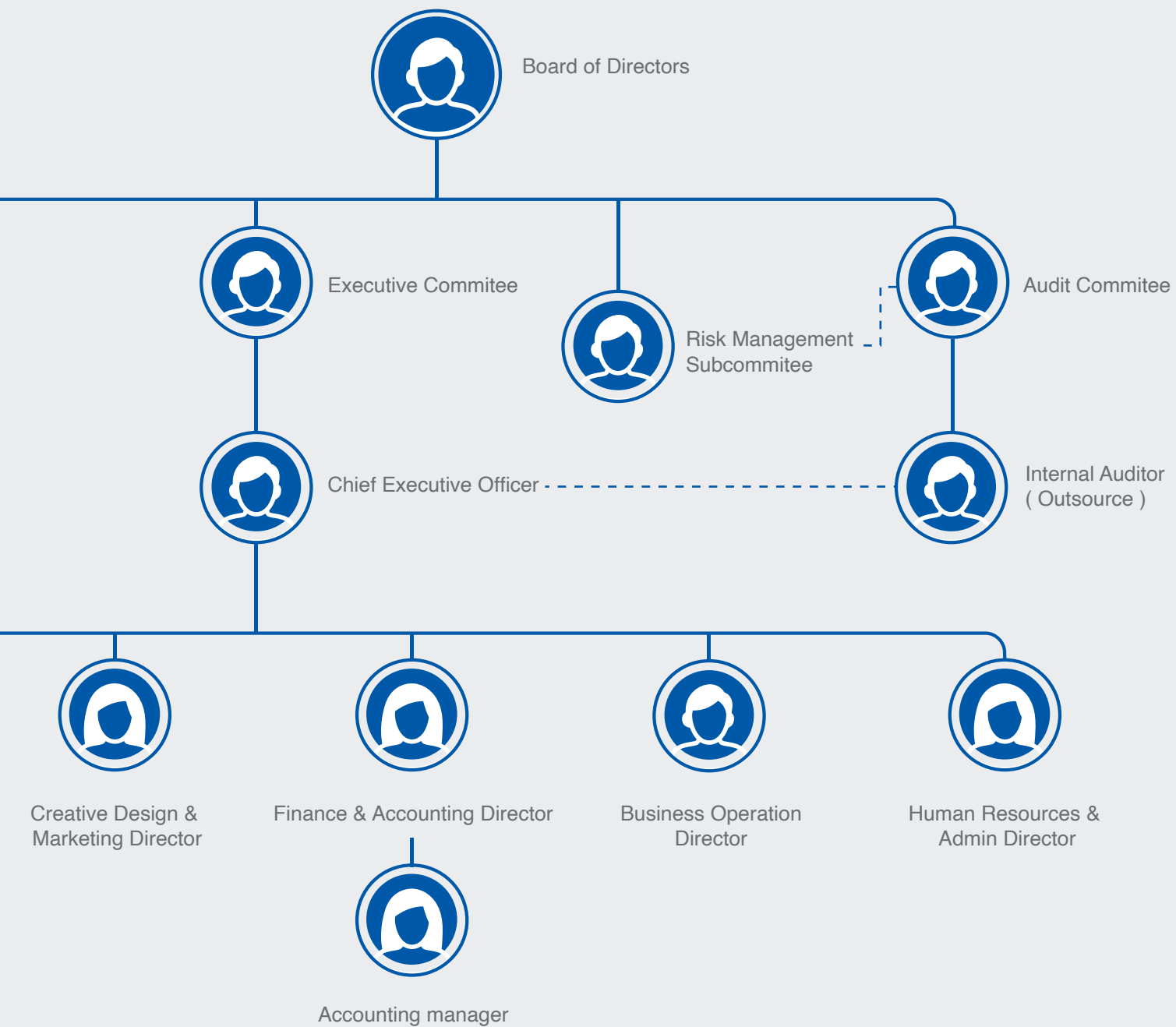
Nomination and Remneration
Committee



Retail Director



Product Director



As of December 31, 2019, the management structure of the CPW is composed of the Board of Directors and 3 sub-committees; (1) the Audit Committee (2) the Executive Committee (3) the Nomination and Remuneration Committee. The CPW's committees are as follows:

8.2 Board of Directors

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

| Name | Position |
|------------------------------------|--|
| 1. Mr. Narong Intanate | Chairman of Board of Directors / Executive Chairman / Nomination and Remuneration Committee member |
| 2. Mr. Sapon Punyaratabandhu | Executive Committee / Risk Management Subcommittee member |
| 3. Mr. Paramate Rienjaroensuk | Executive committee / Chief Executive Officer (CEO) |
| 4. Prof. Dr. Pornchai Chunhachinda | Independent Director/Chairman of Audit Committee |
| 5. Mr. Manus Chiaravanond | Independent Director / Audit Committee / Chairman of the Nomination and Remuneration Committee |
| 6. Mr. Kongkiet Wangveeramit | Independent Director / Audit Committee / Chairman of the Risk Management Subcommittee |
| 7. Mr. Punn Kasemsup | Independent Director / Nomination and Remuneration Committee member |

Note :

1. Mr. Narong Intanate and Mr. Sapon Punyaratabandhu are the directors nominated from VNET due to the Board of Directors selection condition from the Investment agreement between the Company and VNET dated 5 September 2008
2. Mr. Narong Intanate is the Chairman of the Board of Directors. Though he is not the independence director, the Company has 4 independence directors out of 7 total directors, which is accounted for more than 50% of total directors and it follows the good corporate governance.

Authorized Directors

Mr. Narong Intanate, Mr. Sapon Punyaratabandhu, or Mr. Paramate Rienjaroensuk, either 2 out of 3 sign together with the Company stamp.

8.2.1 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. The Board of Directors has authorities, duties, and responsibilities in the management and business operations of the Company and in the supervision of the business operations of the Company's subsidiaries to ensure they comply with applicable laws, objectives, and Articles of Association together with the resolutions of shareholders with honesty and prudence in order to protect the interests of the Company and shareholders and response for the company comply with the laws related to the company's business.
2. To provide the Board of Directors on a quarterly basis at least.
3. To arrange for the Company to put in place proper and efficient systems for accounting, financial reporting, and auditing, including the accurate disclosure of important information within a reasonable period of time and in full compliance with applicable regulations and standards. In addition, the Board of Directors shall arrange for the Company to have proper and adequate systems for internal controls, internal audit, and storage of material documents so that all data can be examined or verified at any later date.
4. To arrange for the balance sheet and profit and loss statement of the company at the end of the accounting period to be complete and accurate in accordance with Accounting Standards which has audited by the auditor and proposed to the shareholders' meeting for consideration and approval.
5. To consider, review and approve the vision, policies, directions, strategies, and business operation plans proposed by the management.
6. To determine the company's targets, directions, policies, strategies, visions, business operation plans, budgets, management structures and authority including monitoring and supervising the administration and management of the executive to comply with the set policies, such as the connected transaction, acquisition or distribution of important assets to the extent that it is not contrary or inconsistent with other laws, plans and budget efficiently and effectively and in the best interests of the Company and its shareholders.
7. To monitor the business operation to be in compliance with the business plan and budget.
8. To consider establishing policies for risk management to cover all ranges of activities within the Company and to set up systems or processes for risk management, through proper, sufficient, and efficient contingency measures and control methods to lessen the potential impact on the Company's business operations.
9. To put in place, and abide by, a written policy on good corporate governance as per the principles of good corporate governance and apply this policy in an efficient and responsible manner towards all people with a concern for fairness.
10. To determine the management structure and use power to appoint the Executive Committee, Managing Director and other sub-committees as appropriate, including defining the scope of authority of the Executive Committee, managing director and various committees appointed. However, the scope of authority shall not authorize the manner of the Executive Committee, Managing Director and various sub-committees to be able to approve transactions that may have conflict of interests between the Company and other companies or subsidiaries (if any), unless the approval is in accordance with the policies and guidelines and approved by the BOD.
11. To consider and propose the remuneration of for approval. In considering such remuneration, such factors as (but not limited to) the Company's business operations and operational results, market conditions, industry practices, and existing economic conditions, as well as scopes of duties and responsibilities of the Directors, shall also be taken into account.
12. To control and prevent conflicts of interest among the company's stakeholders.
13. To conduct the dissemination of appropriate information and disclosing information to stakeholders. Person with a conflict of interest and related persons correctly, completely, appropriately and on time.
14. To arrange to company's annual report and financial statement at the end of the accounting period and propose to the shareholders' meeting for consideration and approval.

15. The Board may authorize one director or more or any other person(s) to act as the Board under the control of the Board of Directors or may delegate to such person to have authority as the Board deems appropriate. In so doing, such authorization shall not be in the nature of a power of attorney or sub-power of attorney that allows such authorized person(s) to have the authority to consider or approve transactions in which they or any third party may have a conflict of interest, have a vested interest in, or have any other sorts of conflicts of interest with the Company (as defined in the Regulations of the Capital Market and/or SET and/or any announcement) except where it is the normal transactions and transactions with third parties (Arm's Length). To request an opinion from the independent professional advisors when deemed necessary at the company's expense which the employment is in accordance with the company's regulations.

16. Each Director and executive has a duty to report to the Company any transaction to be entered into with the Company, or with its subsidiaries or associated companies, which could give rise to a conflict of interest.

17. Each Director and executive has a duty to report to the Company any transaction to be entered into with the Company, or with its subsidiaries or associated companies, which could give rise to a conflict of interest.

18. The directors and executives including their respective spouses and children shall not use any inside information of the company either received from their duty or in any other way that has significant effect to the company or has benefit to oneself or others, whether directly or indirectly and whether they receive compensation or not.

19. Each Director and management of the company, including the related persons has a duty to notify the company about the relationship and transactions with the company in cause conflicts of interest and avoid transactions that may cause conflicts of interest with the company.

8.2.2 Meeting of the Board of Directors

In 2018 and 2019, the details of the meeting attendance of the Board of Directors as follows;

| Name | Number of attended meetings/All meetings of year | |
|------------------------------------|--|------|
| | 2018 | 2019 |
| 1. Mr. Narong Intanate | 8/8 | 8/8 |
| 2. Mr. Sopon Punyaratabandhu | 8/8 | 8/8 |
| 3. Mr. Paramate Rienjaroensuk | 8/8 | 8/8 |
| 4. Prof. Dr. Pornchai Chunhachinda | 4/8 | 8/8 |
| 5. Mr. Manus Chiaravanond | 4/8 | 7/8 |
| 6. Mr. Kongkiet Wangveeramit | 4/8 | 8/8 |
| 7. Mr. Punn Kasemsup | 4/8 | 7/8 |

Note : Prof. Dr. Pornchai Chunhachinda, Mr. Manus Chiaravanond, Mr. Punn Kasemsup and Mr. Kongkiet Wangveeramit have been the CPW's directors according to the resolution of the Extraordinary General Meeting of Shareholders No.2/2018 on June 18,2018.

8.3 Audit Committee

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

| Name | Position |
|------------------------------------|---------------------------------|
| 1. Prof. Dr. Pornchai Chunhachinda | Chairman of the Audit Committee |
| 2. Mr. Manus Chiaravanond | Audit Committee Member |
| 3. Mr. Kongkiet Wangveeramit | Audit Committee Member |

Note : The EGM resolution No.2/2018, held on June 18,2018, approved to appoint to Prof. Dr. Pornchai Chunhachinda, Mr. Manus Chiaravanond, and Mr. Kongkiet Wangveeramit be the Audit Committee.

The Audit Committee Meeting No. 2/2018, held on August 10,2018, was resolved to appoint Ms. Dolyarat Molasuk as the Audit Committee secretary.

Note : Prof. Dr. Pornchai Chunhachinda, the Chairperson of the Audit Committee, is well respected and has a detailed understanding of, and experience in, accounting and finance. Prof. Dr. Pornchai Chunhachinda graduated a bachelor's degree in accounting from Chulalongkorn University and a Master of Business Administration from Thammasat University and the Ph.D. in Finance from Florida International University. In addition, he is an Independent Director and Chairman of the Audit Committee of Bangkok Post Public Company Limited.

8.3.1 Scope of Authority, Duties and Responsibilities of the Audit Committee

1. To examine the Company's compliance with applicable laws on the securities and exchange regulations of the Stock Exchange of Thailand (SET) and laws relevant to the Company's business operations, as well as the Company's subsidiaries.
2. To examine the Company's financial reports to ensure their accuracy and sufficient disclosure by review the financial report process and coordinate with external auditors and executive responsible for preparing quarterly and annually financial reports.
3. To examine the Company's internal controls and internal audit systems to ensure their suitability and efficiency and to determine the Internal Audit unit's independence, as well as to approve the appointment, transfer, and removal of Head of Internal Audit or any other person holding an equivalent position.
4. To review and approve the scope of the internal audit, internal audit plan and to consider the audit results of the internal auditor including considering and approving the budget and manpower of the internal audit department.
5. To consider, select, and nominate independent person(s) to be elected as the Company's external auditor(s) as well as to propose their remuneration, regard to reliability, sufficiency of resources and the audit work, including the knowledge and to attend the meeting with the external auditor(s) without the management at least once a year.
6. To consider connected transactions or transactions that may lead to conflicts of interest, with each case being in compliance with applicable laws and regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand (SET), including those policies relating to connected transactions and good corporate governance of the Company with a view to ensuring that they be reasonable and serve the Company's best interests.
7. To review the management and compliance with the risk management policy as specified.
8. To consider and approve the appointment of external consultants or professional experts to obtain recommendations or opinions therefrom as deemed appropriate.
9. To ensure the Company's compliance with applicable laws on the securities and exchange regulations of the Stock Exchange of Thailand (SET) and laws relevant to the Company's business operations, as well as the Company's subsidiaries.
10. In performing its duties, the Audit Committee should review risk management policies, the business ethics of directors and / or executives that must be proposed to the public in accordance with the law and regulation.

8.3.2 Audit Committee Meeting

In 2018 and 2019, the details of the meeting attendance of the Audit Committee as follows;

| Name | Number of attended meetings/ All meetings of year | |
|------------------------------------|---|------|
| | 2018 | 2019 |
| 1. Prof. Dr. Pornchai Chunhachinda | 3/3 | 4/4 |
| 2. Mr. Manus Chiaravanond | 3/3 | 3/4 |
| 3. Mr. Kongkiet Wangveeramit | 3/3 | 4/4 |

8.4 Nomination and Remuneration Committee

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

| Name | Position |
|---------------------------|---------------------|
| 1. Mr. Manus Chiaravanond | Chairman of the NRC |
| 2. Mr. Narong Intanate | NRC Member |
| 3. Mr. Punn Kasemsup | NRC Member |

Note : Mr. Manus Chiaravanond, Mr. Manus Chiaravanond, and 3.Mr. Punn Kasemsup have been appointed to be the member of the Nomination and Remuneration Committee by the approval of the Board of Directors meeting No. 1/2561 on November 7, 2018.

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

The Nomination and Remuneration Committee has duties and responsibilities to perform work and to report to Board of Directors as follows;

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.

8.4.2 Meeting of the Nomination and Remuneration Committee

In 2018 and 2019, the details of the meeting attendance of the Nomination and Remuneration Committee as follows;

| Name | Number of attended meetings/All meetings of year | |
|---------------------------|--|------|
| | 2018 | 2019 |
| 1. Mr. Manus Chiaravanond | None | 1/1 |
| 2. Mr. Narong Intanate | None | 1/1 |
| 3. Mr. Punn Kasemsup | None | 1/1 |

8.5 Executive Committee

As of December 31, 2019, the Executive Committee was comprised of the following 3 members;

| Name | Position |
|-------------------------------|---------------------|
| 1. Mr. Narong Intanate | Executive Chairman |
| 2. Mr. Sopon Punyaratabandhu | Executive committee |
| 3. Mr. Paramate Rienjaroensuk | Executive committee |

Note : Board resolution no.7/2018 on 7 November 2018 approved to appoint Mr. Narong Intanate, Mr. Sopon Punyaratabandhu, Mr. Paramate Rienjaroensuk to be the executive director.

8.5.1 Scope of Authority, Duties and Responsibilities of the Executive Committee

1. To manage the Company's vision, direction, policies, and strategies, including preparing and proposing business plans and annual budget plans to the Board of Directors for consideration and approval.
2. To manage the Company's business to comply with the objectives, goal, control, governance and follow up on operational results of the company, ensuring they are in line with the policies, strategies, targets, plans, and budgets as approved by the Board of Directors in order to the efficiency and effectiveness achieve of the business.
3. To manage business operations that related to the general management of the company.
4. To approve the entry into contracts or the conduct of ordinary business or ancillary activities in support of such ordinary business under general commercial terms, the opening and closure of bank and financial institution accounts, the use of financial services within credit limits and/or within the budget as approved by the Board of Directors or as approved in principle by the Board, as well as in accordance with the Schedule of Authority as approved by the Board of Directors.
5. To approve any credit or loan of the Company and its subsidiaries. Credit limit of each transaction is as specified in the table of authority limits or as determined by the Board of Directors.
6. To consider and propose an organizational structure that is appropriate to the operations of the company and the corporate management to the Nomination and Compensation Committee and/or the Board of Directors to approval.
7. To approve the appointment of consultant which is necessary for the company's operations by within the budget approved by the BOD every year.
8. To appoint the working group to response to scrutinizing reports submitted to the Executive Committee or to perform any tasks that are conducive to the performance of the Executive Committee.

9. To determine the structure and policy about salary including adjustment of salary, bonus, compensation and reward to employees and executives (except Chief Executive Officer), excluding the conflicts of interest transaction that should submitted for the Nomination and Compensation Committee and/or the Board of Directors to approval.

10. To consider or to perform any other duties assigned by the Board of Directors.

11. To review and propose amendments to the Charter of the Executive committee in accordance with the circumstances.

12. To issue any power of attorney delegating its authority to any one person(s) to perform any act under the supervision of the Executive Committee or to issue any power of attorney delegating such person(s) to have the authority and with in a period of time as deemed appropriate by the Executive Committee. The Executive Committee may cancel, revoke, change, or amend any person(s) to be so authorized or such power of attorney.

In so doing, the delegation of such authority or the issue of the power of attorney shall not be of a nature that allows such authorized person(s) to have authority or power to approve transactions in which they or any third party may have a conflict of interest (as this term is so defined in any applicable regulation or notification of the Capital Market Supervisory Board, the Stock Exchange of Thailand (SET), and/or competent agencies), have a vested interest in, or have any other sorts of conflicts of interest with the Company, its subsidiaries and/or related companies. In this regard, the Executive Committee shall also not have the authority to approve such matters, and such matters must be proposed to the meetings of the Board of Directors and/or shareholders (as the case may be) for approval, except where such matters are transactions in the Company's ordinary course of business with general commercial terms as per any applicable regulation or notification of the Capital Market Supervisory Board, the Stock Exchange of Thailand (SET), and/or competent agencies.

8.5.2 Executive Committee Meeting

In 2018 and 2019, the details of the meeting attendance of the Executive Committee as follows;

| Name | Executive Committee Meeting Attendance | |
|-------------------------------|--|-------|
| | 2018 | 2019 |
| 1. Mr. Narong Intanate | 12/12 | 13/13 |
| 2. Mr. Sopon Punyaratabandhu | 12/12 | 13/13 |
| 3. Mr. Paramate Rienjaroensuk | 12/12 | 13/13 |

8.6 Management

As of December 31, 2019, the Management consisted of 8 members as follows:

| Name ^{1/} | Position |
|--|--------------------------------------|
| 1. Mr. Paramate Rienjaroensuk | Chief Executive Officer (CEO) |
| 2. Ms. Papavee Vitchupreecha | Retail Director |
| 3. Mr. Paramate Rienjaroensuk | Product Director (Acting) |
| 4. Ms. Sureeporn Intanate | Creative Design & Marketing Director |
| 5. Ms. Rattanakorn Rojvacharapibal ^{2/} | Finance & Accounting Director |
| 6. Mr. Adiwet Khaosut | Business Operations Director |
| 7. Mrs. Yaowaluk Nilubol | Human Resources & Admin Director |
| 8. Ms. Daranee Deekhunthod ^{3/} | Accounting manager |

Note:

^{1/} Under Notification of Capital Market Supervisory Board No. KorChor 17/2551 by SEC, Executive refers to the manager or the first four top-ranking executives after the manager level as well as all other 4th ranking equivalent, and accounting or finance executives of department head level and up.

^{2/} Ms. Rattanakorn Rojvacharapibal has been appointed to be the Chief Financial Officer (CFO) for taking the highest responsibility in finance and accounting.

^{3/} Ms. Daranee Deekhunthod has been appointed to be the Chief Accountant of the company for supervising accounting.

8.7 Company Secretary

The Board of Directors No. 6/2018 held on 10 August 2018, resolved to appoint Ms. Rattanakorn Rojvatcharapibal as the Company Secretary, which performs roles and responsibilities in compliance with the Securities and Exchange Commission Act as follows;

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. Ensuring the compliance of the Company and the Board of Directors with the relevant laws, rules & regulations, and informing Directors and Executives of any significant changes in regulations that related to them.
2. Supervising 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. Ensuring the Company disclosure and all information under responsible in accordance with the relevant laws, rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).
4. Submitting a copy of the conflict of interest report pursuant to Section 89/14 prepared by the directors to the chairman of the board and the chairman of the audit committee within 7 working days from the date the company receives the report.
5. Preparing and maintaining important documents of the Company, comprising of:
 - 5.1) Register of directors
 - 5.2) Notices and minutes of the Board of Directors' meetings and annual reports of the Company
 - 5.3) Notices and minutes of shareholders' meetings
 - 5.4) The conflict of interest report of company's directors or management.
6. To perform any other duties required by the Capital Market Supervisory Board.

8.8 Remuneration of the Directors and Executives

8.8.1 Monetary compensation

(A) Remuneration of Directors

The 2019 Annual General Meeting of Shareholders held on 12 March 2019, resolved to determine the remuneration for the Company's directors as follows;

| Board of Directors | Meeting Allowance | Monthly Retainer |
|--|-------------------|------------------|
| | Baht | Baht |
| The Board of Directors | | |
| • Chairman | 20,000 | 25,000 |
| • Member* | 20,000 | 20,000 |
| Audit Committee | | |
| • Chairman | 20,000 | 25,000 |
| • Member | 20,000 | - |
| Executive committee | | |
| • Chairman | - | - |
| • Member | - | - |
| Nomination and Remuneration Committee | | |
| • Chairman | 20,000 | - |
| • Member | 20,000 | - |
| Risk Management Subcommittee | | |
| • Chairman | 20,000 | - |
| • Member | 20,000 | - |

Note: 1/ According to the Annual General Meeting of Shareholders No. 1/2019 on March 12, 2019, specify that the non-independent directors will receive the monthly compensation and meeting allowances which will start from the month after the company got the IPO approval.

Details of the remuneration of directors in 2018 and 2019 as follows;

| Name of Directors | 2018 | | 2019 | |
|------------------------------------|-------------------|------------------|-------------------|------------------|
| | Meeting Allowance | Monthly Retainer | Meeting Allowance | Monthly Retainer |
| 1. Mr. Narong Intanate | - | - | 40,000 | 75,000 |
| 2. Mr. Sopon Punyaratabandhu | - | - | 40,000 | 60,000 |
| 3. Mr. Paramate Rienjaroensuk | - | - | 40,000 | 60,000 |
| 4. Prof. Dr. Pornchai Chunhachinda | 140,000 | 150,000 | 280,000 | 300,000 |
| 5. Mr. Manus Chiaravanond | 140,000 | 120,000 | 260,000 | 240,000 |
| 6. Mr. Punn Kasemsup | 80,000 | 120,000 | 180,000 | 240,000 |
| 7. Mr. Kongkiet Wangveeramit | 140,000 | 120,000 | 360,000 | 240,000 |
| Total | 500,000 | 510,000 | 1,100,000 | 1,215,000 |

(B) Remuneration of Executives

The Board has determined the policy and guideline of remuneration for management team. The Nomination and Remuneration Committee will consider the remuneration of Chief Executive Officer (CEO) in order to propose approval to the Board of Directors. Such remuneration has determined appropriately according to the Company's remuneration structure as well as the performance in accordance with roles and responsibilities.

And Chief Executive Officer (CEO) will consider the appropriate remuneration and annual salary adjustment of Executive Directors by considering the performance and operating results of the Company as well as the performance in accordance with target set forth. The company paid remuneration of 15.02 million baht and 15.98 million baht to the management team in in 2018 and 2019 respectively. The remuneration includes salary, bonus, Commission and other welfares as follows;

| Compensation type | 2018 | | 2019 | |
|--------------------------------|----------|-------------------|----------|-------------------|
| | (Person) | Amount (Baht) | (Person) | Amount (Baht) |
| Salaries, Bonus and Commission | 7 | 14,401,271 | 7 | 15,723,641 |
| Others benefits | 7 | 624,673 | 7 | 260,000 |
| Total | 7 | 15,025,944 | 7 | 15,983,641 |

Note: Management's compensation in the above table (Excluding 1 Ms. Daranee Deekhunthod, who was appointed on August 1, 2019), is the remuneration of the management according to the definition of the SEC that is different from the remuneration of the management as mentioned in the notes to financial statements for the year ended 31 December 2018 and 31 December 2019.

8.8.2 Non-cash compensation

(A) IPO Allocation

The Extraordinary General Meeting of Shareholders No. 1/2019, held on 11 April 2019, approved the allocation of 16,000,000 new ordinary shares at a par value of 0.50 baht per share which equal to 2.67 percent of the IPO shares to the directors, executives, and employees of the company and subsidiaries. This allocation depended on the discretion of the Executive Committee or the Chief Executive Officer (CEO). In addition, the offering price was equal to the initial public offering price (IPO), and this allocation shares offered at the same time of IPO share.

Details of the Company's directors and executives allocated as follows;

| Name of Directors | Position | Number of Allocation shares (shares) | Percentage of shares offered to directors, executives, and employees |
|------------------------------------|--|--------------------------------------|--|
| 1. Prof. Dr.Pornchai Chunhachinda | Independent Director / Chairman of Audit Committee | 200,000 | 1.25 |
| 2. Mr. Manus Chiaravanond | Independent Director / Audit Committee / Chairman of the Nomination and Remuneration Committee | 200,000 | 1.25 |
| 3. Mr. Kongkiet Wangveeramit | Independent Director / Audit Committee | 200,000 | 1.25 |
| 4. Mr. Punn Kasemsup | Independent Director / Nomination and Remuneration Committee | 200,000 | 1.25 |
| 5. Ms. Papavee Vitchupreecha | Retail Director | 400,000 | 2.50 |
| 6. Ms. Sureeporn Intanate | Creative Design & Marketing Director | 400,000 | 2.50 |
| 7. Ms.Rattanakorn Rojvatcharapibal | Finance and Accounting Director | 400,000 | 2.50 |
| 8.Mr. Adiwet Khaosut | Business Operation Director | 400,000 | 2.50 |
| 9. Mrs. Yaowaluk Nilubol | Human Resources and Admin Director | 400,000 | 2.50 |
| 10. Ms. Daranee Deekhunthod | Accounting manager | 40,000 | 0.25 |
| Total | | 2,840,000 | 17.75 |

(B) Others benefits

The company has provided health insurance for all executives, directors and executives and get 2% discount for the purchase of products or other discounted rate which depends on each product category of the group company.

8.9 Personnel

8.9.1 Number of Employees

In the year 2017 - 2019 the company and subsidiary, there are a total of 305 employees (2017), 321 employees (2018) and 349 employees (2019) respectively as follows:

| Division of Operations | 2017 | 2018 | 2019 |
|-------------------------|----------|----------|----------|
| | (person) | (person) | (person) |
| Retail Operations | 202 | 215 | 236 |
| Product Management | 11 | 15 | 22 |
| Marketing Communication | 3 | 4 | 7 |
| Creative Design | 3 | 4 | 4 |
| Human Resources | 4 | 5 | 5 |
| Service | 45 | 39 | 31 |
| Finance & Accounting | 13 | 15 | 15 |
| Operation Support | 14 | 12 | 14 |
| Information Technology | 2 | 2 | 2 |
| Administration | 4 | 4 | 4 |
| E-Commerce | 4 | 6 | 9 |
| Total | 305 | 321 | 349 |

8.9.2 Compensation of Employees

In the year 2017 - 2019, the company has paid compensation for all employees of the company and its subsidiaries (Excluding executive management) in the amount of 101.37 million baht (2017) , 115.68 million baht (2018) and 118.66 million baht (2019) respectively. The compensation is paid in the forms of salary, bonus and other benefits as follows :

| Compensation type | 2017 | 2018 | 2019 |
|--|--------------------|--------------------|--------------------|
| | Amount (Baht) | Amount (Baht) | Amount (Baht) |
| Salary | 71,511,393 | 73,708,908 | 76,713,042 |
| Bonus | 2,601,020 | 6,062,530 | 5,498,975 |
| Other such as Commission, Incentive, Traveling allowance | 27,255,923 | 35,907,228 | 36,447,375 |
| Total | 101,368,336 | 115,678,666 | 118,659,392 |

Note : The company and the subsidiary's provident fund have been registered by Securities and Exchange

Company product according to the limit for the position level and product type. And the Extraordinary General Meeting of Shareholders No. 1/2019 on April 11,2019 has approved the allocation of 16,000,000 new ordinary shares of the Company. With a per value of 0.50 baht per share or 2.67 percent of the total number of shares sold after this public offering. To be offered to the director, executives and/or employees of the company and subsidiaries. In this regard the allocation of the ordinary shares of such company will be at the discretion of the Executive committee or Chief Executive Officer of the company.

8.9.3 Human Resources Development Policy

1. Encourage the employees to have ability, potential, skill and attitude to be consistent with the position continuously and properly
2. Determine all employees of all levels must attend to train about company's policy since start work before operating and when there are additional policies, work process and operational guidelines including new development project. The objective is to understand and cooperate as a team. To perform in the same direction as the company.
3. Assess the work performance effectively that is consistent with job description of each position. The supervisors of all department are responsible for working with the Human Resources Department in planning and defining key performance indicators (KPIs) including following up and evaluating the competency of the employees according to the specified indicators in order to develop the operational efficiency to be efficient and effective as the company expects.
4. Promote development and progress for employees with good performance and have the potential to adjust positions for higher duties. The company aims to maintain good employees, develop talented employees to grow with the company in the long term

8.9.4 Labor disputes in the past 3 years

- None -

9.1 Corporate Governance

The Company realizes the importance of good corporate governance that it promotes the Company's operation to be effective, transparent, and competitive with sustainable growth leading to the confidence of all related persons. The Company's activity is performed relatively, transparently with recognition of the highest benefit of every relevant party, including employees, investors, shareholders, and other stakeholders as a guideline for the administration of the organization. The Company agrees to provide a corporate governance policy as follows.

1st Practice Realizing roles and responsibilities of the committee as the organizational leader constructing sustainable value for enterprise

To have the committee understand roles and realize duties and responsibilities as the organizational leaders, the company determines roles, tasks, and responsibilities of the board of directors clearly apart from legal duties and responsibilities. The board of directors has the authority and obligation to manage the company to follow the laws, the objectives, the regulations of the company, and shareholder's meeting resolutions with responsibility, carefulness, and integrity. Additionally, the company allows the board of directors with the authority of duty and responsibility to determine vision, mission, target, policy, operational direction, strategic plan, action plan and an annual budget of the company. Along with corporate governance and follow-up of compliance with laws, policies, strategies, and yearly budgets, evaluation of performance, and supervision of such operation reporting.

Furthermore, the company appoints the sub-committees and working group to perform duties in support of the committee, audit, and supervise operation and administration according to the applicable laws, policies, plans, and annual budget. It includes audit committee, recruitment, and remuneration committee, risk management sub-committee, and the company specifies scopes of authority, duty, and responsibility of the sub-committee and the working groups.

Nevertheless, the company provides a charter for the board of directors, sub-committees, and working groups. It operates works for the board of directors, sub-committees and working groups to realize such charter. The company usually determines the review of the charter at least once a year for the revision of the company's trend.

The board of directors provides policies about corporate governance as a guideline for operating the corporate governance for the business operation to be ethical with respect to rights and responsibilities of shareholders and stakeholders, business benefits to the society and environment, and adaptation under factors of changes.

2nd practice Determining main objectives and goals of the enterprise with sustainability

The board of directors defines visions and missions of the organization clearly and suitably with the organization to communicate with stakeholders to understand the main objective and goals of the organization. That includes the personnel at every level to comply with duty performance to achieve such objectives and goals.

The company has the policy to review and considers regulating a strategic plan and budget every year to ensure that such a budget is consistent with the economic condition and potentials of the organization and to promote innovation construction and innovation and technology implementation in the enterprise. Furthermore, the board of directors has duties to supervise and follow up operations according to specified strategy and budget as well as supervise the management of essential resources.

3rd Practice Enhancing the board of directors' efficiency

The Company has the policy to define the board structure suitably in accordance with the Company's business and size and laws. The components of the board of directors between the executive and non-executive directors reflect properly weighed power, and the Company's committee chairman and the chief executive officer will not be the same person for clear responsibility while corporate governance and administration policymaking.

However, to make the directors to devote time in performing duties in the Company, the Company determines that each director can take a position in not over five listed companies and shall attend the board meeting for at least 75% of all board meetings arranged in each year. The Company will arrange a board meeting not less than six times a year.

Furthermore, the board of directors at present has four independent directors out of 7 directors, which is more than one-third of Company's directors. As a result, voting to consider matters is weighed with the administration verification of the management for the highest benefits of Company. The independent directors will be in the position as the directors of the Company, not over nine consecutive years from the date of the first appointment as the independent directors. Nevertheless, if the independent directors are to be appointed to retake the position, the board of directors will consider a necessity in a reasonable manner.

To appointment of the Company's board of directors and executives, the board of directors appoints the recruitment and remuneration committee consisting of more than half of independent directors, and the recruitment committee chairman will be selected from independent directors to perform duties in recruiting people with knowledge, expertise and experience for duty performance in favor of the Company's business to be presented to the board meeting and/or shareholder's meeting to consider the appointment as the Company's directors or executives.

After the Company registered as a listed company in the Stock Exchange of Thailand, the Company will disclose information of the directors and executives such as age, education, experience, shareholding proportion, year of taking director position. That includes the number of meeting attendance, positioning as a director in other listed companies, roles, duties and responsibilities, and overall operation report of sub-committee in the Company's annual report. The board of directors specifies the scope of duties and responsibilities of the recruitment and remuneration committee and considers determining the return payment policy for the board of directors, sub-committees and chief executive officer in accordance with the Company's overall operation, roles, duties and responsibilities and other companies in the same industry. Such returns shall not be at a too high rate to be presented to the board of directors and/or shareholder's meeting of the Company for approval. After the Company is registered as a listed company in the Stock Exchange of Thailand, the Company will disclose information of returns for the board of directors, including monetary and non-monetary forms. The Company appoints the Company's secretary to supervise and give advice to the directors and executives in relation to compliance with laws, regulations, stipulation, and requirements of the Company and supervises correct and regular practice. It includes the responsibility to arrange a board and shareholder's meeting and coordinate for practices pursuant to such meeting's resolutions and duty performance according to the laws.

4th practice Recruiting and developing high-ranked executives and managing personnel

The Company determines a succession plan for essential executives as well as chief executive officer. It is clear for the business to be operated continuously with a policy of proper return payment as an incentive for the chief executive officers and essential executives of the organization to pay attention to work for the highest benefits of the Company and its shareholders. The performance will be assessed every year as criteria of return payment consideration and for the development of the capacity to enhance working efficiency. The Company has the policy to provide and enhance knowledge to important directors and executives by allocating each person to attend training arranged by sectors to increase awareness and new perspectives. It includes the provision of a program for executive development in favor of consideration for a succession plan.

5th practice Promoting innovation and business operation with responsibility

The board of directors realizes the rights of every stakeholder, including internal and external stakeholders. Nevertheless, to build up good understanding and cooperation between the company and stakeholders in favor of business operation and confidence-building as well as to enhance the competitiveness of the company, in the long run, the company specifies policy and practice as follows.

- **Shareholder** The Company committed to operate the business transparently and to emphasize developing the organization to grow sustainably and continue to generate appropriate returns for shareholders and to add values of the Company that the shareholders will receive highest profits. The directors, executives, and employees shall perform duties with responsibility, carefulness, and integrity to avoid any actions that may be conflicts of interest.
- **Employee** The Company has the policy to treat all employees equally and fairly with fair returns based on competency and knowledge of each employee and proper welfare. The Company focuses on developing knowledge and the ability of employees to develop work skills with high effectiveness. It includes setting up a provident fund for employees and giving a chance for employees to develop working skills in various aspects.
- **Trade partners and/or creditors** The Company has the policy to treat trade partners and/or creditors fairly, equally, and honestly without taking advantage, and the treatment is in accordance with an agreement by giving accurate information based on the business relationship.
- **Customers** The Company is determined to take care of and responsible for customers such as distributing quality products, keeping customer's secrets. The Company has a sector or persons to take care of customer relations.
- **Trade competitor** The company the policy to comply with the first competition rules by not seeking confidential data of the trade competitors with dishonest or improper methods and not defaming the trade competitors by slandering.
- **Community and society** The Company is determined to develop, promote, and uplift the quality of life of the society and community in which the Company and its affiliates to have better quality along with the Company's growth. It is emphasized on implanting the conscious mind, responsibility for community, and society in the organization continues as well as the support of activities useful for the public and society.
- **Environment** The company complies with laws and regulations about the environment strictly and highlights the control of environmental impacts unceasingly. The company has the policy to support activities to enhance quality, occupational health, and the environment and to maintain the working environment to be safe to the lives and properties of the employees.

6th practice Risk management system and proper internal control

The board of directors has the policy to provide an internal control system covering all aspects, including finance and operations, in accordance with laws, regulations, and requirements and provide a mechanism of auditing and weighing to be effective in protecting and maintain the Company's properties. It includes providing procedures for approval and responsibilities of the executives and employees audited and weighed to each other along with written working procedures. The Company hires internal and outsourced auditors to audit operations of every sector according to the regulations and evaluate efficiency and adequacy of internal control of the Company's sectors.

The Company appoints risk management sub-committee to perform duties in considering and analyzing risks that may happen with the Company, presenting risk management measures to prevent impacts to the Company's business operation and supervising risk management according to specified risk management policy.

The board of directors emphasizes anti-corruption by determining a clear policy and communicating it to relevant persons to comply. It also regulates a system for lead informing and complaining as a mechanism for supervision for suitable persons to abide by the policies related to corporate governance.

7th practice Maintaining financial credibility and data disclosure

The board of directors is committed to supervising compliance with laws, regulations, and rules regarding data disclosure by emphasizing correct, complete, and transparent disclosure for data of the Company, financial data, and non-financial data that all related persons will perceive data equally.

After the Company registered as a listed company in the Stock Exchange of Thailand, the board of directors will be responsible for providing an annual report, an annual information form (Form 56-1), the financial report of the Company and financial information appearing in the annual report. This includes the provision of financial reports according to generally accepted accounting standards. It implements a suitable policy and practices regularly by using discretion for the provision and determining sufficient data disclosure in the notes to the financial statements. The board of directors assigns the audit committee to take care of the quality of financial reports and give opinions to the board of directors.

After the Company registers as a listed company in the Stock Exchange of Thailand, the Company will disclose data and information of the Company to shareholders and the public through channels and media for disclosure of the Stock Exchange of Thailand and the Company's website.

8th practice Supporting participation and communication with shareholders

The Company focuses on the rights of shareholders by not taking any acts to violate or deprive the rights of the shareholders apart from fundamental freedoms of the shareholders such as rights to purchase or transfer properties, rights to receive profits from the Company, rights to attend a shareholder's meeting. The Company emphasizes the rights of the shareholders in receiving correct and complete Company's data in a punctual and equal manner in support of decision in every matter. The board of directors thus sets a policy as follows

1. The Company will arrange a shareholder's meeting to give a chance to shareholders to consider essential matters as regulated by laws or issues that may affect the Company's business operation.
2. The Company will deliver an invitation to meeting as well as supporting data to shareholders in advance before the meeting in the time specified by related laws, notices, or regulations. This is to give a chance to shareholders to study data completely before the shareholder's meeting date, and the shareholders can send questions in advance before the meeting date under the specified principle of inquiry. Such a principle will be published on the Company's website, and the Company will gather questions and raise important ones in the meeting.
3. The Company will let certain shareholders nominate a person to be considered elected as a director or propose additional agenda before the shareholder's meeting date under clear principle. Such policy is disclosed to shareholders in advance, and the reasons for not raising programs of the shareholders to hold the meeting agenda of the Company will be informed to that shareholder's meeting.
4. In the case of any shareholder unable to attend the meeting, the Company will facilitate shareholders who were not able to participate in the meeting by allowing the proxy to any person or allowing any independent director as an authorized person to participate in the meeting for the shareholder and vote for the shareholder. The names and information of the independent directors will be announced in the meeting invitation letter.
5. In case the Company has foreign shareholders, the Company will make a meeting invitation letter in English and deliver it to the foreign shareholders together with Thai version.
6. Channels for information perception of shareholders are increased through the Company's website after it registers as a listed company in the Stock Exchange of Thailand. The Company will publish the meeting invitation letter in advance for at least 28 days before the meeting date for the shareholders to download meeting agendas and information wholly and conveniently.
7. The Company will facilitate every shareholder equally about meeting attendance in aspects of proper place and time.
8. The shareholder's meetings have arranged according to laws and the Company's regulations by considering and voting by specified agenda without changes in subject matters or unnecessarily adding meeting agenda. Shareholders will have equal rights to ask questions, give opinions, and suggestions.
9. The Company will use ballots in essential agenda and provide independent persons such as an outsourced auditor or a legal advisor to check to vote in the meeting. The Company will promote every director and related executives to attend the meeting to answer questions from the shareholders simultaneously. The meeting minutes are completely correctly recorded,

and the list of directors and executives attending the meeting, resolutions, voting results as well as inquiries and important opinions are recorded in the meeting minutes for shareholders to verify within 14 days from the date of shareholder's meeting. Additionally, the Company records a video of a meeting as a reference. After the Company registered as a listed company in the Stock exchange of Thailand, the Company will deliver such meeting minutes to the Stock Exchange of Thailand or relevant sectors promptly and publish the shareholder's meeting minutes on the Company's website for further review of the shareholders.

After the Company is registered as a listed company in the Stock Exchange of Thailand, the Company will provide an investor relation officer to contact and give information to investors, shareholders, securities analysts, or relevant sectors as well as any persons. Such information will be correct, complete, and factual.

9.2 Code of Conduct

9.2.1 Business Ethics

The company's executives and employees as the company's representatives consistently adhere to the business ethics as working guidelines. Details of which are as follows:

1) Rule of Law

The company abides by the rule of law in business operations. It is also the duty of the management and the employees to be acquainted with the company's regulations, related laws including any prospectively promulgated law which may affect administration and work of the company.

2) Transparency

The company's operating decisions and methods are transparent. The pertaining information can be disclosed to all interested parties for acknowledgment and verification under the relevant laws, regulations, rules, and procedures of the company in relation to preventing trade secrets from leaking to competitors.

3) Fairness and Morality

The company is committed to fairness and morality with all interested persons to sustain continuously good relationship in the course of business. Additionally, the company does not discriminate against anyone through unfair judgment or personal relationship and gives equal opportunities without discrimination of race, nationality, religion or gender.

4) Importance of Customers

The company's executives and employees focuses and place importance on the customers by controlling quality of its products and services which result in customer satisfaction.

5) Social Responsibility

The company is distinctively aware of its responsibility to society and community. It has always been its primary mission to execute projects and activities that are beneficial to social and community development.

6) Political Irrelevance

The company respects and supports all of its stakeholders to exercise their rights and freedom under the constitution; however, the company shall invariably be neutral.

9.2.2 Code of Ethics

The company has established guidelines for its executives and employees pertaining to the Code of Ethics. Details of which are as follows:

1) Maintain Leadership

The executives should possess ethical quality, adhere to a leadership role that is appropriate, conduct themselves in a way that is accepted by the society, and to be useful for the management of the company.

2) Be Honest

The executives and the employees shall perform their duties with honesty and assuredly protect the interests of the company.

3) Comply with laws and regulations

The executives and the employees shall strictly perform their duties in accordance with the company's regulations and also any law pertaining to the company's business. Also, they shall avoid any action that may adversely affect the reputation of the company.

4) Protect Company's Property

The executives and the employees shall be responsible for maintaining and only using company's property to the full benefits of the company's business. They shall never be used improperly or unlawfully or for the benefit of others other than those of the company.

5) Conduct Towards Supervisors, Colleagues, and Staff

The executives and the employees shall maintain the working environment free from violations of any right to privacy. Mutual respect shall be key fundamental along with cooperation, assistance, advice, and problem solving.

6) Be a Good Citizen

The executives and the employees shall be good citizens of the country who live with others in the society at full pride.

7) Not Accepting Excessive Gifts

The executives, the employees and those who are close to them shall never receive any benefits or gifts from those who relate to the business of the company if such acceptance may imply that a special business relationship with the giver shall be established, which may cause damage to the company.

8) No Conflict of Interest

The executives and the employees shall not act in ways that may cause conflicts of interest with the company.

9) Never Use Specific Information for Unlawful Benefits

The executives and the employees shall never misuse the company's specific information.

9.3 Nomination and Appointment of Directors and High-Leveled Executives

In the selection of directors and senior management of the company, the Nominating and Compensation Committee is responsible for determining the recruitment and screening policies for suitable individuals to be nominated as directors and/or senior management prior to making recommendations to the Board of Directors and/or the shareholders' meeting for the appointment of such persons. These procedures shall be conducted in accordance with the relevant charter, company's regulations, relevant laws, and corporate's good governance related policies.

9.3.1 Board of Directors

Criteria

1. The Board of Directors consists of at least 5 directors.
2. The structure of the Board of Directors shall consist of at least one-third of independent directors but shall not be less than 3 people. The independent directors shall be independent from the control of the management and/or major shareholders, and shall never have a financial and management interest in the business of the company. The independent directors shall also be qualified as stipulated in the Independent Directors Qualifications Guidelines defined in the Notification of the Capital Market Supervisory Board No. Tho Cho. 39/2559 on Request and Provision of Permission to Offer for Sale of Newly Issued Shares (Tho Cho. 39/2559).
3. The Board of Directors shall select one director to be the chairman of the board. In the event that the board of directors deems it appropriate, one or more directors may be chosen to be vice-chairman.
4. The company has a policy that the Managing Director shall not be the same person as the Chief Executive Officer.

Qualifications of Directors

1. The company's directors shall be knowledgeable, capable, and experienced for the benefit of the business and shall be honest and ethical in conducting business and have sufficient time to fully devote knowledge and ability and perform duties for the company.
2. The directors shall be fully qualified and not disqualified by the Public Limited Companies Act B.E. 2535 (including the amended version ("Public Companies Act")), the Securities and Exchange Act B.E. 2535 (including the amended version ("Securities Act")), including any relevant announcements, regulations and/or regulations. Besides, they shall not have any characteristics indicating a lack of appropriateness to maintain trust from the public to manage businesses of which the public are shareholders as specified by the Securities and Exchange Commission and/or the Capital Market Supervisory Board. The director shall be a person whose name is on the list of directors and executives of the company issuing securities in accordance with the announcement of the Capital Market Supervisory Board regarding the rules on displaying the name of a person in the list of directors and executives of the company issuing securities.

3. The directors shall not operate any business which has the same nature and in competition with the company or become directors of other juristic persons that have the same condition and in competition with the business of the company, whether conducting for their own benefits or for the benefit of others unless such incident is notified in the shareholders' meeting before being appointed by the meeting's resolution.

4. The directors shall inform the company without delay in case where they are going to have an interest in the contract that the company enters into, either directly or indirectly, or to hold more or less shares in the company.

Additional Qualifications of the Independent Director

1. The independent directors shall be independent from the control of the management, major shareholder, and shall not have any involvement or interest in finance and business administration of the company, and retain all the qualifications in accordance with the relevant rules and regulations of the Capital Market Supervisory Board as well as the relevant laws. Details of which are as follows.

2. The independent director shall not possess more than one percent of the total voting shares of the company, parent company, subsidiary company, associated company, major shareholder or the person with controlling power over the company, including the shareholding of any person related to such independent director.

3. The independent director shall not be or used to be a director with participation in management, staff, employee, advisor receiving a regular salary or the person with controlling power over the company, parent company, subsidiary company, associated company, same-level subsidiary company, major shareholder or those with controlling power over the company unless such director has been relinquished from the aforementioned position for at least two years before being appointed. Such prohibited criteria shall exclude the case where an independent director used to be a civil servant or an advisor to a government organization that is a major shareholder or a person with a controlling power over the company.

4. The independent director shall not have blood relationship or by legal registration as father, mother, spouse, sibling, child, including the spouse of the child of other director, executives, major shareholders, persons with controlling power or the person nominated to be company's director, executive or person with controlling power over the company or its subsidiary. The independent director shall not have or used to have a business relationship with the company, parent company, subsidiary company, associated company, major shareholder, or the company's controlling person in a manner that may obstruct his independent discretion Including neither being nor having been a significant shareholder or the controlling person of the person having a business relationship with the company, parent company, subsidiary company, associated company, major shareholder or the company's controlling person unless having been free from the aforementioned nature for at least two years before being appointed.

Business relations under the first paragraph includes normal business transactions regarding real estate leased or rental business, transactions relating to assets or services or granting or receiving financial assistance by accepting or lending guarantees, providing assets as collateral for liabilities Including other similar circumstances which results in the company or a contractor having an obligation to pay to the other party from 3% of the company's net tangible assets or 20 million baht or more. However, the calculation of the said debt burden shall be in accordance with the method of calculating the value of the connected transaction under the Notification of the Capital Market Supervisory Board on Criteria for connected transactions, mutatis mutandis. Nevertheless, when considering the said debt burden, it shall include the debt burden that occurred during 1 year before the date where a business relationship with the same person befell.

5. The independent director shall not be or used to be an auditor of the company, parent company, subsidiary company, associated company, major shareholder or the controlling person of the company and shall not be a significant shareholder, controlling person, a partner of any audit firm having auditors auditing transactions of the company, parent company, subsidiary company, associated company, major shareholder or the person with controlling power over the company unless having been free from the aforementioned nature for at least two years before being appointed.

6. The independent director shall not be or used to be a professional service provider of any kind which includes providing services as legal advisors or financial advisors which receives service fees of more than two million baht per year from the company, parent company, subsidiary company, associated company, major shareholder or the controlling person of the company. The independent director shall also not be a significant shareholder, controlling person or partner of that professional service provider unless having been free from the aforementioned nature for at least two years before being appointed.

7. The independent director shall not be a director appointed to be a representative of the director of the company, major shareholders or shareholders which is related to the major shareholders.
8. The independent director shall not be a person who operates a business of the same nature and in significant competition with the business of the company or its subsidiary or become a significant partner in a partnership or a director with participation in management, employee, staff, consultant receiving a regular salary or have shares exceeding one percent of the total voting shares in other companies which operates in the same business and in significant competition with the business of the company or its subsidiary.
9. The independent director shall not have any characteristics which make him incapable of independently expressing opinions pertaining to the company's business related affairs.

Term of office and election of directors

1. Election of directors shall be conducted in accordance with related regulations and laws in a transparent and unblemished manner. Educational backgrounds and professional experiences of that person including qualifications shall be considered along with supporting details, for the benefit of the decision making process conducted by the Board of Directors and shareholders.
2. At each annual general meeting, one-third of directors shall be resigned. In case where it is impossible to equally split the number of directors into 3 parts, then the number nearest to one-third shall be applied. The directors to be retired in the first and the second year after the company registered in the market shall be finalized by drawing lots. In the subsequent years, the directors who have been in office the longest shall retire.
3. Directors who retire by rotation may be re-elected.
4. Apart from retiring from the office according to the office term, the directors may vacate office upon:
 - (1) Death
 - (2) Resign
 - (3) Being disqualified or being under any prohibition under the law on public limited companies and/or the law on securities and exchange.
 - (4) The meeting of shareholders has a resolution for such director to vacate the office by a vote of not less than three-fourth of the number of shareholders attending the meeting and having the right to vote and having a total of not less than half of the shares held by the shareholders attending the meeting and having voting rights.
 - (5) court order
5. Any director who wishes to resign shall submit resignation letter to the company, and it shall be deemed effective from the date it is received by the company. The resigning director may notify their resignation to the public company registrar, if he/she wishes.
6. In case where the position is vacant due to any other reasons other than retirement by rotation, the directors shall select a person who is qualified and not disqualified under the law on public companies and securities and the Stock Exchange of Thailand to replace the vacant director at the next board meeting unless the remaining term of the directors is less than 2 months. However, the newly appointed director shall only serve for the remaining term of the replaced director.
7. For the independent directors, they shall hold office for a period of no more than nine years as of the date of appointment to the position of director for the first time.

9.3.2 Audit Committee

Criteria

1. The audit committee shall consist of at least 3 independent directors who meet the criteria set out in the Capital Market Supervisory Board at least three people.
2. At least 1 member of the audit committee shall retain sufficient knowledge, understanding or experience in accounting or finance to be able to review the reliability of financial statements and have ongoing knowledge about the causes of changes shown in financial reports.
3. The audit committee shall have knowledge and understanding of the industry and the operations of the company.

Qualifications

1. Being qualified according to the relevant laws, especially the law on public limited companies and the law on securities and stock exchange.
2. Positioned as Director and Independent Director of the Company. The qualifications of the independent are as announced by the relevant Capital Market Supervisory Board.
3. Being able to devote sufficient time to perform their duties.

Term of Office and the Appointment of the Audit Committee

1. Appointment of the Audit Committee

- The Board of Directors or the shareholders meeting shall appoint independent directors of the company to be the members of the audit committee.
- The current Audit Committee shall assort one member of the audit committee as Chairman.
- The audit committee shall appoint a secretary of the audit committee which is the Chief of the Internal Audit Department or any person deemed appropriate by the audit committee to support the operation of the audit committee which includes meeting appointment, meeting agenda preparation, meeting documents delivery, and meeting minutes record.

2. Term of Office

- The audit committee has an office term of 3 years, as of the date appointed by the Board of Directors or the meeting of shareholders or according to the term of office of the director set out by the company.
- Members of the audit committee who vacate office upon the expiration of their term may be reappointed, as the Board of Directors or the shareholders' meeting deems appropriate, but in total, they shall never hold the position for more than 9 years unless the meeting of the Board of Directors or that of the shareholders meeting deems appropriate to hold the position for more than 9 years. In such case, reasons thereof shall be stated.
- In case where the position of the audit committee becomes vacant for any other reasons aside from the expiration of the office term, the Board of Directors shall appoint a person with complete qualifications as an audit committee so that the amount of the audit committee is in accordance with the criteria required by law or relevant regulations, within 3 months from the date the number of members is not complete. However, the person being appointed as the audit committee can hold office for the remaining term of the replaced audit committee.

3. Retirement

- The term is complete
- Being disqualified or being under any prohibition under the law on public limited companies and/or the law on securities and
- Exchange
- Death
- Resign
- Being withdrawn

In case where the audit committee resigns before the end of the office term, the audit committee shall notify the company at least 1 month in advance with reasons so that the Board of Directors or the shareholders' meeting may appoint other qualified directors to replace the resigned director.

9.3.3 The Nomination and Remuneration Committee

Criteria

Nomination and Compensation Committee consists of at least 3 persons i.e. at least 1 independent director. the Nomination and Remuneration Committee shall select the Nomination and Remuneration Committee ("Nomination Committee") which is an independent director to serve as Chairman of the Nomination Committee and also appoint a secretary of the Nomination Committee to support the operation of the audit committee which includes meeting appointment, meeting agenda preparation, meeting documents delivery, and meeting minutes record.

Qualifications

1. Nomination Committee shall be an able and skilled person with knowledge, honesty, business ethics who has sufficient time to devote his/her knowledge and capability to perform duties for the company.
2. Nomination Committee shall be a qualified person and not be under any prohibition under the law on public limited companies and other relevant laws.

Term of Office and Election of Nomination and Remuneration Committee

The Board of Directors shall appoint a person with complete qualifications as specified above to be Nomination Committee with an office term of 3 years. In the event that the said Nomination Committee is currently the director of the company, the term of office shall be in accordance with the term of office of the company's director. However, the retired Nominating Committee may be reappointed.

In case where the Nomination Committee completes the office term or may not be able to hold the position until the end of the appointed office term which will result in the number of the committee to be less than 3 persons, the company's Board of Directors shall, without delay, appoint the Nominating Committee or within 3 months from the date the number of the Nominating Committee is not complete so as to ensure continuity in the performance of the Nominating Committee.

9.3.4 Executive Committee

Criteria and Qualifications

1. The Board of Directors shall appoint the Executive Committee which consists of at least 3 persons i.e. Chief Executive Officer and other directors (which are not independent directors) and/or management of the company. One executive shall be appointed the chairman of the executive board.
2. The Executive Committee shall appoint an eligible person to be a secretary of the Executive Committee.

Term of office and Election of Executive Directors

1. The Executive Director has a term of office of three years.
2. Executive Director who retires by rotation may be re-appointed for another term.
3. In cases where the position is vacant due to reasons other than the retirement by rotation, the Board of Directors shall appoint a fully qualified person to be an Executive Director so that the number of executive directors is complete as required. In this regard, the person in charge of the executive committee shall hold office for the remaining term of the executive director whom he/she replaces.
4. The Executive Directors shall retire from office upon ceasing to be the company's director or an executive of the company.

9.2.5 Nomination of Directors and Top Management

In recruiting people to be a member of the company's Board of Directors and Chief Executive Officer (CEO), the nominee's name and qualifications shall be proposed to the Nomination and Remuneration Committee which will determine the qualifications and criteria for the selection of company's directors (including members of other company's sub-committees) and the Chief Executive Officer (CEO). People with knowledge, experience, skills, and expertise shall be screened and selected. Then, the selected individual shall be presented to the company's Board of Directors for approval and/or to propose to the shareholders' meeting for further appointment.

9.4 Supervision of the Subsidiaries' Operations

The company has a policy to invest in other related businesses or the business that benefits the main business of the company. Such business shall have potential and is foreseeable that it can generate profits for the company in the long term. The company will closely control and supervise the management of the subsidiary company in order to continuously and sustainably maintain benefits of the company's investment, and also to create added value and confidence for the stakeholders of the company. Therefore, the company has set out a policy to control and supervise the subsidiaries and associated companies in which the company has invested. This is carried out in accordance with the resolution of the Board of Directors Meeting No. 7/2561 dated 7th November 2018. Details of which are as follows:

1. The company has established management structure for subsidiaries and associates to oversee management and be responsible for operations of subsidiaries and associates as follows:

1. Nomination of Directors and Managements of the Subsidiary Company

The person approved by the board of directors shall be, on behalf of the company, director and executives of the subsidiary companies to supervise and establish management policies as if it were a unit of the company. The number of persons to be positioned as director of a subsidiary shall be in accordance with the proportion of the shareholding of the company in the subsidiary or in accordance with the mutual agreement. For investing in associates, the company does not have a policy of close control. Assigning a representative to be a director in an associated company will be considered as appropriate and depends mainly on mutual agreement. Such persons shall however have fitting qualifications and experience in managing the business of that subsidiary and associated company.

2. Scope of duties and responsibilities of directors and executives in subsidiaries

- Closely follow up on the operations of the subsidiaries to ensure that it meets the goals set by the company;
- Perform duties as specified by the subsidiary company's Board of Directors and/or the meeting of shareholders of that subsidiary or associated company;
- Look into all the issues and cast a vote in the Board of Directors' meetings of the subsidiary and associated companies in matters relating to the general operations of the subsidiary and associated companies as the directors and executives of the subsidiary and associated companies see fit and appropriate. For the utmost interest and benefits of subsidiaries, associates, and the company, consideration and voting on the following matters shall be approved by the company's Board of Directors and/or the shareholders' meeting on a case-by-case basis.

Transactions of subsidiary companies according to the announcement of the connected transaction and the announcement of the acquisition and disposal;

Transactions which may have a significant impact on the financial position and results of operations of subsidiaries, i.e.

- Sale or transfer of all or parts of significant business of a subsidiary to other;
- Purchase or acceptance of transfer of business of other companies to subsidiaries;
- Dissolution of subsidiaries;
- Transferral or waiver of benefits and claims that are significant to the damage of subsidiaries;
- Taking loan, loaning-out, guarantees, incurring of contingent liabilities, or provision of financial assistance to other companies that has a significant effect on the subsidiary's financial status;
- Amendment of the regulations of the subsidiary company;
- Increase of capital, allocation of newly issued shares, and the reduction of registered capital of a subsidiary as well as any other actions that result in reduction of either direct or indirect shareholding of the company in any subsidiary company from 10% of the paid-up capital of that subsidiary or to less than 50% of the paid-up capital of that subsidiary company

2. Directors and executives of the subsidiaries including any person relating to the said directors and executives shall undertake the duty to notify the board of subsidiaries of the relationship and transactions with subsidiaries in a manner that may cause conflict of interest and avoid any transaction that may cause conflict of interest with the said subsidiary company. The Board of Directors of the subsidiary company is responsible for informing the said matter to the company. Directors and executives of subsidiaries shall not approve any matter in which they have vested interests or conflicts of interest.

3. The subsidiary company shall report to the company any business plan, investment project, joint investment with other operators through monthly performance report of the subsidiary company. The subsidiary company shall submit information or documents relating to the operations of the company once requested properly. In the event that the company detects any significant issues, the company may request the subsidiary company to clarify and/or deliver documents for the company's further and additional consideration.

4. The company establishes a financial control policy of the subsidiary company stipulating that the subsidiaries and associates shall have the following duties:

- Submit monthly to the company the performance results and trimonthly submit the financial statements already reviewed by a certified auditor as well as information for the preparation of the said financial statements of the subsidiary and associated companies for the Company for the preparation of the consolidated financial statements or the financial results of the company for the quarter or the year, as the case may be;
- Prepare projections of operating results and summarize quarterly results of the planned operations against actual operations including following up the operations in accordance with the plans set forth and report to the company;
- Report financial issues that are significant to the company once detected and conduct an investigation and report to the company upon the request of the company.

— - 9.5 Control of the Use of Internal Information

The company places importance on the supervision of the use of internal information. To comply with the principles of good corporate governance, the company establishes a policy to control the use of internal information in order to prevent the disclosure of important internal information of the company which has not been disclosed to the public for personal benefits or for the benefits of others (Abusive Self-dealing) and to ensure fairness to all stakeholders. Details of which are as follows:

- The company has set out guidelines for safeguarding internal information of the company including the guideline for preventing the use of internal information for personal benefits. The guidelines were made in writing and everyone in the organization has been informed to follow strictly;
- The company requires that directors, executives, and employees of the company shall not trade the company's securities using confidential and/or internal information and/or carry out any other juristic acts using confidentiality and/or internal information of the company which may cause damage to the company either directly or indirectly;
- The company requires that directors, executives, and employees of the company who work in the unit that may receive internal information of the company shall not use such internal information before public disclosure. Moreover, the company prohibits any persons involving with the internal information from trading the company's securities either by themselves, their spouses, children who have not yet become sui juris, either directly or indirectly (such as in the form of nominee via private funds) within 1 month prior to the quarterly and annual financial statements are disclosed to the public and at least 1 business day after the disclosure of such information;
- The company has established disciplinary action for those seeking benefits from the use or the disclosure of internal information of the company, for it may cause damage to the company. In such case, the punishment shall be considered as appropriate, including verbal warning, written warning, probation, termination of employment contract or dismissal, as the case may be;
- The company will provide knowledge to the directors, executives of the company, including those who are in management level in accounting or finance who are holding positions in department manager level or higher or equivalent (according to the definition set out of the Capital Market Supervisory Board And the Stock Exchange of Thailand) pertaining to the duty to report the securities holding of the company under Section 59 and the penalty under Section 275 of the Securities Act Including reporting of the acquisition or disposition of securities of the company under Section 246 and the penalty under Section 298 of the Securities Act;
- The company stipulates that (a) its directors, executives, including those with management positions in accounting or finance which are department managers level or higher or equivalent thereto as well as the auditor are responsible for the preparation and disclosure of their securities holding reports issued by the company. That includes their spouses or husbands/wives and children under legal age and (b) a juristic person in which the persons under (a) hold more than 30 percent of the total voting rights of the said juristic person and the combined shareholding is the largest proportion of that juristic person. In accordance with the announcement of the Office of the Securities and Exchange Commission and Section 59 of the Securities and Exchange Act, such responsibility shall be fulfilled legally the first time within 7 working days as of the date the legal duty arises and within 3 working days every time there is a change caused by purchasing, selling, transferring or accepting the transfer of securities. The report shall be submitted to the company's secretary before being collected and further submitted to the Office of the Securities and Exchange Commission. In addition, the company's secretary shall report the securities holding amount/status of directors and/or executives to the chairman every 6 months.

9.6 Complaints and Whistle Blowing Policies

Objective

The company operates business with moral standards. Being honest at all times is the principle. As a result, the company expects all employees to abide by the same standards in their operations, and encourages all employees or customers or external parties to comply with laws, rules, policies and regulations, as well as allows such persons to use the company's platform as channels for filing complaints and/or reporting fraud and financial frauds, internal control, investigation of fraud and any illegal actions.

Scope of Whistle Blowing

1. Suspicious behavior relating to illegal acts, including corruption and bribery;
2. Violation of company policy and company regulations;
3. Business practices that violate company's regulations or official regulations or violation of legal obligations to which the company is a party;
4. Suspicious behavior involving accounting or auditing related matters; Any action that can be considered unethical or social injustice. Provided that the employees or customers or any third parties (whistleblowers) encounter any behavior that falls into the scope of the above information, kindly follow the process below.

Filing Complaints and/or Whistle Blowing About Fraud or Corruption

Filing complaints and/or reporting fraudulent or dishonest information will lead to disclosure of information about wrongdoing regardless of the fact that the matter took place, is taking place or will be taking place.

Whistle Blowing Channels

1. Submitting and receiving information and complaints or concerns about fraud or corruption.

The whistle blower shall submit the matter in writing enclosing name of the whistle blower and sufficiently credible information and details; then, have it submitted to the Chairman of the Audit Committee through the following channels:

• By mail

Chairman of the Audit Committee
Copper Wired (Public) Company Limited
159/6 Sermit Tower Building, Floor 2, Room 201-202
Sukhumvit 21 Road (Asoke), Khlong Toei Nuea Sub-District, Watthana District
Bangkok 10110

• By electronic mail (e-mail)

acchairman@copperwired.co.th

So that the company can investigate the information and the source of the whereabouts of the wrongdoing. Please note that the company will not consider the anonymous complaint of the whistle blower.

2. Treatment of complaints

- Complaints will be sent to the Audit Committee. The management or suitable personnel or subcommittee will be assigned to independently investigate the matter, taking into account the principles of fairness and good faith. Investigation result will be then reported to the Audit Committee. Subsequently, the Audit Committee will look into the report, consider the appropriate practices for that complaint, and proceed, if necessary;
- After investigation and evaluation of the complaint, The management or suitable personnel or subcommittee will determine an appropriate disciplinary action and revert to the Audit Committee. Provided that the Audit Committee agrees with such investigating result, the committee will proceed the matter to the company's Executive Committee or senior management member to delegate power and proceed accordingly.

3. Protection of the Rights of the Whistle Blower or the Complainant

Measures for providing protection to whistle blowers or complainant are as follows:

1. The company shall keep relevant information confidential, and it shall be revealed only as necessary. The company places importance on safety of and possible damage to whistle blowers or complainants, information source or related persons;
2. The company shall never disclose any information on the whereabouts or identity of the complainant. The access to the information shall be limited only to those responsible for investigating the complaint;
3. The company shall provide protection to the whistle blowers and shall not tolerate any intimidation against the whistle blower or the complainant including those who cooperate or assist in an investigation with good faith;
4. The company shall never conduct any unfair action to the whistle blower or the complainant whether by altering position, suspending job, intimidating, dismissing, or performing any other act that is unfair to whistle blower or complainant or those who cooperate or provide assistance to the investigation;
5. In case where the whistle blower or the complainant believes that they may be unsafe or may be subject to any kind of damage, the whistle blower or the complainant may request the company to specify appropriate protection measures or the company may specify protection measures without any request from the whistle blowers or complainants if the company foresees that the matter is likely to bring about damage.
6. Those who suffer from damage shall be alleviated with appropriate and fair procedures.
7. It is the responsibility of the persons involved in the investigation process to keep confidential all information including all relevant evidence relevant to the complaint. Such information shall not be disclosed to unrelated parties unless it is disclosed as necessary to the operation or to comply with the provision of the law.

4. Review of the Whistle Blowing Policy

The company shall arrange for the responsible department to carry out a review and update of the whistle blowing policy as appropriate at least once a year.

— - 9.7 Remuneration of Auditors

In 2019, the Company paid the audit fee of 2,500,000 Baht, which consisted of the audit fee of CPW 1,980,000 baht and the audit fee of the subsidiary (KOAN) 520,000 baht, to KPMG Phoomchai Audit Ltd.

Non-Audit Fee

In 2019, the Company paid the other service fees of 170,000 Baht for stock destroyed observation and an operation for listing on the stock exchange.

The Company has appointed, the external auditors (Certified Public Accountants) from KPMG Phoomchai Audit Ltd, which are reliable and has been approved by the Securities and Exchange Commission as follows;

- | | |
|------------------------------|--------------------------------------|
| 1. Mr. Watchara Pattarapitak | Auditor Registration No. 6669 And/Or |
| 2. Mr. Thanit Osathalert | Auditor Registration No. 5155 And/Or |
| 3. Miss Pornthip Rimdusit | Auditor Registration No. 5565 |

In addition, KPMG and business related to the auditor have not been in any way related to the Company.

- 10.1 Overview Policy

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 the 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 eight aspects as follows;

1. Equitable treatment to employees
2. Anti-corruption
3. Respect for human rights
4. Fair labor practices
5. Responsibility to consumers
6. Environment caring
7. Community and social development
8. The innovation and dissemination of innovation from operations that are responsible to society, environment, and stakeholders

- 10.2 Operations and Report Preparation

With awareness of social responsibility, the company has set policies regarding corporate social responsibility in various areas as follows;

10.2.1 Equitable treatment to employees

The company is committed to conducting business with honesty and operating business to the social, including legal, ethical and strive to do well good all society and the environment. The company is conducting business with a standardized and well-controlled operating system. By using the knowledge and the abilities with sufficient information and evidence, as well as strictly complying with relevant laws and regulations Including fair treatment to business partners without claiming or receiving any benefits that unjustified by customers and do not disclose customer information that would generally be reserved unless it is disclosed in accordance with legal duties.

10.2.2 Anti-corruption

The Company has instituted a policy to operate its business in accordance with applicable laws and society's interest. The Company does promote not only 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 the cultivation of consciousness, values and attitudes towards corruption at all levels. To achieve the preceding, the Company has implemented a system to checks and balances the effectiveness of the internal control system. It is to emphasize 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.

10.2.3 Respect for human rights

The company recognizes to respect everyone, who is the foundation of management and human resource development, including building human relations with society

Therefore, the company has guidelines to promote and encourage the implementation of basic human rights principles and equality. Regardless of race, color, gender, language, religion, political beliefs, other ethnic, social background, property, birth, or status. In addition, the company has guidelines to encourage and allow employees to express their views or complaints about the violation of individual rights.

10.2.4 Fair labor practices

The Company recognizes that employees are the most valuable asset and the key to the 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 preceding, the Company emphasizes 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, according 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 training programs, seminars, and domestic and international business trips. The Company is further committed to continuously enhancing the competencies of employees at all levels to conform to the manufacturer standard. In particular, the Company requires all engineers to undergo training and engage in the examination regularly.
3. Employment, job performance, and career advancement: The Company implemented a self-explanatory, 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 certified according 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, In addition, the Company provides employees with an overview of the Company's operating performance on a semi-annual basis to in order to promote employee participation and empower them to freely express their opinions and suggestions on business growth strategies.

10.2.5 Responsibility to consumers

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, to improve business performance, the Company actively listens to customer feedback and suggestions. Likewise, external channels are available for individuals to contact the Management directly through the Company's website, www.copperwired.co.th.

10.2.6 Environment caring

The company seriously realizes in the importance of the environmental protection. Therefore, the company has set an environmental policy to be a guideline for business operation with prudence and carefulness to prevent it from affecting the environment in nearby communities or causing the least impact.

10.2.7 Community and social development

The company has guidelines to control to comply with relevant laws and regulations and the social response, including cooperation, assistance and volunteering that are beneficial to the community and society to promote economic strength, as well as the restoration of society and culture.

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 of or causing damage to society. In that regard, the Company has stipulated a social responsibility policy to serve as a 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.
2. To support social development, the company provides opportunities for students to come to learn and gain experience from real work internships to develop the potential of the youth and help improve society and country in the future.
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, www.copperwired.co.th.
4. To implement continuous social activities as follows: Library project for students to be encouraged to enhance the knowledge regularly and transfer the knowledge and expertise by using modern educational equipment. In addition, the company may proceed directly with the school and provided support through various appropriate charities.
5. To donate to various foundations, such as the International Movement for the Disability Association.

10.2.8 The innovation and dissemination of innovation from operations that are responsible to society, environment, and stakeholders

The company support the organization's operational innovation at the level of cooperation between organizations to improving the management and bring maximum benefits to society. In addition, the awareness of the relationship between the organization and the community to be trustworthy by communicating and disseminating directly and indirectly through various communication channels to ensure that the company information has access to the company's stakeholders thoroughly.

10.3 CPW's CSR

The company is committed to creating responsible to society, communities and the environment which in parallel with business operations, therefore the company has established guidelines for organizing activities for the benefit of society continuously as the following example;

The Fairytale Library Project

The Fairytale Library Project is one of the social service activities of our company and the stakeholders. We aim to encourage Thai kids to love reading and use their leisure time more productive by establishing libraries containing both academic and fairy tale books. We also provided many kinds of Thai and English books and skill toys to selected education institutes. Additionally, libraries in our project always supported by volunteers from our company's staff.



*The Fairytale Library Project 10
Nongpru School, Nakhon Ratchasima Province
(21 May 2017)*



*The Fairytale Library Project 11
BanBangkong School, Saraburi Province
(20 May 2018)*



*The Fairytale Library Project 12
Banthum (Thumprachanukroh) School, Khonkaen Province
(26 October 2019)*

Aside from building libraries, the company also regularly distribute children's snacks for children from schools that in the Fairytale Library Project.



*Nongpru School, Nakhon Ratchasima Province
(26 December 2017)*



*BanBangkong School, Saraburi Province
(26 December 2017)*



*Chumchonwatyaiphohak School, Ratchaburi Province
(28 December 2017)*



*Nongpru School, Nakhon Ratchasima Province
(21 May 2017)*

10.4 Anti-corruption Policy

"Anti-Corruption or Corruption Policy" has been approved by the Board of Directors No. 7/2018 on 7 November 2018 as a guideline for business operations and developing into a sustainable organization by directors, executives, and all employees of the company.

The Company calls for regular monitoring of compliance with the anti-corruption policy, along with a periodic review of the operating guidelines and procedures to ensure consistency with changes in the business nature, rules, regulations, and legal provisions. The instructions for compliance with the preceeding policy are as follows;

Definition

Corruption means the illegitimate use of acquired power or assets for personal gain or in such a manner that harm other's interests. Corruption can occur in multiple forms, such as bribery through soliciting, offering, giving, or accepting bribes monetarily or materially; 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 an influential 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 following international standards.
3. The managing directors and executives undertake their duties and responsibilities to establish an effective system and ensure that employees and related parties are aware of the anti-corruption policy. Assuring 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, the scope of authority, laws and regulatory requirements. It is 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 are 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.
5. The Company has prescribed guidelines on the acceptance and giving of gifts, assets, or other benefits, intending to prevent fraud or unfair business practices. To ensure that the procurement process is efficient and appropriate, the Company places importance on abstention from the acceptance of gifts and anything of value from persons in relation to the Company's business affairs or any third parties. The Company prohibits its employees from accepting hospitality from persons concerning the Company's business affairs or any third parties who may gain an advantage from the performance of duties of the Company's employees.
6. The Company disseminates anti-corruption knowledge to directors, executives, and employees 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. The company also specifies details and status of offenses and corresponding punitive measures.
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, to safeguard whistleblowers or witnesses against retaliation.

11.1 Opinions of Board of Directors Regarding The Company's Internal Control System

In the board meeting No. 1/2020 on 21 February 2020, the board of directors attended the meeting including (1) 4 independent directors and 3 of which is the company's audit committee and (2) 3 company's directors. In such meeting, the board of directors asked the management about adequacy of the company's internal control system for 5 components according to the concept of The Committee of Sponsoring Organizations of Treadway Commission ("COSO"). For management of internal control system of the company, the internal control consists of 5 components as follows

1. Control Environment

The board of directors comprises executives with highly experienced directors and independent directors. They are expert and independent in duty performance, such as having no business relationship with the company, having no other relationships that may influence discretion and independent duty performance. The Company determines the roles and duties of the board of directors separately from the management, The board of directors has obligations to supervise the company to define roles and responsibilities of the committees and executives following laws and charter. It covers essential functions of the audit committee, auditor, internal auditor, and financial report undertakers.

The company provides the structure of reporting, authority for commanding, and suitable responsibility that reflect effective internal control. Duties are divided, line of authorization (LOA), and job description of the executives and employees are appropriately provided. The internal audit sector is under the direct supervision of the audit committee, and the results will be directly reported to the audit committee.

In addition, the Company provides a code of conduct for executives and employees, including prohibitions for employees and executives to behave in a way that may cause conflicts of interest. It includes communicating requirement and penalties to every executive and employee provided that the internal auditor which whom is an independent auditor will monitor and assess the code of conduct and provide self-assessment for executives and employees along with processes to detect violation in a timely manner as well as resolve actions contrary to the code of conduct at any time.

2. Risk Assessment

The board meeting No. 6/2018 on 10 August 2018 had the resolution to appoint the risk management sub-committee, including eight persons: an independent director being the sub-committee chairman and seven department directors. It also resolved to approve the charter of the risk management sub-committee. The risk management sub-committee has duties to analyze and assess risks, provide a risk management plan, and provide a risk management measure.

The risk management sub-committee identifies important risks to cover enterprise risk by categorizing risks into 13 groups including Vendor Risk, Competition Risk, Inventory Risk, Logistics Risk, Financial Risk, Credit Risk, Foreign Exchange Risk, Human Resource Risk, IT Systems Risk, Business Disruption Risk, Compliance Risk, Fraud Risk, and risk of confidential disclosure. By assessing the risk, the sub-committee considers from probability and impacts of the risks discussed from the effects on profits before tax or credit loss. Risks can be divided as three levels (low, moderate, and high), and the board of directors arranges a meeting of the risk management sub-committee twice a year to analyze and determine measures to minimize risks that may cause damages to the company's business operation.

3. Control Activities

The Company has an effective and safe general control system suitable for the business and enterprise's size. The company provides work instruction that reflects procedures, workflow, and internal control systems that are sufficient and proper to each work system. It defines scopes of duties, authorities, and approvable amount of executives at each level in writing. The company's secretary will collect data about major shareholders, directors, executives, relevant persons in favor of verifying of transactions, and updating data. In any case or any future transactions, the company has the policy for transactions with relevant persons or enterprises. It determines the principles, methods, and procedures of approval to monitor whether the operations are in accordance with the agreed conditions. There will be reporting to the audit committee and board of directors on a quarterly basis.

The Company divides duties that may lead to frauds separately, monitors operation of the subsidiaries for all actions to achieve the specified goals, and prescribes policy for controlling and supervising the subsidiaries/ joint ventures for the subsidiaries' directors and executives to comply.

4. Information and Communication

The company organizes for the board of directors to have adequate crucial information to support any decision making. The company's secretary will deliver a meeting invitation together with supporting documents to the directors in advance before meeting and record the board meeting's minutes with details as in the conference and inquiries and opinions of each director. Furthermore, the company stores important documents completely by sections and resolve defects as notified by the auditor or internal auditor as the management considers approval for correction.

The Company has a communication process in the organization and with stakeholders effectively by assigning the company's secretary to be the data center of the organization and coordinate with the board, executives, and other relevant persons in arranging the board meeting. There will be reporting of essential data to the board of directors regularly and joint responsibility with investor relation officers to communicate information with external stakeholders. It includes accepting complaints by providing a communication process with the external stakeholders effectively. Furthermore, the company provides channels to receive complaints and lead information about fraud or corruption that the complaints will be delivered to the audit committee chairman by post or e-mail.

5. Monitoring

The Company monitors compliance with the internal control system by hiring an independent outsourced auditor to monitor and assess internal control as well as compliance with the code of conduct and prohibitions that may cause conflicts of interest. It is contained in an internal audit plan, and the results are reported to the audit committee directly every quarter, the chief executive officer and audited sectors to consider improving and correcting defects detected from the monitoring as the auditor gives suggestions. The audited sectors must report progress in resolving errors as subject matters, as suggested by the auditor to the audit committee for consideration.

Moreover, in case of severe fraud event or law violation that may significantly affect the company, the company regulates that the management report to the board of directors immediately. The internal auditor obligated to report errors detected from the audit of subject matters and the solutions to the audit committee for consideration every quarter. Nevertheless, after assessment, the board of directors agrees that the company's internal control system is adequate and suitable according to the adequacy assessment form of the internal control system of the Securities and Exchange Commission. The company provides sufficient personnel to proceed with the system effectively and has an internal control system about monitoring and supervising operations of the company to protect the company's properties from the misuse or unauthorized use of the directors or executives. It includes transactions with persons that may have conflicts and relevant persons. For other topics of internal control, the board of directors agrees that the company also has sufficient internal control.

— - 11.2 Opinions of Audit Committee on Company's Internal Control System

To consider the adequacy assessment form of the company's internal control system with three directors from the company's audit committee attending the meeting, the audit committee had no different opinions from the board of directors' in any matter.

— - 11.3 Head of Company's Internal Audit Unit

The Company established the internal audit sector to be directly supervised by the audit committee to support the supervision of audit operations to be independent, effective, and efficient. The board meeting No. 1/2020 on 27 February 2020 had a resolution approving the appointment of Audit House Co., Ltd. to be the Company's internal auditor. Mr. Thana Wongsangnak being the head of company's internal audit sector because he has qualifications, education, and direct experience with proper training. Nevertheless, considering and approving appointment, discharge, or transfer of the company's internal auditor requires approval (or agreement) from the audit committee.

12

Related Parties Transactions

- 12.1 Related transactions with persons who may have conflicts of interest

The company have persons and companies who may have conflicts of interest for the fiscal year end of December 31, 2019 as follows :

| Persons/companies who may have conflicts of interest | Relationship |
|--|---|
| 1. VNET Capital Co.,Ltd | <ul style="list-style-type: none"> • Major shareholder of CPW Shareholding 69.98% • Co-directors with CPW (Mr.Narong Intanate/Mr. Sopon Punyaratabandhu) • Executive director (Mr. Sopon Punyaratabandhu) • Director and shareholder; shareholding 92.80% (Mr.Narong Intanate) |
| 2. Vintcom Technology Public Company Limited | <ul style="list-style-type: none"> • Co-directors with CPW (Mr.Narong Intanate/ Mr. Sopon Punyaratabandhu and Mr.Punn Kasemsup) |
| 3. Food Processing Co., Ltd | <ul style="list-style-type: none"> • Co-directors with CPW (Mr.Wichar Theeravuthi resigned January 2018) |
| 4. NTN Solutions Co.,Ltd. | <ul style="list-style-type: none"> • Major shareholder of CPW (VNET) shareholding 79.68% |
| 5. vHealth threesixty Co., Ltd. | <ul style="list-style-type: none"> • Co-directors with CPW (Mr.Narong Intanate/Mr. Sopon Punyaratabandhu) and son of CPW's director (Mr.Narong Intanate) is director |
| 6. VST ECS (Thailand) Co., Ltd. | <ul style="list-style-type: none"> • There is a director of CPW as the executive (Mr. Kongkiat Wang Weerarnit) |
| 7. Frasers Property Industrial REIT Management (Thailand) Co., Ltd. (Former: TICON Management Co., Ltd.) | <ul style="list-style-type: none"> • Co-director with CPW (Mr. Sopon Punyaratabandhu) |
| 8.Munja Co.,Ltd. | <ul style="list-style-type: none"> • There is a joint director with CPW (Mr. Sopon Punyaratabandhu) and there is a spouse of the executive of CPW (Miss Sureeporn Inthanate) as a director |
| 9. I-Secure Co., Ltd. | <ul style="list-style-type: none"> • There are joint directors with CPW (Mr. Narong Intanate / Mr. Sopon Punyaratabandhu) |
| 10. WTC Logistics Co., Ltd | <ul style="list-style-type: none"> • Major shareholder of CPW (VNET) shareholding through Logistplus Co.,Ltd. 99.99% |
| 11. Logistplus Co., Ltd. | <ul style="list-style-type: none"> • Major shareholder of CPW (VNET) shareholding 80% |
| 12. Chia Tai Co., Ltd. | <ul style="list-style-type: none"> • There is a director of CPW as the executive (Mr. Manas Chearavanont) |
| 13. vServePlus Co., Ltd. | <ul style="list-style-type: none"> • Major share holder of CPW (VNET) shareholding and control (Vintcom) by 73% and Vintcon shareholding and control (Vserve) by 51 % • Co-director is Chairman (Mr.Narong Intanate) |
| 14. Graphgent Co.,Ltd. | <ul style="list-style-type: none"> • There is an executive of CPW (Mr.Rattanakorn Rojvatcharapibal) being the major shareholder holding shares in the proportion of 20.00 % |
| 15. Mr.Narong Intanate | <ul style="list-style-type: none"> • Chairman of the Board of Director / Executive Chairman / Member of the Nomination and Remuneration Committee |
| 16. Mr.Sopon Punyaratabandhu | <ul style="list-style-type: none"> • Director / Executive Committee of CPW • Director (Koan) |
| 17. Mr.Paramate Rienjaroensuk | <ul style="list-style-type: none"> • Director/Executive Committee / Chief Executive Officers / Product Director (Acting) • Major shareholder; shareholding 15.39% • Director/Chief Executive Officers / Product Director of KOAN |

| Persons/companies who may have conflicts of interest | Relationship |
|--|---|
| 18. Mrs.Supaporn Rienjaroensuk | • Mother of Mr.Paramate Rienjaroensuk |
| 19. Mr.Wichar Theeravuthi | • Director of CPW (Resigned January 2018) |
| 20. Prof.Dr. Pornchai Chunhachinda | • Independent Director / Chairman of Audit Committee |
| 21. Mr.Punn Kasemsup | • Independent Director / Member of the Nomination and Remuneration Committee of CPW |
| 22. Mr.Manus Chiaravonond | • Independent director / Audit Committee / Chairman of the Nomination and Remuneration Committee of CPW |
| 23. Mr. Kongkiet Wangveeramit | • Independent Director/ Audit Committee |

12.2 Related transactions with persons who may have conflicts of interest

The related party transactions of the Company including the subsidiaries and the juristic person that might be in conflict as at 31 December, 2018 and as at 31 December, 2019 can be concluded as follows :

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|-----------------------------------|------------------|--|--|-----------------------|---|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| 1.VNET Capital Co., Ltd. ("VNET") | CPW (Borrower) | Short term loan • Beginning balance • Increased (45,000,000) • Decreased • Ending balance • Interest expense | - 45,000,000 (45,000,000) - 34,384 | - - - - - | Short term loan In 2018, the Company borrowed money from VNET in the amount of 45.00 million baht with the interest rate of 2.0 – 2.25 percent per year. The Company has already repaid full amount as said on 22 March, 2018 at the end of the Year of 2018 and 2019, the Company had no remaining short-term loan with VNET. Such loan which is used as working capital within the company has the interest rate of lower than the interest rate from the commercial bank that the company received, therefore, the company chose to borrow from VNET. | The Audit Committed had already considered and deemed that the short-term loan in 2018 as mentioned was reasonable and the loan was provided in order to manage liquidity of the Company which was deemed beneficial for the Company. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|------|---------------------|--|---|-----------------------|---|--|
| | | | 31 December 2018 | 31 December 2019 | | |
| | | | | | Currently, the Company is listed on the stock market. Therefore, the company does not need to enter into a loan transaction with VNET any longer since the company received sufficient short-term loan from a commercial bank already. | |
| | CPW (Lender) | <ul style="list-style-type: none"> Beginning balance Increased Decreased Ending balance Interest income | - 25,000,000 (25,000,000) - 111,369 | - - - - - | <p>The Short-term loan between the Company and VNET— Since VNET has to use working capital; this promissory note is subject to interest and is repayable upon demand. The company, therefore provides the said loan because the company has sufficient liquidity and the interest rate received is higher than the saving rate from commercial banks.</p> <p>During the year 2018 the company provided loan to VNET in the amount of 25.00 million baht at an interest rate of 1.75 – 2.25 percent per annum based on the average interest rate on deposits from general commercial banks plus a margin of 0.5; the VNET has paid the full amount on 19 October 2018; and as at 31 December, 2018 and at the end of 31 December, 2018 the Company had no outstanding balance on the loan between each other. Presently, the Company will not conduct this kind of transaction any longer.</p> | The Audit Committee had already considered and deemed that the short-term loan in 2018 as mentioned was reasonable and the loan was provided to manage the liquidity of the Company which was deemed beneficial for the Company. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|------|-------------------------------|--|---------------------------|---------------------|--|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| | CPW | • Guarantee fee | 2,335,000 | 1,701,147 | <p>Currently, the company has a loan agreement, guarantee agreement, and credit facilities agreement with three financial institutions, and some financial institutions have nominated the VNET as the guarantor for the credit amount. The Company paid fees for such services to VNET under the guarantee service agreement entered on 4 January 2011, with the personal guarantee a fee of 1.0 % per annum of the amount of the guarantee, which is a similar rate to the guarantees from the general commercial banks.</p> <p>For the Year 2018 ended at 31 December, 2018, the Company has the credit facility loan from the financial institutions in the amount of 233,500.000 baht, which is guaranteed by VNET; however, currently, (at 31 December, 2019) , the Company's guarantee has already been released from all three financial institutions.</p> | <p>Since the Company needed the working capital to be used in the business operation, therefore, such transaction was made as necessary. Such guaranteeing fee was under the conditions of the guarantee service agreement entered between the Company and VNET, and the guaranteeing the fee rate is comparable with the general rate of commercial banks.</p> |
| | CPW (Service recipient) | Others expense • Consulting fee • Internet connection fee • Office facility services fee | 300,000 156,000 200 | - 156,000 - | <p>On 3 January 2017, the company agree to the additional service agreement with VNET under the following terms:</p> <p>1. Business development advisor service and financial services in the amount of 25,000 baht per month.</p> <p>2. Data center/network system, full call center service with full teleservice operators in the amount of 13,000 baht per month</p> | <p>The Audit Committee had already considered and deemed that such service provision transaction was reasonable; it was to provide beneficial service to the Company. The service cost is at the standard rate under the comparable market price.</p> |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|------|---------------------|-------------|-----------------------|---------------------|---|------------------------------|
| | | | 31 December 2018 | 31 December 2019 | | |
| | | | | | <p>3. The use of office facilities such as meeting room space, office operating machines, and other service fees under yearly contract as follows:</p> <ul style="list-style-type: none"> - Business development consulting services and financial services of 25,000 baht per month. The payment is payable to the legal advice to VNET. - Data center/network system, full call center service with full teleservice operators of 13,000 baht per month. Outsourcing the listed service is required for the company. Therefore VNET was engaged in providing the assistance needed, and the cost of the service is proportional to other service providers. - The use of the facilities: Oftenly the number of meeting rooms of the company was not sufficient, therefore, the company agrees to take on the service agreement at a similar fee as other service providers. <p>On 3 January 2019, the company renewed the service agreement with VNET by terminating the consulting fee related to the provision of service in providing the service on financial advice and business development advice. Other expenses shall be as according to the contract mutually agreed in the previous year.</p> | |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|---|------------------|---|-----------------------|------------------|---|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| | KOAN | Other expense • Internet connection fee • Account Payable-other | 84,000 - | 84,000 - | Other expense On 2 May 2017, KOAN agrees to the service agreement with VNET to provide the network service at the rate of 7,000 baht per month. This service includes the network system and call center service, where the cost is a comparable rate with other service providers. | The Audit Committee had already considered and deemed that such service provision transaction was reasonable; it was to provide beneficial service to Koan. The service cost is at the standard rate under the comparable market price. |
| | CPW | • Revenue from sales of goods | - | 36,262 | Revenue from sales of goods In 2019, the Company sold iPhone and iPad to VNET; the selling price is the standard rate which is comparable with the selling to other persons or other companies. | Such products sale transaction is the normal trading transaction of the Company. When considering the product selling price of the Company that was collected from VNET, it could be seen that such selling price was comparable with the selling price collected by the Company from third party related to the same type of the products. Therefore, it can be deemed that such transaction was reasonable. |
| | CPW | • Other incomes | 2,336 | - | Revenue from selling assets On 10 May 2018, after the closure of Rama 3 .life shop, the Company sold an asset, the safe deposit box, at a suitable price to VNET. | The listed product selling price was comparable with the selling price collected by the Company from a third party. Therefore, it can be deemed that such a transaction is reasonable. |
| 2. Vintcom Technology Public Company Limited ("VCOM") | CPW | • Revenue from sales of goods | 12,056 | 36,553 | Revenue from sales of goods For the Year 2018 and 2019, the Company sold electronics devices at the market price; the selling price is the normal rate price which is comparable to selling to other persons or other companies. | Such products sale transaction made with VCOM is the normal trading transaction of the Company. When considering the product selling price of the Company, it could be seen that such selling price was comparable with the selling price collected by the Company from third party related to the same type of the products. Therefore, it can be deemed that such transaction was reasonable. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|---------------------------------------|-------------------------------|--|---|--|---|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| 3. Food Processing Co., Ltd. | CPW (Tenant) | • Warehouse rental fee | 50,000 | - | <p>Warehouse space rental :</p> <p>Since it is necessary for the Company to use the space to store documents, the Company rented the space from the Food Processing Company Limited, owned by Mr. Wicha Thirawut as the director and shareholder. The total rented space is 548 square meters. The rental rate is 50,000 baht per month, or equivalent to 87.41 baht/square meter/per month, which is rated lower than in the nearby areas. After Mr. Wicha Thirawut resigned from the position of director of the Company in January 2018, space rental fee is not classified as the related party transaction between the Company and the person to whom there might be a conflict for the year 2019.</p> | The warehouse renting transaction is considered a standard transaction with conditions and service charges under the rate specified in the Agreement. Therefore, it deemed that the service rate is lower than what is offered in nearby areas. |
| 4. NTN Solutions Co., Ltd. ("NTN") | CPW (Service recipient) | <p>IT system outsource service fee</p> <ul style="list-style-type: none"> • Network consulting fees • Program maintenance fees • Other payable | <p>1,080,000</p> <p>310,735</p> <p>19,795</p> | <p>1,080,000</p> <p>364,060</p> <p>139,100</p> | <p>IT System Outsourcing Service Charge</p> <p>The Company agree to take on the service agreement with NTN for IT management on data/network system, computer system administration, data/network safety monitoring, and document preparation. The service cost is 90,000 baht per month. Furthermore, the Company took on the maintenance service agreement for an enterprise solution name NIMBUS. This system includes POINT OF SALE module, Membership module, integrate to Third Party, and database management. The service charge rate is calculated by each time when the service provided as mutually agreed.</p> <p>The Company compared the price and the proposal from other service providers, and in the result that the service charge rate offered by NTN is lowest with the best terms.</p> | The Audit Committee deemed that it is suitable and necessary for NTN to manage and administer the company information system. The company has been using NIMBUS for an extended period, and it is proven that the system benefits the business the company by increasing the growth rate, and all the operation process flows smoothly. Service charge collected by NTN from the Koan is the standard rate that is comparable with the service charge proposed by other advisers or other companies |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|------|-----------------------------|--|-----------------------|-----------------------|--|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| | KOAN (Service recipient) | IT system outsource service fee <ul style="list-style-type: none"> • Program maintenance fees • Other payable | 286,250 6,955 | 773,750 69,550 | IT System Outsourcing Service Charge KOAN agrees to take on the NIMBUS system's service agreement, which includes the POINT OF SALE module, integrating with the Apple and Magento systems, including Database management. The service charge rate is as agreed on each time the service is provided. An outsourcing service charge of the IT system is similar to the rate collected by NTN from other customers. | The Audit Committee deemed that the IT system outsourcing service transaction between KOAN and NTN is reasonable. This service benefits KOAN's business growth and allows the operation process to flows smoothly. Service charge collected by NTN from the Koan is the standard rate that is comparable with the service charge proposed by other advisers or other companies. |
| | CPW (Buyer) | <ul style="list-style-type: none"> • Purchased Fixed assets • Other payable | 4,658,190 - | - - | Purchasing fixed assets In 2018, the Company purchased the Server-computer hardware from NTN to operate in the business operation; the selling price is comparable with that of products from other third parties or other companies | The purchase of computer hardware of the Company in 2018 is essential. The terms and conditions of the selling price are comparable to the rate from the third party; therefore, it is deemed that the purchasing transaction of computer equipment from NTN is reasonable and is necessary. |
| | CPW (Buyer) | <ul style="list-style-type: none"> • Programming services fee • Other payable | 416,800 - | 920,320 49,434 | Service charge for programming for specific operations The Company used NTN solution for specific operations; the service charge for the programming service is comparable with that of other third parties or other companies. | The Audit Committee deemed that such programming service charge is reasonable and benefits the Company; the service charge rate is the standard market rate comparable to the service charge from other persons or other companies. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|------|-------------------------|---|-----------------------|------------------|---|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| | KOAN (Buyer) | <ul style="list-style-type: none"> • Purchased Fixed assets • Other payable | 3,350,300 407,456 | 347,250 7,490 | Purchasing fixed asset KOAN purchased two types of software solutions to develop workflow as follows: <ol style="list-style-type: none"> 1. E-Commerce platform in the amount of 183,000 baht 2. Integration solution for Apple 3PP Program (Infosec) in the amount of 2,265,000 baht, for Phase I, II which includes ERP/POS work and other development service charges as mutually agreed. However, the cost is comparable with that of other third parties or other companies. | The transaction of the software purchase is essential. It is to integrate both systems seamlessly for the Apple store retail and Apple online. The cost of the software system is comparable to the rate purchased by the Company from other third parties; therefore, considered purchasing software from NTN is reasonable. |
| | CPW (Service recipient) | <ul style="list-style-type: none"> • Software service fee • Prepaid expense | 58,830 77,912 | 120,435 9,777 | Software service fee The Company purchases SolarWinds Server & Application Monitor AL150 and SolarWinds Network Performance Monitor SL100 software to manage and monitor the network system and the server. The application needs to managed to develop a working system to connect with the Company's solution. The service charge for such software management is comparable with that of other third parties or other companies. | The Audit Committee deemed that the transaction of the software management service purchased is necessary so that the system could run continuously and efficiently. The service charge is comparable to the market rate; therefore, it is considered that such a transaction is reasonable and beneficial to the Company. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|------------------------------------|---------------------|----------------------------------|-----------------------|---------------------|--|--|
| | | | 31 December 2018 | 31 December 2019 | | |
| 5. vHealth threesixty Co., Ltd. | CPW (Seller) | • Revenue from sales of goods | 25,841 | 42,897 | In 2018 and 2019, the Company sold electronics devices to the V Health Three Sixty Company Limited. The selling price consider at the standard rate which is comparable with that of other third parties or other companies. | Such products sale transaction is the standard trading transaction of the Company. When considering the selling price from V Health Three Sixty Company Limited, the selling price was comparable with the selling price collected by the Company from a third party related to the same type of products. Therefore, it can be deemed that such a transaction was reasonable. |
| | CPW (Seller) | • Other incomes | - | 13,500 | Other incomes The Company collected a service charge for organizing an event to the V Health Three Sixty Company Limited. The collecting price is the same as the cost company paid. The rented area of 60.48 square meters has a rental rate of 1,736 baht per square meter for the three days of the event. Some part is allocated to the V Health to rent 7.73 square meters, with the rental equivalent to the rental rate of the Company. | The Audit Committee has already considered and deemed that such collection of payment with the V Health Three Sixty Company Limited is reasonable since it is the price collected by the Company in the same price with the actual amount paid by the Company. |
| | KOAN (Seller) | • Revenue from sales of goods | 21,690 | 61,566 | Revenue from sales of goods In 2018 and 2019, KOAN sold electronics devices to the V Health Three Sixty Company Limited. The selling price is at a reasonable rate comparable with that of other third parties or other companies. | The sale transaction is the normal trading transaction of KOAN. The selling price is comparable with the selling price from KOAN and a third party related to the same products. Therefore, it can be deemed that the transaction was reasonable. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|---------------------------------|------------------|--|-----------------------|------------------|--|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| 6. VST ECS (Thailand) Co., Ltd. | CPW (Seller) | <ul style="list-style-type: none"> Revenue from sales of goods Accounts Receivable | 3,121,421 151,600 | - - | Revenue from sales of goods The Company sold products to VST ECS (Thailand) Company Limited to be used in the organization in 2018, at the same price and normal trading conditions as those dealt by the Company with other general customers. | Such products sale transaction is the normal trading transaction of the Company. When considering the product selling price of the Company that is collected, it could be seen that such selling price was comparable with the selling price collected by the Company from third party related to the same type of the products. Therefore, it can be deemed that such transaction was reasonable. |
| | CPW (Seller) | <ul style="list-style-type: none"> Other incomes | 27,628 | - | Other incomes Compensation in the form of the refund to the damaged goods, with the same price or similar price as the price the Company purchased this product from the VST ECS (Thailand) Company Limited | When considering such compensation for goods collected by the Company from VST ECS (Thailand) Company Limited, it can be seen that the price is reasonable. |
| | CPW (Buyer) | <ul style="list-style-type: none"> Costs of sales of goods Trade accounts payable | 17,130,142 - | 19,873,932 - | Costs of sales of goods The company purchased products from VST ECS (Thailand) Company Limited to resell in the company's stores. The price and conditions of trade are better than other suppliers, and some accessories needed in the market at that time. | Such transaction is normal trading transaction of the Company, on part of other accessories, the Company can order from VST ECS (Thailand) Company Limited in the price which is lower than that charged by other distributors, and some types of accessories are needed by the marketplace at that time that cannot be ordered from other distributors. Therefore, it is deemed that such transaction is reasonable and beneficial to the Company. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|------|---------------------|--|-------------------------|---------------------|--|--|
| | | | 31 December 2018 | 31 December 2019 | | |
| | CPW (Buyer) | <ul style="list-style-type: none"> • Software service fee • Prepaid expense • Account payable-Other | 268,018 106,940 - | 235,306 - - | Software service fee The Company purchase warranty and IT licenses office from the VST ECS (Thailand) Company Limited due to the convenience of work coordination, and the price and trading conditions are better than those of other distributors. | The purchase of Warranty and IT license office charge to be used in the office from the VST ECS (Thailand) Company Limited was under the normal trading conditions and with normal price, therefore, such transaction is deemed suitable and reasonable. |
| | CPW (Buyer) | <ul style="list-style-type: none"> • Purchased Fixed assets • Other payables | 150,640 22,866 | 105,658 - | Purchased Fixed assets The Company purchase warranty and IT licenses office from the VST ECS (Thailand) Company Limited due to the convenience of work coordination, and the price and trading conditions are better than those of other distributors. | The purchase of office appliances and computer equipment from the VST ECS (Thailand) Company Limited was under the normal trading conditions and with normal price, therefore, such transaction is deemed suitable and reasonable. |
| | KOAN (Buyer) | <ul style="list-style-type: none"> • Prepaid expense • Other payables | 67,704 - | - - | Software service fee KOAN ordered Software (O365 Business Open) on an annual basis from VST ECS (Thailand) Company Limited since the price and trading conditions are better than those of other distributors. | The purchase of Software (O365 Business Open) from the VST ECS (Thailand) Company Limited was under the normal trading conditions and with normal price, therefore, such transaction is deemed suitable and reasonable. |
| | KOAN (Buyer) | <ul style="list-style-type: none"> • Software service fee • Other payables | 16,616 - | 49,094 - | Software service fee KOAN purchased Anti-Virus software from the VST ECS (Thailand) Company Limited since this is convenient for the work coordination, and the price and trading conditions are better than those of other distributors. | The purchase of programs to be used in the office from the VST ECS (Thailand) Company Limited was under the normal trading conditions and with normal price, therefore, such transaction is deemed suitable and reasonable. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|--|---------------------|--|-----------------------|---------------------|---|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| | KOAN (Buyer) | <ul style="list-style-type: none"> • Purchased Fixed assets • Other payables | 33,700 - | 6,740 - | Purchased Fixed assets KOAN purchase office equipment and computer hardware from VST ECS (Thailand) Company at a comparable selling price with other distributors. | The purchase of office appliances and computer equipment from the VST ECS (Thailand) Company Limited was under the normal trading conditions and with normal price, therefore, such transaction is deemed suitable and reasonable. |
| 7. Frasers Property Industrial REIT Management (Thailand) Company Limited (Former: TICON Management Co., Ltd.) | CPW (Seller) | <ul style="list-style-type: none"> • Revenue from sales of goods | 51,570 | - | Revenue from sales of goods The Company sold electronics devices, communication equipment, and various accessories to the Ticon Management Company Limited at market price. The selling price is the normal rate comparable to the selling price to other persons or other companies. The sold products are of the same type of products as normally distributed in stores by the Company. | Such products sale transaction is the normal trading transaction of the Company. When considering the product selling price of the Company that was collected from Frasers Property Industrial REIT Management (Thailand) Company Limited, it could be seen that such selling price was comparable with the selling price collected by the Company from third party related to the same type of the products. Therefore, it can be deemed that such transaction was reasonable. |
| 8. Munja Co., Ltd. | CPW (Seller) | <ul style="list-style-type: none"> • Revenue from sales of goods | 7,944 | 4,830 | Revenue from sales of goods The Company sold electronics devices, communication equipment, and various accessories to the Manja Company Limited at market price. The selling price is the reasonable rate which is comparable to the selling price to other persons or other companies, and the sold products are of the same type of the products as normally distributed in stores by the Company | Such products sale transaction is the normal trading transaction of the Company. When considering the product selling price of the Company that was collected from Manja Company Limited, it could be seen that such selling price was comparable with the selling price collected by the Company from third party related to the same type of the products. Therefore, it can be deemed that such transaction was reasonable. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|------------------------------------|-------------------------|---|-----------------------|---------------------------------------|---|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| 9. I-Secure Co., Ltd. | CPW (Seller) | • Revenue from sales of goods | 8,776 | 39,159 | Revenue from sales of goods The Company sold electronics devices, communication equipment, and various accessories to the i-Secure Company Limited at market price; the selling price is the reasonable rate which is comparable to the selling price to other persons or other companies, and the sold products are of the same type of the products as normally distributed in stores by the Company | Such products sale transaction is the normal trading transaction of the Company. When considering the product selling price of the Company that was collected from i-Secure Company Limited, it could be seen that such selling price was comparable with the selling price collected by the Company from third party related to the same type of the products. Therefore, it can be deemed that such transaction was reasonable. |
| 10. WTC Logistics Co., Ltd ("WTC") | CPW (Service recipient) | • Rental Deposit • Storage rental fee • Other payables • Accrued expense | - | 66,240 881,029 72,540 72,750 | Storage rental fee On 4 July 2018, the Company signed on an agreement renting an area to used as a warehouse. The total area of 315 square meters from WTC Logistics Company Limited with a 3 - year agreement period from 1 April 2018 to 31 March 2021 at the rental rate of 66,240 baht per month or equivalent to 210 baht per square meter per month of rental. The rental fee for the warehouse is comparable to those from other third parties or other companies. The transaction is considered a related transaction of the Company in 2019 since VNET invested in the WTC Logistics Company Limited in January 2019. | The Audit Committee has already considered and deemed that the warehouse space rental between the Company and the WTC Logistics Company Limited is beneficial and supportive to the operation of the Company. The conditions and service charge rate are like the general market rate that is comparable to the service charge rate collected by third parties; therefore, it is deemed that such transaction is suitable and reasonable. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|------|--------------------------------|--|-----------------------|---------------------|---|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| | KOAN (Service recipient) | <ul style="list-style-type: none"> • Rental Deport • Storage rental fee • Other payables • Accrued expense | - | 58,500 | Storage rental fee Storage rental fee On 1 August 2016, KOAN signed on a rental agreement for a warehouse, with total area of 300 square meters from WTC Logistics Co., Ltd., for a 3 - year agreement period from 1 August 2016 to 31 July 2019 at the rental rate of 58,500 baht per month or equivalent to the rental rate of 195 Baht per square meter per month. The rental fee for the warehouse is comparable to those from other third parties or other companies. And on July 20, 2018, KOAN signed on an agreement to rent additional storage space, with the rental rate increased to be 66,240 baht per month, effective from 1 August 2018 to 31 July 2019 because KOAN needs extra storage space to hold the inventory for the Apple store for both storefronts and online. And on August 10 , 2019, KOAN renewed the agreement for the rental of storage areas, which took effect from 1 August 2019 to 31 July 2022 at the rental rate of 66,240 baht per month or equivalent to the rental rate of 220 baht per square meter per month. The said rental fee for the warehouse is comparable to that of others. Such transaction is considered as a related transaction of the company in 2019 because VNET invested in the WTC Logistics Company Limited in January 2019. | The Audit Committee has already considered and deemed that the warehouse space rental between KOAN and the WTC Logistics Company Limited is beneficial and supportive to the operation of KOAN. The conditions and service charge rate are like the general market rate that is comparable to the service charge rate collected by third parties; therefore, it is deemed that such transaction is suitable and reasonable. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|--|-----------------------------|---|-----------------------|------------------|---|--|
| | | | 31 December 2018 | 31 December 2019 | | |
| 11. Logistplus Co., Ltd. ("Logis Plus") | CPW (Service recipient) | <ul style="list-style-type: none"> • Warehouse management fee • Transportation fee • Other payables • Accrued expense | - | 600,000 | Warehouse management fee and transportation fee The Company has been using the service of warehouse management and transportation service from Logistplus Company Limited since 2010. The inventory management service started when the products are accepted and put into warehouses to when the products are taken out from the warehouse for delivery, including the management of products sold online. The inventory management service charge is 50,000 baht per month, and the other services were as agreed in the agreement. This transaction is considered as a related transaction of the company in 2019 because VNET invested in the WTC Logistics Company Limited in January 2019. | The Audit Committee has already considered and deemed that KOAN has used the service of the Logistplus Company Limited for a long period of time; the warehouse management and transportation service charge between the Company and the Logistplus Company Limited is beneficial and is supportive to the operation of KOAN. The service charge rate is the general market rate that is comparable to the service charge rate collected by third parties; therefore, it is deemed that such transaction is suitable and reasonable. |
| | | | - | 5,893,243 | | |
| | | | - | 675,987 | | |
| | | | - | 604,608 | | |
| | KOAN (Service recipient) | <ul style="list-style-type: none"> • Warehouse management fee • Transportation fee • Other payables • Accrued expense | - | 1,020,000 | Warehouse management fee and transportation fee KOAN signed on an agreement with Logistics Plus Company Limited to provide product management services starts when products are accepted and put into warehouses to when products are taken out from the warehouse for delivery, including managing products that sold online. The inventory management service charge is of 50,000 baht per month, along with the other services as agreed in the agreement. And on July 20, 2018, KOAN signed on an agreement to hire Logistics Plus Company Limited to manage the inventory additionally at the rate of 85,000 baht per month and | The Audit Committee has already considered and deemed that KOAN has used the service of the Logistplus Company Limited for a long period of time; the warehouse management and transportation service charge between the Company and the Logistplus Company Limited is beneficial and is supportive to the operation of KOAN. The service charge rate is the general market rate that is comparable to the service charge rate collected by third parties; therefore, it is deemed that such transaction is suitable and reasonable. |
| | | | - | 2,625,831 | | |
| | | | - | 412,374 | | |
| | | | - | 343,430 | | |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|------|---------------------|---|-----------------------|---------------------|---|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| | | | | | <p>other service fees as agreed in the contract. This agreement took effect from 1 August 2018 to 31 July 2019. KOAN needs to add additional service for the Apple retail store and online, mainly to add other dedicate staff to manage the inventory and attaching the specific barcode for Apple.</p> <p>And on 10 August 2019, KOAN renewed the agreement in inventory management, which had taken effect from 1 August 2019 to 31 July 2022 with a fee of 87,500 baht per month.</p> <p>This transaction is considered as a related transaction of the company in 2019 because VNET invested in the WTC Logistics Company Limited in January 2019.</p> | |
| | CPW (Seller) | <ul style="list-style-type: none"> • Revenue from sale of goods • Trade accounts receivable | - - | 36,522 | <p>Revenue from sale of goods</p> <p>The Company sold electronics devices, communication equipment, and various accessories to the Chia Tai Company Limited at market price. The selling price is the normal rate which is comparable to the selling price to other persons or other companies, and the sold products are of the same type of the products as normally distributed in stores by the Company.</p> | Such products sale transaction is the normal trading transaction of the Company. When considering the product selling price of the Company that was collected from Logistplus Company Limited, it could be seen that such selling price was comparable with the selling price collected by the Company from third party related to the same type of the products. Therefore, it can be deemed that such transaction was reasonable. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|--------------------------|------------------|---|-----------------------|------------------|---|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| 12. Chia Tai Co., Ltd. | CPW (Seller) | • Revenue from sale of goods | - | 16,065 | Revenue from sale of goods The Company sold electronics devices, communication equipment, and various accessories to the Chia Tai Company Limited at market price; the selling price is the normal rate which is comparable to the selling price to other persons or other companies, and the sold products are of the same type of the products as normally distributed in stores by the Company. | Such products sale transaction is the normal trading transaction of the Company. When considering the product selling price of the Company that was collected from Chia Tai Company Limited, it could be seen that such selling price was comparable with the selling price collected by the Company from third party related to the same type of the products. Therefore, it can be deemed that such transaction was reasonable. |
| 13. vServePlus Co., Ltd. | CPW (ผู้ขาย) | • Revenue from sale of goods • Trade accounts receivable | - - | 90,000 - | Revenue from sale of goods The Company sold electronics devices, communication equipment, and various accessories to the V-Serve Plus Company Limited at market price; the selling price is the normal rate which is comparable to the selling price to other persons or other companies, and the sold products are of the same type of the products as normally distributed in stores by the Company. | Such products sale transaction is the normal trading transaction of the Company. When considering the product selling price of the Company that was collected from V-Serve Plus Company Limited, it could be seen that such selling price was comparable with the selling price collected by the Company from third party related to the same type of the products. Therefore, it can be deemed that such transaction was reasonable. |
| 14. Graphgent Co., Ltd. | CPW (Seller) | • Revenue from sale of goods | - | 55,474 | Revenue from sale of goods The Company sold electronics devices, communication equipment, and various accessories to the Graphgent Company Limited at market price; the selling price is the normal rate which is comparable to the selling price to other persons or other companies, and the sold products are of the same type of the products as normally distributed in stores by the Company. | Such products sale transaction is the normal trading transaction of the Company. When considering the product selling price of the Company that was collected from Graphgent Company Limited, it could be seen that such selling price was comparable with the selling price collected by the Company from third party related to the same type of the products. Therefore, it can be deemed that such transaction was reasonable. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|----------------------------------|---------------------|---------------------------------|-----------------------|---------------------|---|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| 15. Mr.Narong Intanate | CPW (Seller) | • Revenue from sale of goods | - | 1,253 | Revenue from sale of goods Selling IT equipment, Communications equipment and various equipment to Mr.Narong Intanate at market price and the same price with third parties and products is normally sells in stores. | Such a transaction is normal business transactions of the company. Selling price of the company's products that are charged from Mr.Narong same as selling price with third parties for the same product type. |
| 16. Mr. Sopon Punyaratabandhu | CPW (Seller) | • Revenue from sale of goods | 103,720 | 165,575 | Revenue from sale of goods Selling IT equipment, Com- munications equipment and various equipment to Mr.Sopon Punyaratabandhu at market price and the same price with third parties and products is normally sells in stores. | Such a transaction is normal business transactions of the company. Selling price of the company's products that are charged from Mr.Sopon same as selling price with third parties for the same product type. |
| | CPW (Seller) | • Other income | - | 500 | Revenue from services In 2019, the Company had provided service of repairing vacuum cleaner (iRobot) to Mr. Sophon Punyaratabandhu at market price; the price collected is the normal price which is comparable to the collection from other third parties. | The service charge collected by the Company from Mr. Sophon is the normal trading transaction of the Company. When considering service charge collected from Mr. Sophon, it can be seen that such rate is comparable to service charge collected by the Company from third parties. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|-----------------------------------|-------------------------------|--|-----------------------|---------------------|---|--|
| | | | 31 December 2018 | 31 December 2019 | | |
| 17. Mr.Paramate Rienjaroensuk | CPW (Seller) | • Revenue from sale of goods | 220,539 | 150,846 | Revenue from sale of goods Selling IT equipment, Communications equipment and various equipment to Mr.Paramate Rienjaroensuk at market price and the same price with third parties and products is normally sold in stores. | Such a transaction is normal business transactions of the company. Selling price of the company's products that are charged from Mr.Paramate Rienjaroensuk as selling price with third parties for the same product type. |
| | KOAN (Seller) | • Revenue from sale of goods | 25,891 | - | Revenue from sale of goods Selling IT equipment, Communications equipment and various equipment to Mr.Paramate Rienjaroensuk at market price and the same price with third parties and products is normally sold in stores. | Such a transaction is normal business transactions of the company. Selling price of the company's products that are charged from Mr.Paramate Rienjaroensuk same as selling price with third parties for the same product type. |
| 18. Mrs.Supaporn Rienjaroensuk | CPW (Service recipient) | • Warehouse rental • Other payables | - - | 50,000 50,000 | Revenue from sale of goods On 12 November, 2019, the Company signed on the space renting agreement with Mrs. Supaporn Riencharoen- suk. The space is to store general materials and docu- ments. The total area of such space is 2,015 square meters, with the rental rate of 24.80 baht per square meter, with the 3-year agreement term starting from 1 December, 2019 to 31 December, 2022. The rental rate is lower than that charged in nearby areas. | The warehouse renting tran- saction is a normal transaction. The conditions and service charges are consistent with the specification of the agreement, which is the price lower than the rental collected nearby. It's deemed that the warehouse renting transaction with Mrs. Supaporn Riencha- roensuk is reasonable. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|---------------------------------------|---------------------|---------------------------------|-----------------------|---------------------|--|--|
| | | | 31 December 2018 | 31 December 2019 | | |
| 19. Mr.Wichar Theeravuthi | CPW (Seller) | • Revenue from sale of goods | 106,804 | - | Revenue from services Selling IT equipment, Communications equipment and various equipment to Mr.Wichar Theeravuthi at market price and the same price with third parties and products is normally sells in stores. | Such a transaction is normal business transactions of the company. Selling price of the company's products that are charged from Mr.Wichar Theeravuthi same as selling price with third parties for the same product type. |
| | | • Other income | 240,000 | - | Other income In January 2018, when Mr. Wichai resigned, the Company sold a vehicle (2007 Benz) provided to Mr. Wicha Thirawut for business use, for 93,457.94 baht along with the computer and computer equipment at the price of 146,542.06 baht. The selling price is the reasonable rate which is comparable to the selling price for other persons or other companies | In January 2018, when Mr. Wichai resigned, the Company sold a vehicle (2007 Benz) provided to Mr. Wicha Thirawut for business use, for 93,457.94 baht along with the computer and computer equipment at the price of 146,542.06 baht. The selling price is the reasonable rate which is comparable to the selling price for other persons or other companies |
| 20. Prof.Dr. Pornchai Chunhachinda | CPW (Seller) | • Revenue from sale of goods | 74,150 | 1,393 | Revenue from services Selling IT equipment, Communications equipment and various equipment to Prof.Dr. Pornchai Chunhachinda at market price and the same price with third parties and products is normally sells in stores. | Such a transaction is normal business transactions of the company. Selling price of the company's products that are charged from Prof.Dr. Pornchai Chunhachinda same as selling price with third parties for the same product type. |

| Name | CPW / Subsidiary | Transaction | Amount of transaction | | Necessity and suitability of related party transaction | Audit Committee's Opinion |
|----------------------------------|---------------------|---------------------------------|-----------------------|---------------------|--|---|
| | | | 31 December 2018 | 31 December 2019 | | |
| 21. Mr.Punn Kasemsup | CPW (Seller) | • Revenue from sale of goods | 106,851 | - | Revenue from sale of goods Selling IT equipment, Communications equipment and various equipment to Mr.Punn Kasemsup at market price and the same price with third parties and products is normally sells in stores. | Such a transaction is normal business transactions of the company. Selling price of the company's products that are charged from Mr.Punn Kasemsup same as selling price with third parties for the same product type. |
| 22. Mr.Manus Chiaravonond | CPW (Seller) | • Revenue from sale of goods | 119,399 | 90,944 | Revenue from sale of goods Selling IT equipment, Communications equipment and various equipment to Mr.Manus Chiaravonond at market price and the same price with third parties and products is normally sells in stores. | Such a transaction is normal business transactions of the company. Selling price of the company's products that are charged from Mr.Manus Chiaravonond same as selling price with third parties for the same product type. |
| 23. Mr. Kongkiet Wangveeramit | CPW (Seller) | • Revenue from sale of goods | - | 26,346 | Revenue from sale of goods Selling IT equipment, Communications equipment and various equipment to Mr. Kongkiet Wangveeramit at market price and the same price with third parties and products is normally sells in stores. | Such a transaction is normal business transactions of the company. Selling price of the company's products that are charged from Mr. Kongkiet Wangveeramit same as selling price with third parties for the same product type. |

12.3 Necessities and reasonableness of the connected transaction

All related party transactions for the fiscal year ending 31 December 2019 must be reviewed and opined by the Audit Committee. The Audit Committee will consider the necessity and reasonableness of the transaction with respect to the transaction's price, terms on an arm's length basis and the reasonableness and fairness of the transaction which has been approved by the Board of Directors.

12.4 Trends of related party transactions in the future

Any entry into connected transactions or related party transactions in the future between the Company or its Group companies and its related person/juristic person or person/ juristic person which may have a conflict of interest, will be determined under the rules and practice guidelines of the Company, and directors with vested interests will not be able to participate in the meeting to approve the transactions to make the decision conflict and increase the utmost benefit to all shareholders. Any transactions which the director or other person may have conflict of interest with the Company has been stipulated in the related party transactions, the Company will consider the transaction's price and terms of conditions by taking into consideration normal commercial terms applicable in the same industry, making a comparison with an independent third party's price and market price. In addition, the Company may also arrange for a qualified expert, such as an independent auditor or appraiser, to give an opinion on the transaction that the Audit Committee has no expertise. The opinion of such qualified expert will be provided to the Audit Committee and/or Board of Directors and/or shareholders of the Company, as the case may be.

The Board of Directors of the Company must ensure that the company operates in accordance with the policy and guidelines on the entry of connected transactions and related party transactions of the Company with related persons or juristic persons, or persons or juristic persons who may have a conflict of interest in the future with the Company, in compliance with the law governing securities and exchange and the relevant notifications, requirements, regulations, and rules prescribed by the Thai Securities and Exchange Commission (SEC), the Capital Market Supervisory Board, the SEC Office, and the Stock Exchange of Thailand (SET), the disclosure of the related party transactions and the acquisition or disposal of assets of the company and its subsidiary, including the accounting standards of the Federation of Accounting Professions. The Company will comply with the requirements in relation to the disclosure of the related party transactions in the Form 56-1 and the annual report (Form 56-2).

Moreover, the company will proceed the transaction with transparency and comply with the policy on related transactions of the company and in accordance with the requirements of the SEC, the Stock Exchange of Thailand, and other departments related.

13.1 Financial Statement and Audit Report

Summary audit report

The consolidated and separate financial statements for the year then ended 31 December 2017, 31 December 2018, and 31 December 2019 were audited by Mr. Watchara Pattarapitak, The Certified Public Accountant (Thailand) No 6669, from KPMG Phoomchai Audit Ltd. The auditor opinion that all material respects, the financial position of the Group and the Company, respectively, and their financial performance and cash flows were prepared and fair presented in accordance with Thai Financial Reporting Standards TFRS for PAEs and are free from material misstatement, whether due to fraud or error.

13.2 Financial Statement

Statement of Financial Position (Consolidated)

(Unit : Million Baht)

| Statement of financial position | 31 December 2017 | | 31 December 2018 | | 31 December 2019 | |
|---|------------------|---------------|------------------|---------------|------------------|---------------|
| | Amount | % | Amount | % | Amount | % |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 54.38 | 8.42 | 104.53 | 11.86 | 389.79 | 33.45 |
| Trade accounts receivable | 18.87 | 2.92 | 40.07 | 4.54 | 43.32 | 3.72 |
| Other receivables | 49.84 | 7.71 | 63.06 | 7.15 | 41.52 | 3.56 |
| Inventories | 354.62 | 54.89 | 462.87 | 52.51 | 475.87 | 40.83 |
| Other current assets | 3.03 | 0.47 | 7.66 | 0.87 | 8.47 | 0.73 |
| Total current assets | 480.74 | 74.41 | 678.19 | 76.93 | 958.97 | 82.29 |
| Non-current assets | | | | | | |
| Restricted deposits at financial institutions | 9.07 | 1.40 | 8.72 | 0.99 | 11.33 | 0.97 |
| Leasehold improvements and equipment | 72.07 | 11.16 | 97.46 | 11.06 | 91.86 | 7.88 |
| Intangible assets | 7.81 | 1.21 | 16.61 | 1.88 | 16.67 | 1.43 |
| Leasehold right | 15.64 | 2.42 | 14.44 | 1.64 | 13.24 | 1.14 |
| Deferred tax assets | 14.10 | 2.18 | 16.23 | 1.84 | 16.93 | 1.45 |
| Deposits | 46.63 | 7.22 | 49.86 | 5.66 | 56.35 | 4.84 |
| Total non-current assets | 165.32 | 25.59 | 203.32 | 23.07 | 206.38 | 17.71 |
| Total assets | 646.06 | 100.00 | 881.51 | 100.00 | 1,165.35 | 100.00 |

(Unit : Million Baht)

| Statement of financial position | 31 December 2017 | | 31 December 2018 | | 31 December 2019 | |
|--------------------------------------|------------------|--------------|------------------|--------------|------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| Liabilities and equity | | | | | | |
| Current liabilities | | | | | | |
| Trade accounts payable | 263.17 | 40.73 | 450.36 | 51.09 | 408.07 | 35.01 |
| Other payables | 39.51 | 6.12 | 44.85 | 5.09 | 52.05 | 4.47 |
| Income tax payable | 10.29 | 1.59 | 8.37 | 0.95 | 7.29 | 0.62 |
| Other current liabilities | 1.67 | 0.26 | 1.52 | 0.17 | 1.36 | 0.12 |
| Total current liabilities | 314.64 | 48.70 | 505.10 | 57.30 | 468.77 | 40.22 |
| Non-current liabilities | | | | | | |
| Provisions for employee benefits | 5.56 | 0.86 | 5.82 | 0.66 | 10.72 | 0.92 |
| Other non-current liabilities | 13.11 | 2.03 | 13.42 | 1.52 | 9.86 | 0.85 |
| Total non-current liabilities | 18.67 | 2.89 | 19.24 | 2.18 | 20.58 | 1.77 |
| Total liabilities | 333.31 | 51.59 | 524.34 | 59.48 | 489.35 | 41.99 |

(Unit : Million Baht)

| Statement of financial position | 31 December 2017 | | 31 December 2018 | | 31 December 2019 | |
|--|------------------|--------|------------------|--------|------------------|--------|
| | Amount | % | Amount | % | Amount | % |
| Equity | | | | | | |
| Share capital | | | | | | |
| Authorised share capital | 206.00 | 31.89 | 206.00 | 23.37 | 300.00 | 25.74 |
| Issued and paid-up share capital | 206.00 | 31.89 | 206.00 | 23.37 | 300.00 | 25.74 |
| Share premium on ordinary shares | 45.70 | 7.07 | 45.70 | 5.18 | 331.77 | 28.47 |
| Surplus from share-based payment | - | - | 2.43 | 0.28 | 2.43 | 0.21 |
| Retained earnings | | | | | | |
| • Appropriated – Legal reserve | - | - | - | - | 3.90 | 0.33 |
| • Unappropriated | 61.21 | 9.47 | 103.20 | 11.71 | 38.06 | 3.27 |
| • Deficit from business combination under common control | (0.16) | (0.02) | (0.16) | (0.02) | (0.16) | (0.01) |
| Owners of the parent-net | 312.75 | 48.41 | 357.17 | 40.52 | 676.00 | 58.01 |
| Non-controlling interests | - | - | - | - | - | - |
| Total equity | 312.75 | 48.41 | 357.17 | 40.52 | 676.00 | 58.01 |
| Total liabilities and equity | 646.06 | 100.00 | 881.51 | 100.00 | 1,165.35 | 100.00 |

(Unit : Million Baht)

| Statement of comprehensive income | For the year ended 31 December 2017 | | For the year ended 31 December 2018 | | For the year ended 31 December 2019 | |
|---|-------------------------------------|--------|-------------------------------------|--------|-------------------------------------|--------|
| | Amount | % | Amount | % | Amount | % |
| Revenue | | | | | | |
| Revenue from sale of goods and rendering of service | 2,761.22 | 99.00 | 3,193.25 | 98.94 | 3,586.88 | 99.42 |
| Other income ^{/1} | 27.83 | 1.00 | 34.37 | 1.06 | 20.84 | 0.58 |
| Total revenue | 2,789.05 | 100.00 | 3,227.62 | 100.00 | 3,607.72 | 100.00 |
| Expenses | | | | | | |
| Cost of sales of goods and rendering of services | 2,343.76 | 84.04 | 2,726.99 | 84.49 | 3,056.95 | 84.73 |
| Distribution costs | 252.38 | 9.05 | 290.05 | 8.99 | 330.42 | 9.16 |
| Administrative expenses | 111.55 | 4.00 | 111.51 | 3.45 | 122.27 | 3.39 |
| Finance costs | 2.05 | 0.07 | 1.97 | 0.06 | 2.10 | 0.06 |
| Total expenses | 2,709.74 | 97.16 | 3,130.52 | 96.99 | 3,511.74 | 97.34 |
| Profit before income tax expense | 79.31 | 2.84 | 97.10 | 3.01 | 95.98 | 2.66 |
| Tax expense | (15.96) | (0.57) | (14.68) | (0.46) | (18.43) | 0.51 |
| Profit for the year | 63.35 | 2.27 | 82.42 | 2.55 | 77.55 | 2.15 |
| Other comprehensive income | | | | | | |
| Gains (losses) on remeasurements of defined benefit plan | - | - | 0.95 | 0.03 | (1.48) | (0.04) |
| Income tax relating to item that will not be reclassified | - | - | (0.19) | (0.00) | 0.30 | 0.01 |
| Other comprehensive income (expense) for the year net of income tax | 63.35 | 2.27 | 83.18 | 2.58 | 76.37 | 2.12 |

(Unit : Million Baht)

| Statement of comprehensive income | For the year ended 31 December 2017 | | For the year ended 31 December 2018 | | For the year ended 31 December 2019 | |
|--|-------------------------------------|--------|-------------------------------------|------|-------------------------------------|------|
| | Amount | % | Amount | % | Amount | % |
| Profit attributable to: | | | | | | |
| Owners of the parent | 64.24 | 2.30 | 83.18 | 2.58 | 76.37 | 2.12 |
| Non-controlling interests | (0.89) | (0.03) | - | - | - | - |
| Total comprehensive income (expense) for the year | 63.35 | 2.27 | 83.18 | 2.58 | 76.37 | 2.12 |
| Basic earnings per share (Baht) | 31.18 | | 0.20 | | 0.17 | |
| Basic earnings per share (adjusted of changing number of shares) (Baht) ² | 0.11 | | 0.14 | | 0.13 | |
| Par value (Baht) ² | 0.50 | | 0.50 | | 0.50 | |
| No. of share ('000000) ² | 600 | | 600 | | 600 | |

Note:

1/ Other income consists of Income from compensation for store decoration, Commission and Advertising income from suppliers, and Revenue from exchange rate.

2/ The Extraordinary General Meeting of Shareholders No. 2 for the year 2019, the meeting approved to change the company par value from 100 baht per share to 0.50 baht per share, as resulting of the calculation of basic earnings per share and average number of ordinary shares which have calculated by adjusting the proportion of number of ordinary shares which the change in the number of ordinary shares resulting from the change in the par value (par) from the par value of 100 baht per share to 0.50 baht per share and a total of ordinary share are 600.00 million shares after IPO. This calculation assumed that the change in the number of shares and the par value occurred in 2018 to reflect the changing par value and for comparison.

Statement of Cash Flows (Consolidated)

(Unit : Million Baht)

| Statement of cash flows | For the year ended 31 December | | |
|--|--------------------------------|---------------|---------------|
| | 2017 | 2018 | 2019 |
| Profit for the year | 63.35 | 82.42 | 77.55 |
| Adjustments to reconcile profit to cash receipts (payments) | | | |
| Tax expense | 15.96 | 14.68 | 18.43 |
| Finance costs | 2.05 | 1.97 | 2.10 |
| Share-based payment | - | 2.43 | - |
| Depreciation | 27.87 | 25.73 | 29.60 |
| (Reversal of) bad and doubtful debts expenses | (0.03) | 0.03 | (0.03) |
| Amortisation of leasehold right | 1.20 | 1.20 | 1.20 |
| Amortisation of intangible assets | 2.00 | 2.27 | 2.83 |
| (Reversal of) losses on devaluation of inventories | 3.24 | 15.36 | (3.87) |
| Unrealised gain on exchange | 0.00 | (0.13) | (0.13) |
| (Gain) loss on disposal and written-off of assets | 0.21 | 0.12 | 0.94 |
| Reversal of reward point | (1.96) | (3.63) | (1.39) |
| Losses on written-off of goodwill | 4.99 | - | - |
| (Gain) loss on disposal of investment | - | (0.54) | - |
| Losses on written-off of intangible assets | 0.01 | 0.03 | 0.78 |
| Employee benefit expenses | 1.03 | 1.21 | 3.42 |
| Interest income | (0.31) | (0.42) | (0.54) |
| Cost of asset dismantlement | 1.42 | | |
| Reversal of provision for asset dismantlement | (0.56) | | |
| | 120.47 | 142.73 | 130.89 |

(Unit : Million Baht)

| Statement of cash flows | For the year ended 31 December | | |
|--|--------------------------------|---------------|--------------|
| | 2017 | 2018 | 2019 |
| Changes in operating assets and liabilities | | | |
| Trade accounts receivable | (3.24) | (21.22) | (3.25) |
| Other receivables | (23.27) | (13.22) | 21.51 |
| Inventories | (38.85) | (123.60) | (9.14) |
| Other current assets | 5.30 | (4.81) | (0.81) |
| Deposits | (6.09) | (3.24) | (6.48) |
| Trade accounts payable | (30.55) | 187.32 | (42.13) |
| Other payables | 2.19 | 1.74 | 1.46 |
| Other current liabilities | 0.14 | (0.15) | (0.17) |
| Asset dismantlement paid | (1.19) | (1.18) | (0.56) |
| Other non-current liabilities | (2.64) | (0.99) | (0.19) |
| Net cash generated from operating | 22.27 | 163.38 | 91.13 |
| Taxes paid | (5.92) | (18.93) | (19.92) |
| Net cash from operating activities | 16.35 | 144.45 | 71.21 |

(Unit : Million Baht)

| Statement of cash flows | For the year ended 31 December | | |
|--|--------------------------------|----------------|----------------|
| | 2017 | 2018 | 2019 |
| Cash flows from investing activities | | | |
| Proceeds from sale of investment in subsidiary | - | 0.65 | - |
| Proceeds from sale of leasehold improvements and equipment | 0.82 | 1.16 | 0.24 |
| Acquisition of leasehold improvements and equipment | (39.66) | (43.33) | (33.42) |
| Acquisition of intangible assets | (1.58) | (10.38) | (3.70) |
| Proceeds from short-term loans to related parties | 30.00 | 25.00 | - |
| Short-term loans to related parties | (30.00) | (25.00) | - |
| Proceeds from restricted deposits at financial institutions | 3.49 | 10.41 | - |
| Acquisition of restricted deposits at financial institutions | (0.89) | (10.05) | (2.61) |
| Interest received | 0.32 | 0.42 | 0.58 |
| Net cash from (used in) investing activities | (37.50) | (51.12) | (38.91) |

(Unit : Million Baht)

| Statement of cash flows | For the year ended 31 December | | |
|--|--------------------------------|----------------|---------------|
| | 2017 | 2018 | 2019 |
| Cash flows from financing activities | | | |
| Proceeds from short-term loans from financial institutions | 30.15 | 150.83 | 220.27 |
| Repayment of short-term loans from financial institutions | (40.15) | (150.83) | (220.27) |
| Proceeds from issue of capital shares | - | - | 380.06 |
| Proceeds of short-term loans from related parties | 115.97 | 45.00 | - |
| Repayment of short-term loans from related parties | (116.94) | (45.00) | - |
| Repayment of long-term loans from financial institutions | (5.45) | - | - |
| Dividends paid to owners of the Company | (10.30) | (41.20) | (125.00) |
| Finance costs paid | (2.05) | (1.98) | (2.10) |
| Net cash from (used in) financing activities | (28.77) | (43.18) | 252.96 |
| Net increase in cash and cash equivalents | (49.92) | 50.15 | 285.26 |
| Cash and cash equivalents at 1 January | 104.30 | 54.38 | 104.53 |
| Cash and cash equivalents at 31 December | 54.38 | 104.53 | 389.79 |

Statement of Financial Position (Separate)

(Unit : Million Baht)

| Statement of financial position | 31 December 2017 | | 31 December 2018 | | 31 December 2019 | |
|---|------------------|---------------|------------------|---------------|------------------|---------------|
| | Amount | % | Amount | % | Amount | % |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 46.94 | 7.28 | 93.30 | 10.53 | 377.99 | 32.61 |
| Trade accounts receivable | 22.55 | 3.50 | 4.22 | 0.48 | 3.07 | 0.27 |
| Other receivables | 45.23 | 7.02 | 102.90 | 11.61 | 39.11 | 3.37 |
| Short-term loans to related parties | 40.00 | 6.21 | 30.00 | 3.39 | 71.00 | 6.13 |
| Inventories | 314.47 | 48.80 | 414.70 | 46.81 | 423.54 | 36.54 |
| Other current assets | 2.58 | 0.40 | 7.32 | 0.83 | 8.07 | 0.70 |
| Total current assets | 471.77 | 73.21 | 652.44 | 73.64 | 922.78 | 79.62 |
| Non-current assets | | | | | | |
| Investments in subsidiary | 24.70 | 3.83 | 51.10 | 5.77 | 51.10 | 4.41 |
| Restricted deposits at financial institutions | 7.41 | 1.15 | 7.45 | 0.84 | 10.06 | 0.87 |
| Leasehold improvements and equipment | 66.97 | 10.39 | 95.76 | 10.81 | 89.29 | 7.70 |
| Intangible assets | 6.98 | 1.08 | 5.77 | 0.65 | 6.31 | 0.54 |
| Leasehold right | 15.64 | 2.43 | 14.44 | 1.63 | 13.24 | 1.14 |
| Deferred tax assets | 8.07 | 1.25 | 9.44 | 1.07 | 10.25 | 0.88 |
| Deposits | 42.90 | 6.66 | 49.56 | 5.59 | 56.00 | 4.83 |
| Total non-current assets | 172.67 | 26.79 | 233.52 | 26.36 | 236.25 | 20.38 |
| Total assets | 644.44 | 100.00 | 885.96 | 100.00 | 1,159.03 | 100.00 |

(Unit : Million Baht)

| Statement of financial position | 31 December 2017 | | 31 December 2018 | | 31 December 2019 | |
|--|------------------|--------------|------------------|--------------|------------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| Liabilities and equity | | | | | | |
| Current liabilities | | | | | | |
| Short-term loans from financial institutions | - | - | - | - | - | - |
| Trade accounts payable | 279.70 | 43.40 | 464.16 | 52.39 | 408.91 | 35.28 |
| Other payables | 31.22 | 4.85 | 35.66 | 4.02 | 44.65 | 3.85 |
| Current portion of long-term loans from financial institutions | - | - | - | - | - | - |
| Short-term loans from related parties | - | - | - | - | - | - |
| Income tax payable | 6.78 | 1.05 | 1.86 | 0.21 | 1.75 | 0.15 |
| Other current liabilities | 0.65 | 0.10 | 0.79 | 0.09 | 0.99 | 0.15 |
| Total current liabilities | 318.35 | 49.40 | 502.47 | 56.71 | 456.30 | 39.37 |
| Non-current liabilities | | | | | | |
| Long-term loans from financial institutions | - | - | - | - | - | - |
| Provisions for employee benefits | 4.42 | 0.69 | 4.51 | 0.51 | 8.38 | 0.73 |
| Other non-current liabilities | 12.20 | 1.89 | 13.13 | 1.48 | 9.54 | 0.82 |
| Total non-current liabilities | 16.62 | 2.58 | 17.64 | 1.99 | 17.92 | 1.55 |
| Total liabilities | 334.97 | 51.98 | 520.11 | 58.71 | 474.22 | 40.92 |

(Unit : Million Baht)

| Statement of financial position | 31 December 2017 | | 31 December 2018 | | 31 December 2019 | |
|---|------------------|--------|------------------|--------|------------------|--------|
| | Amount | % | Amount | % | Amount | % |
| Equity | | | | | | |
| Share capital | | | | | | |
| Authorised share capital | 206.00 | 31.97 | 206.00 | 23.25 | 300.00 | 25.88 |
| Issued and paid-up share capital | 206.00 | 31.97 | 206.00 | 23.25 | 300.00 | 25.88 |
| Share premium on ordinary shares | 45.70 | 7.09 | 45.70 | 5.16 | 331.77 | 28.62 |
| Surplus from share-based payment | - | - | 2.43 | 0.27 | 2.43 | 0.21 |
| Retained earnings | | | | | | |
| • Appropriated- Legal reserve | - | - | - | - | 3.90 | 0.34 |
| • Unappropriated | 57.77 | 8.96 | 111.72 | 12.61 | 46.71 | 4.03 |
| Total equity | 309.47 | 48.02 | 365.85 | 41.29 | 684.81 | 59.08 |
| Long-term loans from financial institutions | - | - | - | - | - | - |
| Total equity | 309.47 | 48.02 | 365.85 | 41.29 | 684.81 | 59.08 |
| Total liabilities and equity | 644.44 | 100.00 | 885.96 | 100.00 | 1,159.03 | 100.00 |

Statement of Comprehensive Income (Separate)

(Unit : Million Baht)

| Statement of comprehensive income | For the year ended 31 December 2017 | | For the year ended 31 December 2018 | | For the year ended 31 December 2019 | |
|--|-------------------------------------|---------------|-------------------------------------|---------------|-------------------------------------|---------------|
| | Amount | % | Amount | % | Amount | % |
| Revenue | | | | | | |
| Revenue from sale of goods and rendering of service | 2,576.45 | 98.94 | 3,020.15 | 97.66 | 3,409.21 | 98.14 |
| Other income ^{/1} | 27.57 | 1.06 | 72.37 | 2.34 | 64.52 | 1.86 |
| Total revenue | 2,604.02 | 100.00 | 3,092.52 | 100.00 | 3,473.73 | 100.00 |
| Expenses | | | | | | |
| Cost of sales of goods and rendering of services | 2,226.90 | 85.52 | 2,639.36 | 85.35 | 2,988.02 | 86.02 |
| Distribution costs | 233.13 | 8.95 | 268.89 | 8.69 | 312.76 | 9.00 |
| Administrative expenses | 78.02 | 3.00 | 82.11 | 2.66 | 86.11 | 2.48 |
| Finance costs | 1.57 | 0.06 | 1.93 | 0.06 | 1.53 | 0.04 |
| Total expenses | 2,539.62 | 97.53 | 2,992.29 | 96.76 | 3,388.42 | 97.54 |
| Profit before income tax expense | 64.40 | 2.47 | 100.23 | 3.24 | 85.31 | 2.46 |
| Tax expense | (12.91) | (0.49) | (5.85) | (0.19) | (7.86) | (0.23) |
| Profit for the year | 51.49 | 1.98 | 94.38 | 3.05 | 77.45 | 2.23 |
| Other comprehensive income | | | | | | |
| Gains (losses) on remeasurements of defined benefit plan | - | - | 0.96 | 0.03 | (1.19) | (0.03) |
| Income tax relating to item that will not be reclassified | - | - | (0.19) | (0.01) | 0.24 | 0.01 |
| Other comprehensive income (expense) for the year net of income tax | - | - | 0.77 | 0.02 | (0.95) | (0.03) |

(Unit : Million Baht)

| Statement of comprehensive income | For the year ended 31 December 2017 | | For the year ended 31 December 2018 | | For the year ended 31 December 2019 | |
|--|-------------------------------------|-------------|-------------------------------------|-------------|-------------------------------------|-------------|
| | Amount | % | Amount | % | Amount | % |
| Profit attributable to: | | | | | | |
| Owners of the parent | 51.49 | 1.98 | 95.15 | 3.08 | 76.50 | 2.20 |
| Non-controlling interests | - | - | - | - | - | - |
| Total comprehensive income (expense) for the year | 51.49 | 1.98 | 95.15 | 3.08 | 76.50 | 2.20 |
| Basic earnings per share (Baht) | 25.00 | | 0.23 | | 0.17 | |
| Basic earnings per share (adjusted of changing number of shares) (Baht) ² | 0.09 | | 0.16 | | 0.13 | |
| Par value (Baht) ^{1/2} | 0.50 | | 0.50 | | 0.50 | |
| No. of share ('000000) ^{1/2} | 600 | | 600 | | 600 | |

Note:

1/ Other income consists of Income from compensation for store decoration, Commission and Advertising income from suppliers, and Revenue from exchange rate.

2/ The Extraordinary General Meeting of Shareholders No. 2 for the year 2019, the meeting approved to change the company par value from 100 baht per share to 0.50 baht per share, as resulting of the calculation of basic earnings per share and average number of ordinary shares which have calculated by adjusting the proportion of number of ordinary shares which the change in the number of ordinary shares resulting from the change in the par value (par) from the par value of 100 baht per share to 0.50 baht per share and a total of ordinary share are 600.00 million shares after IPO. This calculation assumed that the change in the number of shares and the par value occurred in 2018 to reflect the changing par value and for comparison.

Statement of cash flows (Separate)

(Unit : Million Baht)

| Statement of cash flows | For the year ended 31 December | | |
|--|--------------------------------|--------------|--------------|
| | 2017 | 2018 | 2019 |
| Profit for the year | 51.49 | 94.38 | 77.45 |
| Adjustments to reconcile profit to cash receipts (payments) | | | |
| Tax expense | 12.91 | 5.85 | 7.86 |
| Finance costs | 1.57 | 1.93 | 1.53 |
| Share-based payment | - | 2.44 | - |
| Depreciation | 23.80 | 23.45 | 28.67 |
| (Reversal of) bad and doubtful debts expenses | (0.03) | (0.01) | - |
| Amortisation of leasehold right | 1.20 | 1.20 | 1.20 |
| Amortisation of intangible assets | 1.92 | 2.02 | 2.15 |
| (Reversal of) losses on devaluation of inventories | 3.66 | 9.62 | 1.21 |
| (Gain) loss on disposal and written-off of assets | 0.37 | (0.09) | 0.97 |
| Reversal of reward point | (1.95) | (3.32) | (1.39) |
| (Gain) loss on disposal of investment | - | 1.88 | - |
| Employee benefit expenses | 1.06 | 1.04 | 2.68 |
| Interest income | (0.88) | (0.63) | (1.88) |
| Dividends received | - | (44.00) | (42.00) |
| Cost of asset dismantlement | 1.42 | - | - |
| Reversal of provision for asset dismantlement | (0.41) | - | - |
| Gain of liquidation of subsidiary | (0.03) | - | - |
| | 96.10 | 95.76 | 78.45 |

(Unit : Million Baht)

| Statement of cash flows | For the year ended 31 December | | |
|--|--------------------------------|---------------|--------------|
| | 2017 | 2018 | 2019 |
| Changes in operating assets and liabilities | | | |
| Trade accounts receivable | (14.32) | 18.33 | 1.16 |
| Other receivables | 7.37 | (13.67) | 19.75 |
| Inventories | (44.46) | (109.85) | (10.05) |
| Other current assets | 3.60 | (4.74) | (0.75) |
| Deposits | (5.82) | (6.66) | (6.45) |
| Trade accounts payable | (13.33) | 184.45 | (55.24) |
| Other payables | 0.63 | 1.17 | 2.96 |
| Other current liabilities | (0.06) | 0.15 | 0.19 |
| Asset dismantlement paid | (1.19) | (1.17) | (0.56) |
| Other non-current liabilities | (2.50) | (0.37) | (0.22) |
| Net cash generated from operating | 26.04 | 163.40 | 29.24 |
| Taxes paid | (2.93) | (12.32) | (8.55) |
| Net cash from operating activities | 23.12 | 151.08 | 20.69 |

(Unit : Million Baht)

| Statement of cash flows | For the year ended 31 December | | |
|--|--------------------------------|----------------|--------------|
| | 2017 | 2018 | 2019 |
| Cash flows from investing activities | | | |
| Proceeds from liquidation of subsidiary | 4.89 | - | - |
| Proceeds from sale of investment in subsidiary | - | 1.72 | - |
| Acquisition of investment in share capital of subsidiary | - | (30.00) | - |
| Dividend received | - | - | 86.00 |
| Proceeds from sale of leasehold improvements and equipment | 0.14 | 0.92 | 0.19 |
| Acquisition of leasehold improvements and equipment | (39.16) | (44.01) | (31.89) |
| Acquisition of intangible assets | (1.23) | (0.81) | (2.15) |
| Proceeds from short-term loans to related parties | 110.37 | 99.00 | 117.00 |
| Short-term loans to related parties | (129.18) | (89.00) | (158.00) |
| Proceeds from restricted deposits at financial institutions | 1.60 | 10.00 | - |
| Acquisition of restricted deposits at financial institutions | (0.04) | (10.04) | (2.60) |
| Interest received | 2.48 | 0.63 | 1.92 |
| Net cash from (used in) investing activities | (50.13) | (61.59) | 10.47 |

(Unit : Million Baht)

| Statement of cash flows | For the year ended 31 December | | |
|--|--------------------------------|----------|----------|
| | 2017 | 2018 | 2019 |
| Cash flows from financing activities | | | |
| Acquisition of non-controlling interests | - | - | - |
| Proceeds from short-term loans from financial institutions | - | 130.00 | 165.00 |
| Repayment of short-term loans from financial institutions | - | (130.00) | (165.00) |
| Proceeds from issue of capital shares | - | - | 380.06 |
| Proceeds of short-term loans from related parties | 115.00 | 45.00 | - |
| Repayment of short-term loans from related parties | (115.00) | (45.00) | - |
| Repayment of long-term loans from financial institutions | (5.45) | - | - |
| Dividends paid to owners of the Company | (10.30) | (41.20) | (125.00) |
| Finance costs paid | (1.57) | (1.93) | (1.53) |
| Net cash from (used in) financing activities | (17.32) | (43.13) | 253.53 |
| Net increase in cash and cash equivalents | (44.32) | 46.35 | 284.69 |
| Cash and cash equivalents at 1 January | 91.28 | 46.95 | 93.30 |
| Cash and cash equivalents at 31 December | 46.95 | 93.30 | 377.99 |

Highlight Financial Ratio (Consolidated)

(Unit : Million Baht)

| Highlight Financial Ratio | Unit | For the year ended 31 December | | |
|---------------------------|------|--------------------------------|------|------|
| | | 2017 | 2018 | 2019 |

Liquidity ratio

| | | | | |
|--------------------|------|--------|--------|-------|
| Current ratio | Turn | 1.53 | 1.34 | 2.05 |
| Quick ratio | Turn | 0.23 | 0.29 | 0.92 |
| Cash flow ratio | Turn | 0.05 | 0.58 | 0.15 |
| AR turnover | Turn | 160.15 | 108.36 | 84.06 |
| AR day | Day | 2 | 3 | 4 |
| Inventory turnover | Turn | 6.96 | 6.67 | 6.51 |
| Inventory day | Day | 52 | 54 | 55 |
| AP turnover | Turn | 8.42 | 7.64 | 7.12 |
| AP day | Day | 43 | 47 | 51 |
| Cash Cycle | Day | 11 | 10 | 8 |

Profitability ratio

| | | | | |
|-------------------------|---|-------|--------|-------|
| Gross profit margin | % | 15.12 | 14.60 | 14.77 |
| Operating profit margin | % | 2.92 | 3.07 | 2.72 |
| Other profit margin | % | 1.00 | 1.06 | 0.58 |
| Cash to profit margin | % | 20.10 | 148.29 | 72.60 |
| Profit margin | % | 2.27 | 2.55 | 2.15 |
| ROE | % | 22.13 | 24.61 | 15.01 |

(Unit : Million Baht)

| Highlight Financial Ratio | Unit | For the year ended 31 December | | |
|---------------------------|------|--------------------------------|------|------|
| | | 2017 | 2018 | 2019 |

Efficiency ratio

| | | | | |
|----------------------|------|------|-------|------|
| ROA | % | 9.90 | 10.79 | 7.58 |
| ROFA | % | 1.34 | 1.28 | 1.32 |
| Total Asset turnover | Turn | 4.36 | 4.23 | 3.53 |

Financial policy ratio

| | | | | |
|-----------------------------|------|-------|-------|--------|
| D/E ratio | Turn | 1.07 | 1.47 | 0.72 |
| Interest Coverage | Turn | 16.73 | 82.88 | 43.69 |
| Commitment coverage ratio | Turn | 0.08 | 0.50 | 0.35 |
| Dividend yield ² | % | 16.26 | 49.99 | 161.19 |

- 14.1 Overview

The company operates as a digital lifestyle distributor through the .life store, which is a digital lifestyle retail store under the concept of “A place for technology-savvy people to browse and shop like a playground for adults”. For smartphone products, computer and tablet, and the Apple brand products, the company has been appointed as a distributor for Authorized Premium Reseller (APR) and Apple Authorized Reseller (AAR) from Apple South Asia (Thailand) Ltd. to retail customers under the management stores of the company, iStudio by copperwired, U-Store by copperwired which an Apple brand shop opened in the campus and Ai_. In addition, The company also has an iServe or Apple Authorized Service Provider (ASP), maintenance center that has been appointed by Apple South Asia (Thailand) Ltd. Moreover, the company has the wholesale business of digital lifestyle products which operated by KOAN Company Limited, a subsidiary held 100.00% of the paid-up capital by the Company.

As of 31 December 2019, the Company had 42 branches being 21 .life (dotlife) branches, 15 Apple Brand shops (13 iStudio by copperwired, 1 U-store by Copperwired, 1 Ai_), and 6 iServe service centers.

Performance of the company and its subsidiaries mainly comes from the retail distribution of digital lifestyle products, Smartphones, computer and the wholesale of digital lifestyle products. Total revenue in 2019 and 2018 increased by 15.72% and 12.33% from the previous year, respectively. The increasing mainly came from the technology change in the digital age, resulting in various devices. Customers tend to adapt everything in the Internet of Thing (IoT), as a result of in the market for digital lifestyles and smart devices is growing consistently high. From the company's vision to be a leader of innovative products and advanced technology, so the company try to expanding both retail and wholesale businesses to meet the existing customers and continually expand the new customer base. In addition, the company focuses on product selection under the concept of Design Lifestyle Technology to make a different in business competition and focuses on product selection to be diverse and closely managing the products. Moreover, the 5G technology will increase the competitiveness to make economic value increasing. Therefore the trend of digital lifestyle products will continue to grow continuously.

14.2 Operating Results

(1) Revenue

Breakdown of the Company's revenue is as follow:

| Revenue | For the year ended 31 December | | | |
|---------------------------------------|--------------------------------|---------|--------------|---------|
| | 2018 | | 2019 | |
| | Million Baht | Percent | Million Baht | Percent |
| Sales ¹ | 3,105.10 | 96.21 | 3,500.71 | 97.03 |
| Services ² | 88.15 | 2.73 | 86.17 | 2.39 |
| Total revenue from sales and services | 3,193.25 | 98.94 | 3,586.88 | 99.42 |
| Other income ³ | 34.37 | 1.06 | 20.84 | 0.58 |
| Total revenue | 3,227.62 | 100.00 | 3,607.72 | 100.00 |

Note:

/1 Revenue from services is consisted of repair and maintenance revenue from "iServe" shop and AppleCare+ warranty and other warranties. Since 2017, the Company has recorded the difference between revenue and cost of warrantied as revenue from services. As a result, the amount of maintenance and warranty in 2016 did not include the cost of warranties of 10.58 million Baht for comparison purpose.

/2 Revenue from wholesale is deducted intercompany transaction that the company purchased from their subsidiary (KOAN). However, the total of all purchase including to the subsidiary in 2016 - 2018 and for the period of six months ended 30 June 2018 and 2019 are 227.34 million baht, 323.02 million baht, 388.14 million baht, 174.39 million baht and 196.17 million baht, respectively.

/3 Other income is consisted of financial support from Apple for Apple brand shop decoration, advertisement fee from suppliers and Revenue from exchange rate

Revenue from sales and services for the year ended December 31, 2019 was 3,586.88 million baht, which increased by 393.63 million baht or 12.33% from the same period of the previous year. This was mainly due to the increase in revenue from digital lifestyle products, smartphone offset against the decrease in revenue from services. However, the company's service revenue was slightly decreased by 1.98 million baht compared to the year 2018, mainly due to the number of machines repaired. The company's revenue through the distribution channels of the group of company for the year 2018 and 2019 are as follows;

| Distribution channels | Business Unit | For the year ended 31 December | | | |
|---------------------------------------|---------------|--------------------------------|---------|--------------|---------|
| | | 2018 | | 2019 | |
| | | Million Baht | Percent | Million Baht | Percent |
| Retail and Service ¹ | CPW | 2,992.77 | 92.72 | 3,335.66 | 92.46 |
| Wholesale | KOAN | 186.54 | 5.78 | 224.45 | 6.22 |
| Online | CPW / KOAN | 13.94 | 0.43 | 26.77 | 0.74 |
| Total revenue from sales and services | | 3,193.25 | 98.93 | 3,586.88 | 99.42 |
| Other income ² | | 34.37 | 1.07 | 20.84 | 0.58 |
| Total revenue | | 3,227.62 | 100.00 | 3,607.72 | 100.00 |

Note:

/1 Service income includes repair fees at the iServe Service Center and the Apple warranty and other warranty income. From 2017 onwards, the company recorded the difference between the income and the cost of the warranty as revenue.

/2 Other income is consisted of financial support from Apple for Apple brand shop decoration, marketing development fund (MDF), and advertisement fee from suppliers

In 2019, the Company and its subsidiaries had retail and services revenue amounting to 3,335.66 million baht or 92.46 percent of total revenue which representing an increase of 11.45 percent compared to the previous year.

Moreover, the company also distributes products through KOAN, a subsidiary of the company and the income from whole-sale trade (Eliminated inter-transaction) in the amount of 224.45 million baht, representing 6.22 percent of the total revenue from an increase in orders. Lastly, the company had online sales revenue of 26.77 million baht which increased by 12.83 million baht compared to the previous year.

(2) Cost of sales and service

Cost of sales and service for the year ended December 31, 2019 and 2018 were 3,056.95 million baht and 2,726.99 million baht, being 85.23% and 85.40 % of total revenue from sale and service, respectively. The percentage of these cost of sales and services to total revenue decreased compared to the same period of 2018 as a result of the increasing revenue from digital lifestyle products of which cost of sales percentage is lower than other products' categories.

(3) Expenses

Selling Expenses

Selling expenses for the year ended December 31, 2019 and 2018 were 330.42 million baht and 290.05 million baht, respectively. The expenses increased to 9.16% of total revenue for the year of 2019 from 8.99% for the same period of 2018 as a result of opening of 6 new shops, increasing rental of some shops, increasing depreciation of shops opened during 2018 and 2019, and increasing bank fees pertaining to credit card and online payment.

Administrative expenses

Administrative Expenses of the company for the year ended December 31, 2019 and 2018 were 122.27 million baht and 111.51 million baht representing 3.39%, and 3.45% of total revenue, respectively. The increase in administrative expense was mainly due to the increase in retirement benefit liability amounting of 1.18 million baht, annual salary adjustment.

Net profit and net Profit margin

Net profits were 77.55 million baht and 82.42 million baht for the year ended December 31, 2019 and 2018, respectively. Net profit for the year of 2019 declined by 4.87 million baht or 5.91% from the same period of 2018. Net profit margin for the year declined from 2.55% for 2018 to 2.15% for 2019 as a result of the increase in selling expenses pertaining to new shops, and increasing bank fees pertaining to credit card and online payment.

- 14.3 Financial Position (Consolidated)

(1) Assets

As of 31 December 2019, total assets were 1,165.35 million baht, a decrease of 283.84 million baht from 31 December 2018. There was mainly due to the increasing in cash and cash equivalent from initial public offering (IPO) in October, however, the trade receivables and other receivables decreased by 18.29 million baht compared to the period of 2018, due to the decrease of store funding from Apple for the store decoration which the company received only 13.55 million baht.

Trade and Other accounts receivable

Details of accounts receivable, other receivables, the quality of receivables and allowance for doubtful accounts of the Company are as follows:

| (Unit : Million Baht) | 31 December 2018 | 31 December 2019 |
|---|------------------|------------------|
| Trade accounts receivable: Related party | | |
| Outstanding | 0.15 | 0.06 |
| Overdue less than 3 months | - | - |
| Overdue 3 – 6 months | - | - |
| Overdue 6 - 12 months | - | - |
| Less allowance for doubtful accounts | - | - |
| Trade accounts receivable: Non-Related party | | |
| Outstanding | 23.56 | 30.84 |
| Overdue less than 3 months | 16.17 | 12.38 |
| Overdue 3 – 6 months | 0.02 | - |
| Overdue 6 - 12 months | 0.15 | - |
| Over 12 months | 1.01 | 1.00 |
| Less allowance for doubtful accounts | (0.99) | (0.96) |
| Trade accounts receivable - Net | 40.07 | 43.32 |
| Other accounts receivable | 63.06 | 41.52 |
| Total Trade and Other accounts receivable | 103.13 | 84.83 |

Trade accounts and other receivables decreased compared to 2018 due to the reduction of Apple support for store decoration.

In 2019, there are not long overdue trade receivables to have an allowance for doubtful accounts. The allowance for doubtful accounts of the Company arises from the stuff responsible for the damage or lost which it was a monthly installment payments. Except for missing products caused by fraud and unable to track, the company will provide an allowance for doubtful accounts.

Inventories

The details of inventories of the company and subsidiary as follows;

| (Unit : Million Baht) | 31 December 2018 | 31 December 2019 |
|-------------------------------------|------------------|------------------|
| Finished goods | 500.13 | 511.03 |
| Goods in transit | 3.86 | 2.11 |
| Less allowance for decline in value | (41.12) | (37.26) |
| Inventories - Net | 462.87 | 475.88 |

Inventories of the Company and its subsidiaries are mostly finished goods of digital lifestyle products, smart phones, and computers and tablets. The company's inventories increased compared to 2018 due to the opening of the new stores.

According to the CPW's products are products related to technology devices that are developing and changing rapidly, the company and its subsidiaries therefore have changed the policy of provision for obsolete inventories with the age of the products in each category since quarter 2nd in 2019. The policy for provision for obsolete inventories, slow-moving inventories, and damaged can be summarized as follows;

| Categories | Inventory Life | | Changes (Start using at the 2nd quarter of the year 2019 onwards) |
|------------------------|---|--|---|
| 1.1 Apple products | Less than 270 days Over 270-365 days Over 365-546 days Over 546-730 days Over 730 days | Less than 9 months Over 9 -12 months Over 12 - 18 months Over 18 - 24 months Over 24 months | No reserve Reserve 20 % Reserve 50 % Reserve 100 % Reserve 100 % |
| 1.2 Non-Apple products | Less than 270 days Over 270-365 days Over 365-546 days Over 546-730 days Over 730 days | Less than 9 months Over 9 -12 months Over 12 - 18 months Over 18 - 24 months Over 24 months | No reserve Reserve 20 % Reserve 50 % Reserve 100 % Reserve 100 % |
| 1.3 Spare Parts | Less than 270 days Over 270-365 days Over 365-546 days Over 546-730 days Over 730-1,095 days Over 1,095 days | Less than 9 months Over 9 -12 months Over 12 - 18 months Over 18 - 24 months Over 24 – 36 months Over 36 months | No reserve No reserve Reserve 25 % Reserve 25 % Reserve 50 % Reserve 100 % |
| 2. Demo products | Less than 365 days Over 365–1,095 days Over 1,095 days | Less than 12 months Over 12 –36 months Over 36 months | No reserve Reserve 50 % Reserve 100 % |
| 3. Damaged products | Damaged | | Reserve 100 % |

(2) Liabilities

As of 31 December 2019, total liabilities were 489.35 million baht, a decrease of 34.99 million baht compared to the end of 2018. The decrease was mainly due to the decreasing in trade accounts payable which the company paid by cash.

(3) Shareholders' Equity

As of 31 December 2019, shareholders' equity was 676.00 million baht, a increase of 318.83 million baht from 357.17 million baht at the end of 2018. The increase was due to the company has an initial public offering (IPO) and net profits for the year of 2019 of 77.55 million baht offset against interim dividend payment of 137.60 million baht.

- 14.4 Liquidity and Capital Adequacy

(1) Cashflow

| (Unit : Million Baht) | For the year ended 31 December | | |
|--|--------------------------------|---------|---------|
| | 2017 | 2018 | 2019 |
| Net cash from operating activities | 14.93 | 144.45 | 71.21 |
| Net cash from (used in) investing activities | (36.08) | (51.12) | (38.91) |
| Net cash from (used in) financing activities | (28.77) | (43.18) | 252.96 |
| Cash and cash equivalents at 31 December | 54.38 | 104.53 | 389.79 |

Cash from operating activities

In 2019, the Company and its subsidiaries had a net cash flow from operating activities of 71.21 million baht as a result of the operating profits before changes in assets and liabilities of 77.55 million baht which decreased from the previous year. In addition, the company has increased the purchase of goods by cash which causes the accounts payable decreased.

Cash from investing activities

In 2019, the company and its subsidiaries had net cash flow used in the investment of 38.91 million baht, mainly due to the company paid in leasehold improvements, in addition equipment and intangible assets have decreased and deposits of guarantee obligation was reduced.

Cash from financing activities

In 2019, the company and its subsidiaries had net cash flow from used in financing activities in the amount of 252.96 million baht due to the increase in cash and cash equivalents from the newly issued shares sale to the public (IPO) in October. However, the company has an annual dividend payment and an interim dividend of Baht 125.00 million to shareholders in the first and second quarters.

(2) Liquidity Ratio

The Company and its subsidiaries' liquidity are mainly due to the turnover of inventories the payment from trade receivables, and trade creditors' reimbursement. The turnover of liquidity ratio factors between 2018 and 2019 as follow;

| Liquidity Ratio | For the year ended 31 December | | |
|-------------------------------|--------------------------------|------|------|
| | Unit | 2018 | 2019 |
| Day Sales Outstanding (DSO) | Day | 3 | 4 |
| Day Sales of Inventory (DSI) | Day | 54 | 55 |
| Day Payable Outstanding (DPO) | Day | 47 | 51 |
| Cash Cycle | Day | 10 | 8 |

- 14.5 Off-Balance Sheet Arrangements

As of 31 December 2019, the Company and its subsidiaries have commitments and contingent liabilities as follows:

- Operating lease commitments with a lease term not exceeding 1 year in total of 106.57 million baht and operating lease commitments with a lease term of 1 to 5 years in the total amount of 74.13 million baht, which are lease agreements for retail shops, offices, warehouses and leasehold rights.
- Commitments under the consultant contract with serviced by other companies and other persons totaling Baht 0.25 million per month.

- 14.6 Key Risk Factors That May Affect The Results of Operations or Financial Status

(1) The Risk from obsolescence due to changing of technology

Since digital lifestyle products like smartphones, computer, and tablets are IT products with high technology changes, CPW and subsidiary may not sell out all products in time. This may cause a loss in the impairment of such products.

CPW and subsidiary have set up the preventive policy and risk management to (1) Set up an authorized limit for Product Manager (PM) to order products at appropriate quantity (2) Warehouse system like NIMBUS is applied to report the product movement and review the outstanding inventory at all times (3) Set up the policy of allowance for impairment of obsolete products, slow-moving or deadstock, defective products. Besides, promotion strategies are applied to boost turnover and release products from time to time.

(2) The Risk relating to contract renewal with major supplier

To be an authorized distributor, Apple South Asia (Thailand) Ltd. has appointed CPW as an Apple Premium Reseller (APR) and an Authorized Apple Reseller (AAR) in selling Apple products as well as an Apple Authorized Service Provider (ASP) in providing maintenance service in Thailand. As of 31 December 2019, CPW owns 15 Apple Brand Shops and six service shops (iServe). For the year 2018 and 2019, CPW had revenue from sales and services under Apple Brand equal to 70% and 74% of total revenues respectively. In case CPW could not renew such contracts, the revenues may decrease. Moreover, Apple South Asia (Thailand) Ltd. has reserved the right to terminate those contracts anytime without any explanation by writing 30 days in advance.

However, as CPW has a good relationship with Apple South Asia (Thailand) Ltd. since 2006 and always strictly comply with the contract, CPW can renew the contract all along.

Furthermore, the Group also has .life stores, exclude apple brand shops, that operate the retail business of digital lifestyle products and KOAN, a subsidiary of the company, engages in the wholesale of digital lifestyle products that has more than 2,000 product varieties under more than 200 brands worldwide.

(3) The Risk from the adoption/revision of Thai Financial Reporting Standards (TFRS)

Due to the announcement of TFRS revision from Federation of Accounting Professions (FAP), the revised TFRS 16 Leases has become effective for the financial statements in annual reporting periods beginning on 1 January 2020. TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items.

Currently, the Group recognizes short-term leases (lease term of 12 months or less) and leases for which the underlying asset is low value under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized. Under TFRS 16, the nature of expenses related to those leases will be changed, the Group will recognize right-of-use assets and lease liabilities for its operating leases. Both of right-of-use assets and lease liabilities were increased 232.99 million Baht. As a result, Debt to Equity Ratio (D/E) was increased.

However, Under using TFRS 16, it does not affect to debt to equity ratio than the stipulated. CPW's accounting and finance department always monitors and supervises the financial structure and maintenance of the financial ratios as stipulated in the loan agreements with financial institutions. In addition, CPW always updated the financial status to financial institutions quarterly, and maintains good relationships with financial institutions.

15

**Report of the
Audit
Committee**

Dear Shareholders, Copperwired Public Company Limited

The Audit Committee 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 to promote good corporate governance in the Company and its subsidiaries. In addition, the Audit Committee is responsible for reviewing the Company's adequacy and effectiveness of risk management and its subsidiaries. To ensure efficient performance, the the Audit Committee conducts performance evaluation and self-assessment at the end of each fiscal year. This evaluation encompasses various matters, such as its performance of duties per the scope of responsibilities. This year's result indicates that the performance of the Audit Committee was satisfactory. The composition of the Audit Committee is in line with the requirements of the Stock Exchange of Thailand. It stipulates 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 Prof. Dr. Pornchai Chunhachinda, who serves as the Chairman, and Mr. Manus Chiaravanond and Mr. Kongkiet Wangveeramit, who serve as members. In 2019, the Audit Committee held a total of six meetings, of which significant matters 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 has considered and has approved the internal audit plan submitted by the company's internal auditor, and has informed the audit results assessment of the internal control system. Additionally, the Audit Committee has reviewed the corrective towards significant issues encountered in the internal audits and has provided the recommendations to the management regarding the plan for improvement and development of internal control system ensure that the company's compliance are applicable under laws and regulations. The assessment results confirmed that the company's internal control system and risk management are adequate and effective. The Audit committee reported the result of internal audit as essential issues to the Board of directors on a regular basis.
4. The audit committee has acknowledged the Company's risk management plan. Moreover, the audit committee proposed to the management to provide risk management processes to ensure that the Company is adequately and appropriately aware of the risk management system.

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



(Prof. Dr. Pornchai Chunhachinda)
Chairman of the Audit Committee



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