

platt nera

PLATT NERA INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 1949



ANNUAL REPORT
2019

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FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER

	2019	2018	2017	2016
	THB'000	THB'000	THB'000	THB'000
Revenue	538,113	772,133	298,804	367,765
Gross profit	153,516	253,784	171,982	197,211
Gross profit margin (%)	28.5%	32.9%	57.6%	53.6%
Profit/(loss) before tax	(26,295)	147,580	99,264	119,196
Profit/(loss) for the year attributable to shareholders of the Company	(37,276)	113,545	78,668	93,940
Total comprehensive income/(loss) attributable to shareholders of the Company	(37,276)	112,822	78,793	93,940

AS AT 31 DECEMBER

	2019	2018	2017	2016
	THB'000	THB'000	THB'000	THB'000
Total assets	1,006,340	668,249	455,960	454,260
Total liabilities	512,133	586,058	513,954	691,047
Equity attributable to shareholders of the Company	494,207	82,191	(57,994)	(236,787)

The summary of the consolidated results and financial position of the Group for the years ended 31 December 2016, 2017 and 2018 are extracted from the Company's prospectus dated 28 June 2019.

BOARD OF DIRECTORS

Executive Directors

Mr. Prapan Asvaplungprohm
(Chairman and Chief Executive Officer)
Mr. Wison Archadechopon

Independent Non-executive Directors

Mr. Tong Yee Ming
Mr. Cheung Pan
Mr. Julapong Vorasontharosoht

AUDIT COMMITTEE

Mr. Tong Yee Ming *(Chairman)*
Mr. Cheung Pan
Mr. Julapong Vorasontharosoht

REMUNERATION COMMITTEE

Mr. Julapong Vorasontharosoht *(Chairman)*
Mr. Prapan Asvaplungprohm
Mr. Cheung Pan
Mr. Tong Yee Ming

NOMINATION COMMITTEE

Mr. Cheung Pan *(Chairman)*
Mr. Prapan Asvaplungprohm
Mr. Tong Yee Ming
Mr. Julapong Vorasontharosoht

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY SECRETARY

Ms. Cheung Chit San *(ACIS, ACS)*

REGISTERED OFFICE IN CAYMAN ISLANDS

Cricket Square, Hutchins Drive
PO Box 2681,
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 911-912
Wing On Centre
111 Connaught Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THAILAND

170/9-10 Ocean Tower 1, 4th Floor,
Soi Sukhumvit 16 (Sammit)
Ratchadapisek Road, Klongtoey
Bangkok 10110, Thailand
Tel: (66) 2661 9922
Website: <http://www.plattnera.com>

AUDITOR

Ernst & Young
Certified Public Accountants

AUTHORISED REPRESENTATIVES

Mr. Prapan Asvaplungprohm
Ms. Cheung Chit San

LEGAL ADVISERS

As to Hong Kong law:
Wong Heung Sum & Lawyers

As to Cayman Islands law:
Conyers Dill & Pearman

PRINCIPAL BANKERS

In Hong Kong:
Hang Seng Bank Limited

In Thailand:
Bangkok Bank Public Company Limited

Government Savings Bank

Kasikorn Bank Public Company Limited

United Oversea Bank (Thai) PCL

LISTING INFORMATION

Listed on the Hong Kong Stock
Exchange (Main Board)
Stock short name: Platt Nera
Stock code: 1949
Board lot: 2,000 shares
Listing date: 16 July 2019

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681,
Grand Cayman KY1-1111
Cayman Islands

COMPLIANCE ADVISER

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

Dear Sir,

2019 was an eventful year for our Group.

THAILAND'S KEY DEVELOPMENTS

Thailand's GDP grew by an estimated 2.4% in 2019¹, a decline from 4.1% in 2018². In March 2019, Thailand held its first general election since the 2014 military coup and the first election under the constitution framed in 2017. Prayut Chan-ocha was voted in as the prime minister in June 2019. Given that the majority of the Group's projects are with government bodies, the conclusion of the elections is expected to help provide a more conducive environment for the rolling out of new government projects and execution of existing projects.

DEEPENING RELATIONSHIP WITH KEY CUSTOMERS

Against this geopolitical backdrop, the Group continued to make headway with its key customers in 2019.

Bank of Agriculture and Agricultural Cooperatives

While its existing mainstay ATM Project with BAAC will only end in June 2020 and shall extend for another seven years thereafter, the Group built on its existing working relationship with BAAC in 2019 through smaller projects, such as the BAAC Relocation and configuration Tandem Base24 system, BAAC Mobile banking application, BAAC fraud detection, BAAC A-cash, replacement of magnetic cards and health volunteer cards. One major initiative in 2019 with BAAC was to facilitate the conversion of old magnetic cards into new chip cards or debit cards, as mandated by Bank of Thailand. Whilst replacement fee waiver concessions were granted to end users to promote such conversion, the Group believes such conversions will help to reinvigorate rural card usage and help promote greater card utilization and fees in future. A total of 1.5 million old magnetic cards were converted to new chip cards or debit cards in 2019 under the conversion program. Unfortunately, this outcome was not as robust as BAAC and the Group had wished for 2019. In January 2020, BAAC extended the concessions and deadline for converting magnetic cards by another six months to July 2020.

Provincial Electricity Authority

The Group started the first PEA unmanned project in 2018 and completed the project in 2019. In 2019, it not only secured more unmanned projects in other regions of Thailand, it also secured the Smart Street Light project. These projects will cement the Group's working relationship with PEA and also enable the Group to venture into providing smart detection systems that utilize internet of things (IoT) solutions.

Customer F

The Group started 2019 with only the EJ-Log project valued at THB24.9 million with Customer F. In 2019, the Group significantly upgraded its working relationship by bidding and winning the ATM and Passbook projects with project values of THB1.2 billion (approximately HK\$0.3 billion) and THB195 million (HK\$48.1 million) respectively. These projects will help the Group to strengthen its working relationship with Customer F and further extend its reach to rural customers, which are also a key customer base of Customer F.

¹ National Economic and Social Development Council (NESDC)

² Asian Development Bank. *Asian Development Outlook 2019 Supplement*



LETTER TO SHAREHOLDERS

LISTING ON THE HONG KONG STOCK EXCHANGE

On 16 July 2019, the Group successfully listed on the Main Board of the Stock Exchange (“**Listing**”) and raised HK\$125 million in gross proceeds. The Listing raises the Group’s regional profile and the funds were instrumental in supporting the Group’s new projects that started in the second half of 2019. The Listing gives the Group new confidence to push forward with its expansion plans and strengthens its ability to build on its existing management team.

APPRECIATION

On behalf of the Board of Directors, we would like to express our gratitude to our shareholders, business partners, customers and suppliers for their unwavering support over the years, and our appreciation to our management team and staff for their diligence and contributions to the Group.

Prapan Asvaplungprohm

Chairman, Chief Executive Officer and Executive Director

25 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The financial year ended 31 December 2019 was a year where we built on our past strengths and consolidated our business relationships with existing customers. As most of our major customers are government related entities and bodies, the conclusion of the first national elections since 2014 and the formation of a new government, both in 2019, are expected to provide conducive conditions for our continued growth through the smooth securing and execution of new projects with our key customers.

With these events in the background, the Group focused in 2019 on executing more and smaller projects with our existing customers like BAAC, Customer F, and PEA as well as bidding for new projects with these customers. While these projects in 2019 were not major profit contributors, they allow us to solidify our working relationship with our customers as we look forward to major projects that shall start to roll out in 2020.

OUTLOOK

Our bidding and marketing efforts in 2019 have largely paid off in terms of new projects that we expect to roll out in 2020. We look forward into a new seven-year phase with our long-standing relationship customer BAAC starting from June 2020. This phase will allow our Group to help BAAC upgrade its network of ATM/CDM machines as well as work together with BAAC on new products and services that will better serve its end customers in the coming years.

After a tenuous bidding process in 2019, we are pleased that in 2020, we shall begin a new and major five-year project with Customer F, one of the largest banks in Thailand with a strong rural focus. We shall be installing ATM and Passbook machines for Customer F as well as providing support and maintenance services over the course of the project. Through the Customer F and BAAC projects, we aim to establish our leading position as a leading player of ATM-related solutions to the rural sector in Thailand.

While executing these major projects, the Group shall continue to pursue new projects, particularly where they play to the Group's existing strengths in ATM-related projects and/or where they open doors to new technology areas where the Group can add value to its customers.

In early 2020, the COVID-19 outbreak, which first broke out in China but has since escalated into a global pandemic that has affected Thailand too, casts a pall over our business plans. Our immediate customers are mainly government bodies and entities and to date, we have not been informed of direct negative impact. However, our financial and operational performance may be negatively impacted if, inter alia, there are in turn adverse business impacts on the end customers of these parties. For example, we may be negatively impacted if BAAC's bank customers reduce the usage of their cards at ATMs as a result. Overall, the negative impact of the COVID-19 outbreak on Thailand's economy as a whole and on our projects, including but not limited to the BAAC ATM Project, is still evolving and we are watching the possible impacts closely.

Separately, in January 2020, a further six-month conversion timing extension (together with waiver of replacement fees) to July 2020 were granted by BAAC to BAAC's customers to convert their old magnetic cards, and in February 2020, Bank of Thailand issued a notice that set out prorated refund of annual fees upon cancellation of bank cards and waiver of replacement card fees in certain situations. The Group is carefully assessing and crafting strategies to deal with these changes, and in particular reviewing whether the COVID-19 outbreak may have overlapping effects, e.g., overlap of the extension period for the conversion of old magnetic cards to July 2020 as the COVID-19 outbreak may cause a slower rate of conversion than expected.

Where necessary, we may share any significant impact arising from the above developments with our shareholders and investors in due course.

Notwithstanding the above, as the Group has always focused on establishing medium to long term projects and working relationships, and its business fundamentals and strong financial position remain intact, the Group believes that the COVID-19 outbreak is not expected to derail the long term growth plans of the Group.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2019 declined by 30% or THB234.0 million from THB772.1 million recorded last year to THB538.1 million.

The decline was mainly due to the completion of BAAC Debit Card project, which contributed THB252.7 million in revenue in 2018, and lower contributions from certain projects with MOI and Customer F in 2019 compared to 2018, due to the natural progression of these projects. These downward effects were partially offset by new projects that started in 2019 such as PEA's new unmanned projects in the South and Central regions of Thailand.

Gross Profit

Gross profit for the year ended 31 December 2019 declined by 40% or THB100.3 million from THB253.8 million recorded last year to THB153.5 million. This is in line with the decline in revenues over the same period. Gross profit margins for the year ended 31 December 2019 was marginally lower at 29% compared to 33% recorded last year, which was due to the differences in projects' mix over the aforesaid period.

Administrative Expenses

Administrative expenses for the year ended 31 December 2019 increased by 53% or THB22.1 million from THB41.8 million recorded last year to THB63.9 million. The increase was largely due to post listing expenses of THB10.3 million that took place only after the Listing in July 2019, and higher bid fees on higher volume of tenders in 2019.

Other Expenses

Other expenses for the year ended 31 December 2019 of THB29.7 million comprised unrealized exchange loss on our cash balances held in Hong Kong dollars of THB11.3 million, expensing of bidding costs of approximately THB10.0 million on projects that we failed to secure in 2019 and provisions for doubtful debts of THB8.4 million. These provisions were made on grounds of prudence wherein collections had been delayed by client-related factors. In the year ended 31 December 2018, other expenses balance of approximately THB1.0 million comprised compensations paid to our consortium partner resulting from a past legal case, which has been resolved in 2018.

Listing Expenses

Listing expenses for the year ended 31 December 2019 increased by 79% or THB27.5 million from THB34.6 million recorded last year to THB62.1 million. This is mainly because the bulk of the Listing process, from submission of listing application to listing, took place in 2019.

Finance Costs

Finance costs for the year ended 31 December 2019 declined by 16% or THB3.2 million from THB19.6 million recorded last year to THB16.4 million, mainly due to the net decrease of THB133.8 million in bank and other borrowings as at 31 December 2019, compared to net decrease of THB75.2 million in bank and other borrowings as at 31 December 2018, as well as due to lower cost of bank and other borrowings in 2019 compared to 2018 (see the lower range of effective interest rates in section "Liquidity, Financial Resources and Financial Position" below).

Profit for the Year

During the year ended 31 December 2019, the Group recorded a loss after tax of THB37.3 million compared to a profit of THB113.5 million last year.

Excluding the one-off Listing expenses of THB62.1 million in 2019 and approximately THB34.6 million in 2018, we would have recorded a profit after tax of THB24.9 million in 2019 and approximately THB148.2 million in 2018, a decline of THB123.3 million between 2019 and 2018. The decline in performance in 2019 was mainly driven by the less sizeable projects undertaken in 2019 compared to 2018, the longer than expected time to secure and hence execute certain projects such as Customer F's ATM and Passbook projects, which have been pushed back to 2020, as well as the poorer than expected outcome of the exercise by BAAC to convert old magnetic cards to debit cards and/or chip cards.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL POSITION

Liquidity and Financial Resources

The table below summarises the Group's cash flows for year ended 31 December 2019 and 31 December 2018:

	2019	2018
	THB'000	THB'000
Net cash flows from/(used in) operating activities	(33,180)	5,893
Net cash flows from/(used in) investing activities	5,280	(27,794)
Net cash flows from/(used in) financing activities	265,845	(22,194)

As at 31 December 2019, the Group had cash and cash equivalents of THB266.9 million (31 December 2018: THB17.4 million), among which THB119.7 million was denominated in THB and THB147.2 million was denominated in HK\$.

The change in the net cash flows from/(used in) operating activities between 2019 and 2018 was largely driven by the decline in profit over the same period. The change in the net cash flows from/(used in) investing activities between 2019 and 2018 was largely due to the transfer of certain assets on the Sigfox project for approximately THB17.6 million by the Group to TON prior to the Listing. The Group's cash flow from financing activities received a significant boost from the Listing in July 2019, and this puts the Group in a satisfactory liquidity position to support its business growth.

As at 31 December 2019, the gearing ratio of the Group was 23.5% (31 December 2018: 304.6%), which represents total debts (comprising bank and other borrowings) divided by total equity and multiplied by 100.0%. The Group's net bank and other borrowings balance declined by THB75.2 million as at 31 December 2018 compared to THB133.8 million as at 31 December 2019.

All of the Group's bank loans are denominated in THB. The annual effective interest rate of the bank and other borrowings during the year ended 31 December 2019 ranged from 4% to 7.25% (2018: 4% to 12%).

Financial Position

The Group recorded net current assets of THB448.3 million as at 31 December 2019 (31 December 2018: THB69.1 million). The improvement in net current asset position was largely due to the significant improvement in cash position as a result of the Listing in July 2019.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group's current assets increased from THB582.4 million as at 31 December 2018 to THB882.8 million as at 31 December 2019, driven mainly by the increase in cash and cash equivalents from THB17.4 million as at 31 December 2018 to THB266.9 million as at 31 December 2019. Related thereto, contract assets declined from THB442.1 million as at 31 December 2018 to THB163.2 million as at 31 December 2019 due to execution or completion of projects such as BAAC ATM Project; inventories increased from THB6.9 million as at 31 December 2018 to THB201.4 million as at 31 December 2019 due to costs incurred on projects that are still in progress as at 31 December 2019; and trade receivables increased from THB41.2 million as at 31 December 2018 to THB191.7 million as at 31 December 2019 mainly due to THB136.0 million of trade receivables due from BAAC that were settled by 31 December 2019 due to billing delays.

The Group's current liabilities decreased from THB513.3 million as at 31 December 2018 to THB434.5 million as at 31 December 2019, mainly due to the net decline in Bank and other borrowings. Trade payables saw an increase from THB193.7 million as at 31 December 2018 to THB310.9 million as at 31 December 2019. This was mainly due to the heavy workload on various projects, such as PEA unmanned projects and conversion of BAAC magnetic cards, in the last quarter of 2019, which in turn led to higher orders from suppliers which are not due for settlement as at 31 December 2019.

The Group's equity attributable to shareholders of the Company increased significantly from THB82.2 million as at 31 December 2018 to THB494.2 million as at 31 December 2019 mainly due to the issue of the Company's shares from the Listing in July 2019.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group did not have any significant capital commitments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save for those in relation to the Reorganisation set out in the section headed "Reorganisation" of the Prospectus, the Group did not have any other material investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during 2019.

CONTINGENT LIABILITIES

(a) Bank guarantees

At 31 December 2019, there were outstanding bank guarantees of THB496,000,000 (2018: THB102,000,000) issued by a bank on behalf of the Group in respect of certain performance obligations as required in the normal course of business of the Group.

(b) Letters of credit

At 31 December 2019, there was outstanding letter of credit of THB67,700,000 (2018: Nil), issued by a bank on behalf of the Group in respect of certain performance obligations as required in the normal course of business of the Group.

FOREIGN EXCHANGE EXPOSURE

The Group primarily operates in Thailand with its revenue mainly sourced in THB and pays its suppliers mainly in THB. It therefore has limited exposure to foreign currency risk arising from fluctuations in exchange rates between THB and other currencies in which it conducts its business.

The Group is subject to foreign currency risk attributable to its bank balances, trade and other receivables and payables as well as bank loans that are denominated in currencies other than THB, particularly its Listing proceeds which are denominated in HK\$. The Group will closely monitor the change in foreign exchange rates to manage currency risks and evaluate necessary actions as required.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 57 employees (31 December 2018: 50 employees). The Group's labour costs (including salaries, bonuses, pension and welfare) were THB48.0 million, accounting for 9% of its revenue in 2019.

The Group provides attractive salary packages, including competitive basic salary plus annual performance bonus, as well as arranging on-going training to employees to facilitate their promotion within the organisation and enhance their loyalty to the Company. The Group's employees are subject to regular work performance appraisal to evaluate their promotion prospects and salary. The latter is decided with reference to market practice and the performance, qualifications and experience of the individual employee as well as the results of the Group.



DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Prapan Asvaplunghrohm, aged 60, was appointed as a Director on 23 November 2018 and re-designated as an executive Director and chairman of the Board on 24 January 2019. Mr. Asvaplunghrohm is also the Chairman and Chief Executive Officer of the Company and is primarily responsible for the leadership and effective running of the Board and determining the broad strategic direction of our Group. Mr. Asvaplunghrohm also serves as a director of all subsidiaries of our Group.

Mr. Asvaplunghrohm has over 25 years of experience in the IT industry and founded our Group in October 2004. Mr. Asvaplunghrohm is one of our Controlling Shareholders and a member of our Nomination Committee and Remuneration Committee.

Mr. Asvaplunghrohm obtained a bachelor's degree of engineering from Chulalongkorn University in Thailand in June 1982 and further obtained a master's degree of business administration from the George Washington University in the United States in February 1989.

Mr. Wison Archadechopon, aged 51, was appointed as a Director on 5 January 2019 and re-designated as an executive Director on 24 January 2019. Mr. Archadechopon is primarily responsible for the strategic plan management for business development, finance, human resources, purchasing and overall company management.

Mr. Archadechopon has over 27 years of experience in the IT industry, having worked in the Thai offices of IT companies such as Hewlett Packard and Dell before joining the Group.

Mr. Archadechopon obtained a bachelor's degree of engineering in telecommunications engineering from King Mongkut's Institute of Technology at Ladkrabang in Thailand in May 1991 and further obtained a master's degree of business administration from the Kasetsart University in Thailand in May 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tong Yee Ming (湯以銘先生), aged 67, was appointed as our independent non-Executive Director on 17 June 2019. Mr. Tong is primarily responsible for participating in meetings of the Board to bring an independent judgement to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group.

Mr. Tong has had over 30 years of experience in accounting and finance related matters since 1988 and has worked in finance areas in various companies listed in Singapore and Hong Kong from 1988 to 2004.

Mr. Tong graduated from University of Washington at Seattle in the United States with a bachelor's degree of arts in business administration in 1979. He later obtained a master's degree of business administration from Oregon State University at Corvallis in the United States. Mr. Tong is a member of the Institute of Cost and Management Accountants (now known as the Chartered Institute of Management Accounts (CIMA)), the United Kingdom since 1985, a member of the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) since 1991 and a Certified General Accountant (CGA) in Ontario, Canada since 1988.

Mr. Tong is the chairman of our Audit Committee, as well as a member of our Nomination Committee and Remuneration Committee.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung Pan (張斌先生), aged 48, was appointed as our independent non-Executive Director on 17 June 2019. Mr. Cheung is primarily responsible for participating in meetings of the Board to bring an independent judgement to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group.

Mr. Cheung has over 24 years of experience in the IT industry with banks and IT consulting firms, such as UBS AG, The Chase Manhattan Bank (now known as JPMorgan Chase Bank) and Icon Medialab Asia Limited. Since August 2003, Mr. Cheung has been employed by Union International Development Limited, a company which provides IT consulting services, as a director. He is responsible for managing the on-shore and off-shore development centers setup.

Mr. Cheung graduated from University of Wisconsin-Madison in the United States with a bachelor's degree of science in May 1994.

Mr. Cheung is the chairman of our Nomination Committee, as well as a member of our Audit Committee and Remuneration Committee.

Mr. Julapong Vorasontharsoth, aged 60, was appointed as our independent non-Executive Director on 17 June 2019. Mr. Vorasontharsoth is primarily responsible for participating in meetings of the Board to bring an independent judgement to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to our Group.

Mr. Vorasontharsoth has over 37 years of experience in the engineering industry in Thailand and spent 27 years at ABB Limited in Thailand. Since July 2017, Mr. Vorasontharsoth has been employed by IGEN Engineering Co., Ltd, a company primarily engaged in engineering services, as a senior executive adviser. He is responsible for advisory on business planning.

Mr. Vorasontharsoth graduated from Chulalongkorn University in Thailand with a bachelor's degree of engineering in March 1982. He further completed a modern managers program training in Chulalongkorn University in Thailand in May 1996.

Mr. Vorasontharsoth is the chairman of our Remuneration Committee, as well as a member of our Audit Committee and Nomination Committee.

SENIOR MANAGEMENT

Mr. Kittipol Thanasit (formerly known as Mr. Kittipol Sonthikiti), aged 52, joined our Group as the chief financial officer in November 2018. He is primarily responsible for overseeing matters relating to corporate finance and financial management of our Group, including budgeting, disclosure and reporting. Mr. Thanasit has over 29 years of experience in finance and accounting. From April 1989 to May 1992, he worked as a senior auditor for Ernst & Young Limited. From May 1992 to June 1996, he worked as an audit manager and management and consultant services manager for Thai Audit Limited, an accounting and auditing firm. From June 1996 to September 1999, he worked as a country accountant for BJ Services International (Thailand) Limited. From September 1999 to March 2006, he worked as a Regional Controller for Covanta Energy Asia Pacific Limited whereas during part of that period, he also undertook the duties of financial controller of Sahacogen (Chonburi) Public Company Limited, a company listed on the Stock Exchange of Thailand (Stock symbol: SCG). From May 2006 to November 2018, he was a director of ThaiCon Auditing Limited, an accounting and auditing firm.

Mr. Thanasit obtained a bachelor's degree of business administration in accounting in February 1989 and further obtained a master's degree of business administration in May 1998 from the Thammasat University. Mr. Thanasit was admitted as a member of the Federation of Accounting Professions, Thailand in October 1996.



DIRECTORS AND SENIOR MANAGEMENT

Mr. Patarapon Juntraporn, aged 47, joined our Group in May 2006 as a sales manager. He is primarily responsible for leading the sales team targeting the banking industry and government department projects in achieving its sales targets. Mr. Juntraporn has accumulated over 12 years of experiences in sales with our Group. Prior to joining our Group, Juntraporn worked as a quality control supervisor at Green Spot (Thailand) Co., Ltd. from October 1994 to March 1996 and as a technical support for Genomatch Co., Ltd. from August 1999 to April 2006.

Mr. Juntraporn obtained a bachelor's degree of science in agricultural industry from the Prince of Songkla University in March 1994. Mr. Juntraporn returned to study at the Prince of Songkla University in June 1996 until he obtained a master's degree of science in biotechnology from the Prince of Songkla University in February 2000.

Ms. Soontaree Treesub, aged 49, is a sales manager of our Group. She joined our Group in August 2007 as a business development manager and was promoted to her current position in July 2013. She is primarily responsible for leading the sales team targeting the utilities industry in achieving its sales targets. Ms. Treesub has accumulated over 11 years of experience in sales with our Group. Prior to joining our Group, she has worked for various public listed banks, including Bank of Ayudhya Public Company Limited, a company listed on the Stock Exchange of Thailand (Stock symbol: BAY), Thanachart Bank Public Company Limited, a company listed on the Stock Exchange of Thailand (Stock symbol: TCAP) and Siam City Bank Public Company Limited, a company listed on the Stock Exchange of Thailand (Stock symbol: SCIB).

Ms. Treesub obtained a bachelor's degree of physical education from Kasetsart University in March 1993 and further obtained a master's degree of management from Mahidol University in November 2005.

Mr. Nonthiaud Chomwattana, aged 38, is the technical director of our Group. Mr. Chomwattana joined our Group as a system engineer in July 2006 and was promoted to technical manager in March 2015 and subsequently promoted to his current position in September 2016. He is responsible for leading the technical support engineers in providing technical information to the sales teams and preparing technical proposals and implementing IT solutions for customers. Mr. Chomwattana has accumulated over 12 years of experience in practicing as an engineer with our Group. Prior to joining our Group, he worked in the ATM official services department of Bangkok Bank Public Limited Company, a company listed on the Stock Exchange of Thailand (Stock symbol: BBL) from July 2004 to July 2006.

Mr. Chomwattana obtained a bachelor's degree of industrial technology in electronic technology from King Mongkut's Institute of Technology North Bangkok in May 2004.

Ms. Suvaphat Ngen-ngam (formerly known as Ms. Sukhumporn Ngen-ngam), aged 51, is the administrative director of our Group. Ms. Ngen-ngam joined our Group as a senior project administrator in November 2010 and was promoted to her current position in July 2016. She is primarily responsible for administrative management of our Group. Ms. Ngen-ngam joined Agilent Technologies (Thailand) Ltd as a Sales Process Specialist in May 1995 until she left the firm in June 2009. She also worked as an education administrator in Hewlett-Packard (Thailand) Ltd.

Ms. Ngen-ngam obtained a bachelor's degree of business administration from Ramkhamhaeng University in June 1995.

COMPANY SECRETARY

Ms. Cheung Chit San (張媿珊女士), was appointed as the company secretary of our Company on 24 January 2019. Ms. Cheung is a Manager of Corporate Services of Tricor Services Limited, a global professional services provider specialising in integrated Business, Corporate and Investor Services.

Ms. Cheung has over 10 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies and real estate investment trusts as well as multinational, private and offshore companies.

Ms. Cheung is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom since November 2009 and she is a Chartered Governance Professional of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom since September 2018. Ms. Cheung obtained a master's degree of Science in Professional Accounting and Corporate Governance in November 2008 and a bachelor's degree of Business Administration in China Business from City University of Hong Kong in November 2005.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to upholding high standards of corporate governance practices and business ethics in the firm belief that they are crucial to improving the efficiency and performance of the Group and to safeguarding the interests of the Shareholders. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfil its commitment to excellence in corporate governance. Set out below are the principles of corporate governance as adopted by the Company during the period from the Listing date to 31 December 2019 (the "**Reporting Period**").

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of its shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") as the basis of the Company's corporate governance practices.

The shares of the Company have been listed on the Main Board of the Stock Exchange since 16 July 2019.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code since the Listing Date up till 31 December 2019, except for a deviation from the code provision A.2.1 of the CG Code, that the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. Prapan Asvaplunghroh, is our Chairman and Chief Executive Officer responsible for strategic development and business operations. Taking into account the continuation of the implementation of our business plans, our Directors (including our independent non-Executive Directors) ("**INEDs**") are of the view that Mr. Asvaplunghroh is the best candidate for both positions and the present arrangements are beneficial and in the interests of our Company and our shareholders as a whole. Further, the Group has put in place an appropriate check-and-balance mechanism through the Board and the INEDs.

The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Securities Dealing Code on terms no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code throughout the period from the Listing Date to the date of this Report. The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required of a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time in performing them.

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

As of the date of this report, the Board comprises two executive Directors and three INEDs. The composition of the Board is as follows:

Executive Directors

Mr. Prapan Asvaplungprohm (*Chairman and Chief Executive Officer*)
Mr. Wison Archadechopon

Independent Non-executive Directors

Mr. Tong Yee Ming
Mr. Cheung Pan
Mr. Julapong Vorasontharosoht

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" on pages 12 to 13 of this annual report.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The INEDs are expressly identified in all corporate communications pursuant to the Listing Rules.

Save as disclosed above, the Directors do not have any other financial, business, family or other material/relevant relationships with one another.

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

In view of Mr. Prapan Asvaplunghprohm personal profile and his roles in our Group as mentioned above and that Mr. Asvaplunghprohm has assumed the role of chief executive officer and is primarily responsible of the leadership and effective running of the Board and determining the broad strategic direction of our Group, the Board considers it beneficial to the business prospect and operational efficiency of our Group that upon Listing, Mr. Asvaplunghprohm acts as the chairman of the Board and continues to act as the chief executive officer of our Company. While this will constitute a deviation from Code Provision A.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors and that our Board comprises three INEDs out of five Directors, which is more than the Listing Rules requirement of one-third, and we believe that there is sufficient check and balance in the Board; (ii) Mr. Asvaplunghprohm and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three INEDs representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the INEDs in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all INEDs are independent.

Appointment and Re-election of Directors

Each of the Directors is engaged on a service contract (in the case of the executive Directors) or a letter of appointment (in the case of independent non-executive Directors) for a specific term of three years, which is renewable by mutual consent and subject to the Articles of Association of the Company.

The Articles of Association provides that all Directors appointed to fill a casual vacancy or as an addition to the Board shall be subject to re-election by Shareholders at the next following general meeting of the Company.

Every Director (including those appointed for a specific term) shall also be subject to retirement and re-election by rotation at least once every three years at the annual general meetings of the Company under the Articles of Association of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including INEDs, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The INEDs are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgment on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Besides, meetings with senior management of the Company were also arranged.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, the Company organized one training sessions conducted by the qualified professionals for all the Directors. Such training sessions cover a wide range of relevant topics including directors' duties and responsibilities, risk management and internal controls etc. In addition, relevant reading materials including directors' manual, legal and regulatory updates and seminar handouts have been provided to the directors for their reference and studying.

The training records of the Directors during the Reporting Period is set out below:

Name of Director	Reading materials relevant to corporate governance and director's duties	Attending training session(s) relevant to corporate governance and director's duties
Executive Directors		
Mr. Prapan Asvaplunghprohm (<i>Chairman</i>)	Y	Y
Mr. Wison Archadechopon	Y	Y
Independent Non-executive Directors		
Mr. Tong Yee Ming	Y	Y
Mr. Cheung Pan	Y	Y
Mr. Julapong Vorasontharosoht	Y	Y

Board Meetings and Directors' Attendance Records

The code provision A.1.1 of the CG Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

During the Reporting Period, the Company held four Board meetings in total. As the Company was listed on the Stock Exchange on 16 July 2019, the Company did not hold any general meetings during the Reporting Period. The Company will fully comply with the requirement under the code provision A.1.1 of the CG Code to convene Board meetings at least four times a year at approximately quarterly intervals.

Apart from regular Board meetings, the Chairman also held meeting(s) with INEDs without the presence of other Directors during the Reporting Period.

A summary of the attendance records of the Directors at the Board meetings held during the Reporting Period is set out below:

Name of Directors	Attendance/ Number of Meetings
Mr. Prapan Asvaplunghprohm (<i>Chairman</i>)	4/4
Mr. Wison Archadechopon	4/4
Mr. Tong Yee Ming	4/4
Mr. Cheung Pan	4/4
Mr. Julapong Vorasontharosoht	4/4

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of the Remuneration Committee, Audit Committee and Nomination Committee are INEDs.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Audit Committee consists of three INEDs, namely Mr. Tong Yee Ming, Mr. Cheung Pan and Mr. Julapong Vorasontharoso. Mr. Tong, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal controls systems of the Group, assist the Board to fulfil its responsibility over the audit, and review and approve connected transactions and to advise the Board.

The Audit Committee is also responsible for performing the functions set out in code provision D.3.1 of the CG Code. These include developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of directors and senior management of the Company; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and reviewing the Company's compliance with the CG Code from time to time adopted by the Company and the disclosure in the corporate governance report to be contained in the Company's annual report.

The Audit Committee held two meetings during the Reporting Period to review and consider, in respect of the year ended 31 December 2019, the interim and quarterly financial results and reports, issuance of profit warning announcement, amendments to its terms of reference, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, and appointment of external auditors.

The Audit Committee also met the external auditors on 25 March 2020 without the presence of the Executive Directors and the management.

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance/ Number of Meeting(s)
Mr. Tong Yee Ming (<i>Chairman</i>)	2/2
Mr. Cheung Pan	2/2
Mr. Julapong Vorasontharoso	2/2

The Company's annual results for the year ended 31 December 2019 have been reviewed by the Audit Committee.

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of four members, namely Mr. Julapong Vorasontharoso, Mr. Tong Yee Ming, Mr. Cheung Pan and Mr. Prapan Asvaplungprohm. Mr. Vorasontharoso is the chairman of the committee. The majority of the Remuneration Committee members are independent non-executive Directors.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management.

Due to the fact that the Company was listed on 16 July 2019, no meeting was held during the reporting period.

Since the Listing Date and up to the date of this annual report, one meeting of the Remuneration Committee was held on 25 March 2020. The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance/ Number of Meeting(s)
Mr. Julapong Vorasontharoso (<i>Chairman</i>)	1/1
Mr. Tong Yee Ming	1/1
Mr. Cheung Pan	1/1
Mr. Prapan Asvaplungprohm	1/1

Pursuant to code provision B.1.5 of the CG Code, details of the remuneration of the senior management (other than Directors) by bands for the year ended 31 December 2019 is as follows:

	Number of Employee(s)
THB1.1 million to THB2.9 million	5

Details of the Directors' remuneration are set out in note 9 to the consolidated financial statements in this annual report.

Nomination Committee

The Nomination Committee consists of four members, namely Mr. Cheung Pan, Mr. Tong Yee Ming, Mr. Julapong Vorasontharoso and Mr. Prapan Asvaplungprohm. Mr. Cheung is the chairman of the committee. The majority of the Nomination Committee members are independent non-executive Directors.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Nomination Committee are to make recommendations to our Board regarding the appointment of Directors and Board succession.

The Board has adopted a board diversity policy on 17 June 2019. A summary of the Board Diversity Policy is set out below:

Purpose: The Board Diversity Policy aims to set out the approach to achieve diversity in the Company's Board.

Board Diversity Policy statement: With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, the Nomination committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. All appointments are based on the principle of merit-based appointment and comprehensive consideration of objective conditions, so as to select leading talents with both ability and virtue.

Measurable Objectives: Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has adopted a nomination policy which set out a set of nomination procedures and selection criteria for directors. The Nomination Committee shall evaluate and select candidates based on the criteria by reference to character and integrity, business experience relevant and beneficial to the Company, qualifications including professional qualifications, skills and knowledge that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as a member of the Board and other significant commitments, present needs of the Board for particular expertise, skills or experience and whether the candidates would satisfy those needs, requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates for independent directors would be considered independent with reference to the independence guidelines set out in the Listing Rules and the board diversity policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board.

Since the Listing Date and up to the date of this annual report, one meeting of the Nomination Committee was held on 25 March 2020. The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance/ Number of Meeting(s)
Mr. Cheung Pan (<i>Chairman</i>)	1/1
Mr. Tong Yee Ming	1/1
Mr. Julapong Vorasontharosoht	1/1
Mr. Prapan Asvaplungprohm	1/1

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the Reporting period, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

During the Reporting Period, the Audit Committee of the Company, through the engagement of Dharmniti Internal Audit Co., Ltd. ("**Dharmniti**"), reviewed the adequacy and effectiveness of the Group's system of risks management and internal controls including financial, operational, compliance, risk management policies and systems established by the Company.

Risk management

The Group has conducted formal risk assessment by the management to identify and assess enterprise risks (including environmental, social and governance risks) with reference to the Group's business objectives and strategies. A risk assessment questionnaire prepared based on the Group's risk model has been circulated to senior management of the Group, together with reviews of existing risk mitigation measures and follow-up interviews as necessary, to facilitate the assessment. Action plans have been developed to further enhance the risk management capabilities of particular key risks as appropriate.

Internal control

The Group ensures internal controls are designed and implemented in all major aspects of the Group's operations and details of internal control activities are included in the operating policies and procedures of the Group. Based on the procedures performed by Dharmniti, no significant deficiencies were identified and improvement opportunities associated with the adequacy and effectiveness of the budgeting and controlling process had been submitted to the audit committee for considerations.

The audit committee also reported such findings and recommendations to the Board for the improvement of the risk management and internal control systems of the Group and the Board considered that all recommendations should be properly followed to ensure the sound and effectiveness of the risk and internal control systems of the Group can be maintained.

Our Group has already adopted Policy and Procedures on Disclosure of Inside Information and there are no material breaches of the procedures and internal controls for the handling and dissemination of inside information.

Internal audit function

With the assistance from Dharmniti, the Group has established an internal audit function assisting the Board in maintaining an effective risk management and internal control systems by evaluating its effectiveness and efficiency and by promoting continuous improvement. The internal audit function of the Group reports directly to the Audit Committee regularly and has access to the Chairman of the Audit Committee if appropriate.

In addition, the Board had received confirmation from the management that:

- The financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and
- The risk management and internal control systems of the Group are effective.

Based on the framework for risk management and internal control system established by the Group, the procedures performed by Dharmniti, and management, the Board and the audit committee admitted that through the review of risk management and internal control systems of the Group, it can evaluate and improve its effectiveness, and the Board, with the concurrence of the audit committee, considered that such systems including financial, operational and compliance were effective and adequate for the year ended 31 December 2019.

Such assessment of risk management and internal control systems will be conducted annually.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2019.

To the best knowledge of the Directors, there are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 37 to 41 of this annual report.

DIVIDEND POLICY

The Company has adopted a dividend policy which is in accordance with the relevant provisions of the Articles of Association. Pursuant to the dividend policy, the Company may from time to time in general meeting declare dividends in any currency to be paid to the members of the Company but no dividend shall be declared in excess of the amount recommended by the Board. No dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution, including share premium. No dividend shall carry interest against the Company.

When deciding whether to propose a dividend and in determining the dividend amount, our Board will take into account, inter alia, our Group's (i) general financial conditions; (ii) actual and future operations and liquidity positions; (iii) future cash requirements and availability; (iv) restrictions on payment of dividends that may be imposed by our Group's lenders; (v) general market conditions; and (vi) any other factors which they may deem appropriate at such time.

The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit, and so that it shall not be necessary to keep any reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute by way of dividend.

The Board may also, without convening a general meeting, from time to time declare interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. The Board may also pay half-yearly or at other suitable intervals to be selected by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the financial conditions and the profits available for distribution justify the payment. The Board may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of the Company as it thinks fit. Any dividend unclaimed shall be forfeited and shall be returned to the Company in accordance with the Articles of Association and all applicable laws and regulations.

The Board will review this Policy from time to time and may adopt changes as appropriate at the relevant time.

The Board did not recommend the payment of a dividend for the year ended 31 December 2019 (2018: Nil).

AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2019 is set out below:

Service Category	Fee Paid/Payable THB'000
Audit Services	2,750
Non-audit Services	200
	<hr/>
Total	2,950
	<hr/>

The amounts disclosed above does not include the statutory audit fees and other non-audit service fees paid to auditors of the subsidiaries of the Group.

COMPANY SECRETARY

Ms. Cheung Chit San has been appointed as the company secretary of the Company on 24 January 2019. Ms. Cheung is a Manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated Business Corporate and Investor Services.

Ms. Suvaphat Ngen-ngam, the administrative director of the Company, has been designated as the primary contact person at the Company which would work and communicate with Ms. Cheung on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2019, Ms. Cheung has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association of the Company, extraordinary general meetings shall also be convened on the written requisition of one or more members deposited at the principal office of the Company in Hong Kong specifying the objects of the meeting and signed by the requisitionist(s), provided that such requisitionist(s) hold, as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Cayman Islands Companies Law for Shareholders to move new resolutions at general meetings. The Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph. As regards proposing a person for election as a director of the Company, please refer to the “Procedures for Shareholders to Propose a Person for Election as a Director” of the Company which is posted on the Company’s website.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, the Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 170/9–10 Ocean Tower 1, 4th Floor,
Soi Sukhumvit 16 (Sammit), Ratchadapisek Road,
Klongtoey, Bangkok 10110 Thailand
Fax: +66 2 661 9933
Email: ir@plattnera.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders’ information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group’s business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet the Shareholders and answer their enquiries.

The Company maintains a website at www.plattnera.com as a communication platform with the Shareholders and investors, where the financial information and other relevant information of the Company are available for public access.

Constitutional Documents

In preparation for the Listing, the Company has adopted the amended and restated Memorandum and Articles of Association pursuant to a special resolution passed at an extraordinary general meeting on 17 June 2019, which became effective on the Listing Date. Since then, the Company has not made any changes to its Memorandum and Articles of Association. An up-to-date version of the Company’s Memorandum and Articles of Association is also available on the websites of the Company and of the Stock Exchange.

Policies relating to Shareholders

The Company has in place a Shareholders Communication Policy to ensure that shareholders’ views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Directors are pleased to present this Directors' Report and the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Our Group provides IT solutions to Thai financial institutions, government departments and agencies predominantly in administrative, telecommunications and utilities sectors.

A list of the Company's principal subsidiaries, together with their places of incorporation, principal activities and particulars of their issued shares/paid up capital, is set out in note 1 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

Overview and Performance of 2019

A review of the business of the Group during the year and a discussion and analysis on the Group's future business development are set out in the sections headed "Management Discussion and Analysis" on pages 7 to 11 of this annual report.

Environmental Policies and Performance

The Group is not subject to any significant health, safety or environmental risks, and we do not operate any production facilities or transportation.

To the best knowledge of the Group, during the year ended 31 December 2019, the Group has complied with the relevant environmental and occupational health and safety laws and regulations and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the reporting period.

Compliance with Relevant Laws and Regulations

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Key Relationship with Stakeholders

The Group recognizes that various stakeholders including employees, customers, suppliers and Shareholders. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

The remuneration of employees of the Group will be based on their performance, experience and the prevailing market remuneration. The total remuneration of employees includes basic salaries and discretionary bonus. The remuneration policy of the Directors is reviewed and determined by the remuneration committee having regard to the Directors' experience, responsibilities, workload and time devoted to the Group and performance of the Group.

The Group's principal customers are Thai financial institutions, government departments and agencies predominantly in administrative, telecommunications and utilities sectors. Some of our principal customers include BAAC, Customer F and PEA. We are continually building on our working relationship with our major customers and broadening the scope and depth of our projects with them.



REPORT OF DIRECTORS

In general, our major suppliers are hardware and/or software vendors or distributors in Thailand and subcontractors for developing software and supplying and installing different hardware in Thailand. Our Group has implemented a strict supplier selection process to ensure the services and/or product quality of our suppliers meet our requirements.

The principal goal of the Group is to maximize the return to the Shareholders. The Group will focus on our core business for achieving sustainable profit growth and rewarding the Shareholders with dividend payouts taking into account the business development needs and financial health of the Group.

During the year under review, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

Key Risks and Uncertainties and Risk Management

The material risks pertaining to our business are

- (i) our reliance on the contracts awarded by our major customers;
- (ii) our financial performance may fluctuate from year to year due to its project-based nature;
- (iii) our projects require significant upfront capital investment and cash outflow and we cannot ensure that we will be able to raise sufficient capital in a timely manner;
- (iv) our actual implementation of the project may not accord with our estimation due to cost overruns and/or other related risks; and
- (v) we may fail to exercise sufficient control over our subcontractors in the event of projects.

Events after Reporting Period

Significant events that have an effect on the Group subsequent to the financial year ended 31 December 2019 are set out in note 37 to the consolidated financial statements in this annual report.

DIRECTORS

The Directors during the year and up to the date of this Directors' Report are:

Executive Directors

Mr. Prapan Asvaplungprohm (*Chairman and Chief Executive Officer*)
Mr. Wison Archadechopon (*appointed on 5 January 2019*)

Independent Non-Executive Directors

Mr. Tong Yee Ming (*appointed on 17 June 2019*)
Mr. Cheung Pan (*appointed on 17 June 2019*)
Mr. Julapong Vorasontharosoth (*appointed on 17 June 2019*)

Biographies of the Directors and Senior Management

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 12 to 14 of this annual report.

Service Contracts of the Directors

Each of the Executive Directors has entered into a three-year service contract with the Company dated 17 June 2019 and effective from their respective appointment dates, subject to termination before expiry by either party giving not less than three months' notice in writing to the other.

Each of the INEDs has entered into a letter of appointment with the Company dated 17 June 2019 which commenced from their respective appointment dates for an initial term of three years and shall be terminable by either party giving not less than three months' notice in writing to the other.

All Directors are subject to retirement by rotation and re-election at annual general meeting, and will continue thereafter until terminated in accordance with the terms of the service agreement/letter of appointment.

In accordance with the Article 83(3) of Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

In accordance with Article 84(1) of Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation.

Accordingly, all the existing Directors shall retire from office at the forthcoming annual general meeting to be held on 14 May 2020 (the "AGM"). All of the retired directors, being eligible, offer themselves for re-election, at the AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to shareholders dated 8 April 2020.

Remuneration of the Directors and Five Highest Paid Individuals

Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in notes 9 and 10 to the consolidated financial statements in this annual report.

A review of the employees and remuneration policies of the Group during the year are set out in the section headed "Management Discussion and Analysis" on page 11 of this annual report.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Executive Directors for the staff of the Company on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Non-Compete Undertaking

There are no non-compete undertakings between the Controlling Shareholders of the Group and the Group.

Directors' Interest in Competing Businesses

As at 31 December 2019, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

Controlling Shareholders' Interests in Contracts of Significance

Save as disclosed in the section "Directors' Material Interests in Transactions, Arrangements or Contracts of Significance" of this annual report, no Controlling Shareholders or their subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries was a party during 2019.

Directors' Material Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in note 33 to the consolidated financial statements headed "Related Party Transactions", the section headed "Connected Transaction and Continuing Connected Transactions" of this annual report below, and in the paragraph below, no Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 31 December 2019 or at any time during the year ended 31 December 2019.

As at 31 December 2019, owing to administrative delays, certain of the Group's bank facilities that were secured by personal guarantees given by Mr. Asvaplunghroh, Mr. Archadechopon and Mr. Lohaphantakit are in the still in the process of been released. The Group shall endeavour to complete such release procedures as soon as practicable.

Connected Transaction and Continuing Connected Transactions

Transactions' Details

In August 2019, Platt Nera, an indirectly owned subsidiary of the Company, secured a project with a key customer which requires PN to provide the customer with a remote system to monitor the performance and status of street lights ("**Project**"). It is Platt Nera's evaluation that the use of Sigfox IoT technology (through the use of the certain equipment and connectivity airtime) will allow Platt Nera to effectively meet the desired service requirements of its customer. As TON is currently the only nationwide network operator of SigFox IoT technology in Thailand, Platt Nera has to work with TON for this Project.

As TON is currently the nationwide network operator of SigFox IoT technology in Thailand, Platt Nera has to work with TON for this project. The Group had worked with this key customer on other projects since 2018. The Directors believe that through the working with the key customer on this project utilizing the Sigfox IoT technology, the Group can strengthen its relationship with this key customer.

On 8 November 2019, Platt Nera entered into a supply agreement with TON ("**Supply Agreement**") for the supply of (i) certain equipment ("**Equipment**"); for a consideration of THB13,187,750 (approximately HK\$3,391,887*) and (ii) connectivity airtime for a period of three years and maintenance services for a period of two years by TON to Platt Nera. The Group is a provider of IT integrated solutions and it is therefore in the ordinary and usual course of the Company's business to procure the equipment and services pursuant to the Supply Agreement to meet the needs of the customer in relation to the Project.

TON is a company registered under the laws of Thailand, which as at 8 November 2019, was owned as to approximately 99.0% by Mr. Asvaplunghroh, an executive Director and one of our Controlling Shareholders. Hence, TON is an associate of Mr. Asvaplunghroh and is therefore a connected person of our Group. Accordingly, the transaction between PN and TON for the supply of certain equipment constitutes a connected transaction ("**Connected Transaction**") of the Company under the Listing Rules, and the transactions between PN and TON for the supply of connectivity airtime for a period of three years and maintenance services for a period of two years constitute continuing connected transactions ("**Continuing Connected Transactions**") of the Company under the Listing Rules.

As more than one of the relevant percentage ratios under the Listing Rules in respect of the Connected Transaction and the Continuing Connected Transactions on an aggregate basis exceed 0.1% but less than 5%, the Connected Transaction and the Continuing Connected Transactions are therefore exempt from the independent Shareholders' approval requirements, and are only subject to the reporting, announcement, and in the case of the Continuing Connected Transactions only, annual review requirements, under Chapter 14A of the Listing Rules.

Board Approvals

The Board (including the INEDs) has approved the Supply Agreement.

Mr. Prapan Asvaplungprohm, an executive Director and one of our Controlling Shareholders, is materially interested in the Supply Agreement, as he holds approximately 99.0% of TON. As such, Mr. Asvaplungprohm had abstained from voting on the relevant Board resolution in respect of the Supply Agreement. Save for Mr. Asvaplungprohm, none of the other Directors has any material interest in the Supply Agreement and was required to abstain from voting on the relevant Board resolution.

Annual Caps

	2020		For the year ending 31 December				2023	
	(THB)	(HK\$)	2021 (THB)	(HK\$)	2022 (THB)	(HK\$)	(THB)	(HK\$)
Provision of connectivity airtime by TON to PN	1,000,450	257,316*	1,091,400	280,708*	1,091,400	280,708*	90,950	23,392*
Provision of maintenance services for the by TON to Platt Nera	0	0*	1,000,450	257,316*	1,091,400	280,708*	90,950	23,392*

Aggregate amount payable by PN to TON for the Continuing Connected Transactions

	1,000,450	257,316*	2,091,850	538,024*	2,182,800	561,416*	181,900	46,785*
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The annual caps for the Continuing Connected Transactions are determined by distributing on a pro-rata basis the annual service fees payable by Platt Nera to TON for the Continuing Connected Transactions across their respective service periods as set out in the Supply Agreement, namely, the three annual service fees of THB1,091,400 (approximately HK\$280,708*) each for the provision of connectivity airtime are distributed on a pro-rata basis across the 36-month service period from 1 February 2020 to 31 January 2023 and the two annual service fees of THB1,091,400 (approximately HK\$280,708*) each for the provision of maintenance services for the Equipment are distributed on a pro-rata basis across the 24-month service period from 1 February 2021 to 31 January 2023.

* Based on exchange rate of THB1 to HK\$0.2572 and for illustrative purposes only.

Confirmation from the Company's Independent Auditor and the independent non-Executive Directors

As the Continuing Connected Transactions shall only begin in 2020, no confirmation has been provided by the auditor of the Company and the INEDs with respect thereof for the year ended 31 December 2019 pursuant to Rules 14A.55 and 14A.56 of the Listing Rules.

Save as disclosed in this annual report, as of the date of this annual report, the Company had no connected transactions which fell to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the shareholders by reason of their respective holding of the Company's securities.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), and Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO) are as follows:

(A) Interests in the Shares, the Underlying Shares and Debentures of the Company

Name of Director	Nature of Interest	Number of Shares held ⁽¹⁾	Approximate shareholding percentage (%)
Mr. Prapan Asvaplunghroh ("Mr. Asvaplunghroh")	Interest held jointly with other persons; interest in a controlled corporation	300,000,000 (L)	75%
Mr. Wison Archadechopon ("Mr. Archadechopon")	Interest held jointly with other persons; interest in a controlled corporation	300,000,000 (L)	75%

Notes:

- The letter "L" denotes long position of the shares.
- Mr. Asvaplunghroh, Mr. Archadechopon and Ms. Aranya Talomsin own 96%, 2% and 2% of Pynk Holding Limited ("**Pynk**") (being corporate Controlling Shareholder), respectively, and Mr. Asvaplunghroh, Mr. Archadechopon and Ms. Talomsin together control all the Shares held by Pynk.

(B) Interests in the Shares and Underlying Shares of Associated Corporations

Name of Director	Name of associated corporation	Nature of interest	Number and class of shares held in the associated corporation ^(Note 1)	Percentage of interest in class of shares held in the associated corporation
Mr. Asvaplunghroh	Pynk	Beneficial owner	96 ordinary shares (L)	96%
Mr. Archadechopon	Pynk	Beneficial owner	2 ordinary shares (L)	2%
Mr. Asvaplunghroh	Info Asset Holding (Thailand) Co., Ltd. (" IAH ")	Beneficial owner and beneficiary of a trust (other than a discretionary interest)	362,304 preference shares (L) ⁽²⁾	96%
Mr. Archadechopon	IAH	Beneficial owner	7,548 preference shares (L) ⁽²⁾	2%

Notes:

- The letter "L" denotes a long position in the shareholder's interest in the share capital of the relevant associated corporation.
- The holders of preference shares of IAH have one vote for every ten preference shares held on any resolution of IAH.

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executives of the Company are, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), that are required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, the following persons (other than the Directors or chief executives of the Company) have interests or short positions in the shares of the Company or underlying shares which were required to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares held ⁽¹⁾	Approximate shareholding percentage (%)
Pynk Holding Limited ("Pynk")	Beneficial owner	300,000,000 (L)	75%
Ms. Aranya Talomsin ("Ms. Talomsin")	Interest held jointly with other persons; interest in a controlled corporation ⁽²⁾	300,000,000 (L)	75%

Notes:

- The letter "L" denotes a long position of the shareholder's interest in the share capital of our Company.
- Pynk is beneficially owned as to 96% by Mr. Prapan Asvaplungprohm, 2% by Mr. Wison Archadechopon and 2% by Ms. Talomsin. Mr. Prapan Asvaplungprohm, Mr. Wison Archadechopon and Ms. Talomsin together control all the Shares held by Pynk.

Save as disclosed above, as at 31 December 2019, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Group has not adopted any share option scheme.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended 31 December 2019, the Group's sales to its five largest customers accounted for 99.8%, as compared to 99.6% of the Group's total revenue for the year ended 31 December 2018. The Group's sales to the largest customer accounted for 53.9%, as compared to 65.8% of the Group's total revenue for the year ended 31 December 2018.

Major Suppliers

For the year ended 31 December 2019, the Group's five largest suppliers accounted for 76.1%, as compared to 80.1% of the Group's total purchase amounts for the year ended 31 December 2018. The Group's single largest supplier accounted for 24.3%, as compared to 31.6% of the Group's total purchases for the year ended 31 December 2018.

During the year ended 31 December 2019, none of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest customers and suppliers.

MANAGEMENT CONTRACTS

During the reporting period, the Company has not entered into any contract with any individuals, firm or body corporate to manage or administer the whole or any substantial part of any business of the Group.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Each Director or other officer of the Company shall be entitled to be indemnified out of the assets of Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or trusts or otherwise in relation thereto in accordance with the Articles of Association.

The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2019 and the Group's financial position at that date are set out in the financial statements and pages 42 to 44.

The Board did not recommend the payment of a dividend for year ended 31 December 2019 (2018: Nil).

The Company intends to strike a balance between maintaining sufficient capital to grow the business and rewarding the shareholders of the Company. The Board has adopted a dividend policy pursuant to which in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, the following factors:

- (i) the general financial condition of the Group;
- (ii) the actual and future operations and liquidity positions of the Group;
- (iii) the Group's future cash requirements and availability;
- (iv) any restrictions on payment of dividends that may be imposed by the Group's lenders or securities holders;
- (v) the general market conditions and prospect; and
- (vi) any other factor that the Board deems appropriate.

SHARE CAPITAL

Details of movements in share capital of the Company during the Reporting Period are set out in note 29 to the consolidated financial statements in this annual report.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity and note 30 to the consolidated financial statements in this annual report.

The Company's reserves available for distribution to the Shareholders as at 31 December 2019 amounted to THB478.2 million.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the reporting period are set out in note 14 to the consolidated financial statements in this annual report.

USE OF PROCEEDS FROM LISTING

The Shares were listed on the Stock Exchange on the Listing Date with net proceeds received by the Group from the Share Offer amounting to approximately HK\$87.6 million (after deducting the underwriting commission, fees and all related expenses of HK\$37.4 million). Up to 25 March 2020, a total amount of HK\$58.8 million out of the net proceeds had been utilized by the Group.

Use of Proceeds	Planned usage (HK\$' million)	Percentage of total net proceeds (%)	Actual usage (HK\$' million)	Unutilized net proceeds (HK\$' million)
1. Financing secured projects	72.0	82.2%	43.2	28.8
a. PEA projects	53.7	61.3%	27.9	25.8
b. Customer F projects	6.9	7.9%	4.0	2.9
c. BAAC projects	11.4	13.0%	11.3	0.1
2. Repayment of loans	11.8	13.5%	11.8	—
3. Working Capital	3.8	4.3%	3.8	—
Total	87.6	100%	58.8	28.8

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during 2019 or subsisted at the end of 2019.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on 14 May 2020 (Thursday).

For determining the qualification as members of the Company to attend and vote at the AGM, the register of members of the Company will be closed from 11 May 2020 (Monday) to 14 May 2020 (Thursday), both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 8 May 2020 (Friday).

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 15 to 26 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the total issued capital of an issuer must be held by the public at any time. Based on the information that is publicly available and within the knowledge of the Directors, as at the date of this annual report, there is sufficient public float of 25% of the Company's issued shares as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands where the Company is incorporated which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

AUDITOR

The Company has appointed Ernst & Young as the first auditor of the Company for the year ended 31 December 2019. A resolution will be proposed for approval by the Shareholders at the forthcoming AGM to re-appoint Ernst & Young as the auditor of the Company.

By Order of the Board
Platt Nera International Limited
Prapan Asvaplungprohm

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 25 March 2020



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To the shareholders of Platt Nera International Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Platt Nera International Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 42 to 97, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Key audit matter

How our audit addressed the key audit matter

Revenue recognition of IT integrated solutions and IT support services

The Group principally generates revenue from the provision of design and implementation of integrated IT solutions ("**IT integrated solutions**") and operational, support and maintenance services ("**IT support services**").

Revenue in respect of these contracts with customers is recognised either (i) over time using the input method to measure progress towards complete satisfaction of the service when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (ii) at a point in time, generally upon complete delivery of the goods and services.

For contract revenue which is measured over time using the input method, the recognition of revenue and profit relies on management's estimate of the progress towards completion of each contract, which involves the exercise of significant management judgement, particularly in forecasting the costs to complete a contract, in estimating the amount of expected losses and in assessing the ability of the Group to deliver the services according to the agreed timetable.

In addition, for the year ended 31 December 2019, revenue of THB274 million was recognised for contracts with variable consideration in relation to IT support services. The transaction prices of these contracts are variable, which were determined based on, amongst other things, the issue and replacement of ATM cards and volume of relevant transactions occurred over the contract period.

In respect of the contracts with variable consideration, the Group estimated the contract consideration using the expected value method at contract inception and then remeasured it at the end of each reporting period, based on the latest operation data available in each reporting period, the historical experience, business forecast, and any circumstances or events happened that would impact the future activities.

Given that the revenue recognition of IT integrated solutions and IT support services involves estimations of the total costs to complete the contracts and the transaction prices with variable consideration, which rely on significant management judgement and estimation, we considered revenue recognition of these services a key audit matter.

Related disclosures are included in notes 3 and 5 to the consolidated financial statements.

As part of our audit procedures in relation to the progress to satisfaction of IT integrated solutions, we examined external or internal progress reports of work performed for amounts of contract cost recognised. We also selected material IT integrated solution projects, read their project budgets on contract revenue and costs, examined the agreements entered with vendors and compared them with the budgeted costs to identify any underestimation in budgeted costs, interviewed the Group's head of engineer regarding the preparation and approval processes of project budgets and read the correspondence between the Group and vendors in respect of work performed to identify any changes to the original work plan and whether these changes were reflected in the project budgets.

As part of our audit procedures in relation to estimation of variable consideration of IT support services, we read the customer contracts to understand the factors that would affect the transaction price, compared the actual activities level occurred during the year with the estimation made in prior years and assessed the assumptions and parameters used in the estimation by reading the latest available operation data and correspondence for events happened in respect of the related projects.

We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.



OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is CHENG Man.

Ernst & Young
Certified Public Accountants
Hong Kong
25 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	2019 THB'000	2018 THB'000
REVENUE	5	538,113	772,133
Cost of sales		(384,597)	(518,349)
Gross profit		153,516	253,784
Other income and gains, net	6	3,097	1,370
Selling and distribution expenses		(10,694)	(10,438)
Administrative expenses		(63,949)	(41,822)
Other expenses		(29,712)	(1,075)
Listing expenses		(62,139)	(34,626)
Finance costs	7	(16,414)	(19,613)
PROFIT/(LOSS) BEFORE TAX	8	(26,295)	147,580
Income tax	11	(10,981)	(34,035)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		(37,276)	113,545
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Defined benefit plan:			
Actuarial loss		—	(904)
Income tax effect		—	181
		—	(723)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		—	(723)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		(37,276)	112,822
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted (THB cents)	13	(10.76)	37.85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 THB'000	2018 THB'000
NON-CURRENT ASSETS			
Leasehold improvements and equipment	14	2,204	4,030
Right-of-use assets	16	1,962	—
Computer software	15	329	424
Prepayments, deposits and other receivables	19	13,051	1,360
Pledged bank deposits	20	98,847	61,848
Deferred tax assets	26	7,168	18,149
		<hr/>	
Total non-current assets		123,561	85,811
CURRENT ASSETS			
Inventories	17	201,409	6,917
Contract assets	5	163,222	442,106
Trade receivables	18	191,667	41,181
Prepayments, deposits and other receivables	19	50,252	17,530
Prepaid income tax		9,329	—
Cash and cash equivalents	20	266,900	17,395
		<hr/>	
		882,779	525,129
Non-current assets held for sale	21	—	57,309
		<hr/>	
Total current assets		882,779	582,438
CURRENT LIABILITIES			
Contract liabilities	5	2,596	796
Trade payables	22	310,938	193,707
Other payables and accruals	23	35,015	99,323
Income tax payable		2,470	6,160
Bank and other borrowings	25	81,605	213,352
Lease liabilities	16	1,905	—
		<hr/>	
Total current liabilities		434,529	513,338
NET CURRENT ASSETS			
		<hr/>	
		448,250	69,100
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	
		571,811	154,911

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 THB'000	2018 THB'000
NON-CURRENT LIABILITIES			
Bank and other borrowings	25	34,989	37,000
Lease liabilities	16	119	—
Defined benefit obligations	27	4,756	3,080
Preference shares of a subsidiary	28	37,740	32,640
		<hr/>	
Total non-current liabilities		77,604	72,720
		<hr/>	
Net assets		494,207	82,191
		<hr/>	
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	29	15,977	—
Reserves	30	478,230	82,191
		<hr/>	
Total equity		494,207	82,191
		<hr/>	

Prapan Asvaplungprohm
Executive Director

Wisorn Archadechopon
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Issued capital THB'000 <i>(note 29)</i>	Share premium account THB'000	Merger reserve THB'000 <i>(note 30(b))</i>	Defined benefit plan reserve THB'000	Accumulated losses THB'000	Total equity THB'000
At 1 January 2018	—	—	150,000	125	(208,119)	(57,994)
Profit for the year	—	—	—	—	113,545	113,545
Other comprehensive loss for the year:						
— Actuarial loss of a defined benefit plan, net of income tax	—	—	—	(723)	—	(723)
Total comprehensive income/(loss) for the year	—	—	—	(723)	113,545	112,822
Capital injection from shareholders pursuant to the Reorganisation <i>(as defined in note 1)</i>	—	—	31,402	—	—	31,402
Acquisition of a subsidiary pursuant to the Reorganisation <i>(as defined in note 1)</i>	—	—	(4,039)	—	—	(4,039)
At 31 December 2018 and 1 January 2019	—	—*	177,363*	(598)*	(94,574)*	82,191
Loss for the year and total comprehensive loss for the year	—	—	—	—	(37,276)	(37,276)
Increase in share capital of a subsidiary	—	—	4,537	—	—	4,537
Paid-up of share capital <i>(note 29(b))</i>	59	—	—	—	—	59
Issue of new shares pursuant to a capitalisation issue in connection with the Global Offering <i>(as defined in note 1) (note 29(c))</i>	11,924	(11,924)	—	—	—	—
Issue of new shares pursuant to the Global Offering <i>(note 29(d))</i>	3,994	495,331	—	—	—	499,325
Expenses incurred in connection with the Global Offering	—	(54,629)	—	—	—	(54,629)
At 31 December 2019	15,977	428,778*	181,900*	(598)*	(131,850)*	494,207

* These reserve accounts comprise the consolidated reserves of THB478,230,000 (2018: THB82,191,000) in the consolidated statement of financial position as at 31 December 2019.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Notes	2019 THB'000	2018 THB'000
CASH FLOWS FROM OPERATING ACTIVITIES		(26,295)	147,580
Profit/(loss) before tax			
Adjustments for:			
Interest income	6	(1,097)	(977)
Finance costs	7	16,414	19,613
Depreciation for items of leasehold improvements and equipment	8	2,352	2,280
Depreciation of right-of-use assets	8	4,200	—
Amortisation of computer software	8	103	137
Write-off of items of leasehold improvements and equipment	8	5	—
Provision for impairment of contract assets	8	8,404	—
Provision for a litigation	8	—	1,075
Provision for long-term employee benefits	8	1,676	334
		5,762	170,042
Decrease/(increase) in inventories		(194,492)	28,011
Decrease/(increase) in contract assets		270,480	(262,008)
Increase in trade receivables		(150,486)	(35,349)
Increase in prepayments, deposits and other receivables		(32,527)	(11,809)
Increase/(decrease) in contract liabilities		1,800	(1,267)
Increase in trade payables		117,231	139,874
Increase/(decrease) in other payables and accruals		(37,929)	26,178
Payment of provision for a litigation	24	—	(38,300)
		(20,161)	15,372
Cash generated from/(used in) operations		(13,019)	(9,479)
Income tax paid			
		(33,180)	5,893
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of leasehold improvements and equipment	14	(531)	(740)
Purchase of computer software	15	(8)	(33)
Advance payments for the acquisition of a distribution right and related equipment		—	(27,021)
Proceeds from the transfer of a distribution right and related equipment	21	17,604	—
Loan to a third party	19(b)	(11,785)	—
		5,280	(27,794)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Notes	2019 THB'000	2018 THB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares by the Company	29(d)	499,325	—
Proceeds from issue of new shares by subsidiaries		9,637	64,042
Share issue expenses		(54,629)	—
Acquisition of a subsidiary		—	(4,039)
Advance from the ultimate holding company	23	11,485	—
New bank and other borrowings	25	110,848	262,653
Repayment of bank and other borrowings	25	(256,166)	(335,902)
Principal portion of lease payments	16	(4,412)	—
Gross decrease in pledged bank deposits	20	10,096	44,595
Gross increase in pledged bank deposits	20	(47,095)	(23,683)
Interest received		996	713
Interest paid		(14,240)	(30,573)
Net cash flows from/(used in) financing activities		265,845	(22,194)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		10,535	54,630
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		248,480	10,535
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	365,747	79,243
Less: Pledged bank deposits	20	(98,847)	(61,848)
Cash and cash equivalents as stated in the consolidated statement of financial position	20	266,900	17,395
Less: Bank overdrafts	25	(18,420)	(6,860)
Cash and cash equivalents as stated in the consolidated statement of cash flows		248,480	10,535



NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

1. CORPORATE AND GROUP INFORMATION

Platt Nera International Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 23 November 2018. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Thailand is located at 170/9-10 Ocean Tower 1, 4th Floor, Soi Sukhumvit 16 (Sammit), Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand.

The Company and its subsidiaries (collectively, the “**Group**”) comprising the Group underwent a reorganisation (the “**Reorganisation**”), which involved the acquisition of all subsidiaries of the Group by the Company, as further detailed in the section headed “History, Reorganisation and corporate structure — Reorganisation” in the prospectus of the Company dated 28 June 2019 (the “**Prospectus**”).

During the year, the Company made an offer to the public for subscription of its new shares and undertook an international placing of its new shares (collectively, the “**Global Offering**”) in connection with the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Dealing of the Company’s shares on the Stock Exchange commenced on 16 July 2019 (the “**Listing**”).

During the year ended 31 December 2019, the Group was principally engaged in the provision of IT integrated solutions and IT support services.

Prior to the incorporation of the Company and the completion of the Reorganisation, the principal activities of the Group were carried out by Platt Nera Company Limited (“**Platt Nera**”), which was incorporated in Thailand.

In the opinion of the Directors, the immediate holding company and the ultimate holding company of the Company is Pynk Holding Limited, which is incorporated in the British Virgin Islands (“**BVI**”).

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about principal subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued and paid-up share capital	Percentage of equity attributable to the Company	Principal activities
Info Asset Holding Limited ("IAH (BVI)")	BVI	Ordinary shares: US\$50	100%	Investment holding
Info Asset Holding (Thailand) Co., Limited ("IAH")	Thailand	Ordinary shares: THB36,260,000 Preference shares: THB37,740,000	49%*	Investment holding
Platt Nera Company Limited ("Platt Nera")	Thailand	Ordinary shares: THB220,000,000	49%*	Provision of IT integrated solutions and IT support services

* These entities were accounted for as subsidiaries by virtue of the Company's control over them. To comply with the relevant laws and regulations of Thailand on foreign invested companies, IAH is incorporated with 49% of the share capital held by the Group, through its ownership of 100% of the ordinary shares of IAH, and 51% of the share capital held by four Thai nationals, through their ownership of 100% of the preference shares of IAH. Under the preference shares structure arrangement, one ordinary share of IAH is equivalent to ten preference shares of IAH in term of voting rights. Accordingly, the Group has 90.57% of the voting rights in IAH and IAH, together with its subsidiary, Platt Nera, are accounted for as subsidiaries of the Group. The preference shares of IAH are accounted for as financial liabilities of the Group.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the section headed “History, Reorganisation and corporate structure — Reorganisation” in the Prospectus, the Company became the holding company of the companies now comprising the Group on 17 June 2019. As the Reorganisation only involved inserting new holding companies of an existing company and has not resulted in any change of economic substances, these financial statements have been presented by applying the principles of merger accounting as if the Reorganisation had been completed at the earliest date presented, i.e., 1 January 2018. The consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the years ended 31 December 2019 and 2018 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the respective dates of incorporation of the relevant entities, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2018 has been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values of the relevant entities. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

2.2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) which comprise all standards and interpretations approved by the International Accounting Standards Board (“IASB”). They have been prepared under the historical cost convention, except for non-current assets held for sale and defined benefit obligations which have been measured in accordance with the accounting policy for “Non-current assets held for sale” and “Defined benefit plan” set out in note 2.5 below, respectively. These financial statements are presented in Thai Baht (“THB”) and all values are rounded to the nearest thousand (“THB’000”) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of the subsidiaries acquired under the Reorganisation are consolidated from the earliest date presented or since the respective dates of incorporation of the relevant entities, where this is a shorter period, as further detailed in note 2.1 above and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.2 BASIS OF PREPARATION (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements:

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to IFRSs 2015–2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9, IAS 19 and IAS 28, and *Annual Improvements to IFRSs 2015–2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

- (a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC — 15 *Operating Leases — Incentives* and SIC — 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption, if any, recognised as an adjustment to the opening balance of accumulated losses as at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

Nature of the effect of adoption of IFRS 16

The Group has lease arrangements as a lessee for various items of office premises and office equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on the straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities as at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019 and were presented separately on the face of the consolidated statement of financial position.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the consolidated statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 *Impairment of Assets* on that date. The Group elected to present the right-of-use assets separately on the face of the consolidated statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 on 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- A single discount rate was applied to a portfolio of leases with reasonably similar characteristics, when measuring the lease liabilities as at 1 January 2019

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

Financial impact on 1 January 2019

The adoption of IFRS 16 on 1 January 2019 by the Group has given rise to recognition of additional right-of-use assets and leases liabilities of THB6,042,000 each as at 1 January 2019.

A reconciliation of the operating lease commitments as at 31 December 2018 to the lease liabilities as at 1 January 2019 is as follows:

	THB'000
Operating lease commitments as at 31 December 2018	6,546
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(196)
	<hr/> 6,350
Weighted average incremental borrowing rate as at 1 January 2019	6.5%
	<hr/> 6,042
Lease liabilities as at 1 January 2019	<hr/> 6,042

(b) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes* (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The amendments did not have any significant impact on the Group's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements:

Amendments to IFRS 3	<i>Definition of a Business</i> ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i> ¹
Amendments to IFRS 10 and IAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
IFRS 17	<i>Insurance Contracts</i> ²
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ No mandatory effective date yet determined but available for adoption



NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

2.4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Further information about those IFRSs that are expected to be applicable to the Group is described below:

- (a) Amendments to IFRS 3 *Business Combinations* clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.
- (b) Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a holding company of the Group; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets, contract assets, inventories and non-current assets held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of a non-financial asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold improvements and equipment and depreciation

Leasehold improvements and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of leasehold improvements and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of leasehold improvements and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of leasehold improvements and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of leasehold improvements and equipment to its residual value over its estimated useful life. The estimated useful lives of different categories of leasehold improvements and equipment are as follows:

Leasehold improvements	3 years
Furniture and fixtures	5 years
Computer equipment	3 to 5 years

Where parts of an item of leasehold improvements and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of leasehold improvements and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Computer software

Computer software acquired separately is measured on initial recognition at cost. The useful life of computer software is assessed to be finite.

Computer software is subsequently amortised over the useful economic life of 5 years and assessed for impairment whenever there is an indication that an item of computer software may be impaired. The amortisation period and the amortisation method for a computer software with a finite useful life are reviewed at least at each financial year end.

A computer software is derecognised on disposal or no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the computer software is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant computer software.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases where the Group as a lessee (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on the straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises	1.5 years
Office equipment	2–3 years

If ownership of the leased asset is transferred to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease or, where that rate cannot be readily determined, the Group uses its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented on the face of the consolidated statement of financial position separately.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of car parking spaces, warehouses and spaces for ATMs (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on the straight-line basis over the lease term.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating leases (applicable before 1 January 2019)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases, net of any incentives received from the lessor, are charged to profit or loss on the straight-line basis over the lease terms.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Equipment and intangible assets classified as held for sale are not depreciated or amortised.

Financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's financial assets are all classified, at initial recognition, as subsequently measured at amortised cost. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset (debt instrument) to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets (debt instruments) with cash flows that are not SPPI are classified and measured at fair value through profit or loss.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets (debt instruments) classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets (debt instruments) classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets (debt instruments) which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Subsequent measurement

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment

The Group recognises a provision for expected credit losses (“**ECL**”) for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(a) General approach

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below:

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment (Continued)

(b) Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group are all classified, at initial recognition, as financial liabilities at amortised cost, which are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress, comprises direct materials, direct labour and overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included as finance costs in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of value added tax (“**VAT**”).

The Group used a 5-step approach for revenue recognition:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group’s performance satisfies one of the following criteria:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group principally earns revenue from the provision of IT products and services which can be broadly categorised as follows:

- Design and implementation of integrated IT solutions (“**IT integrated solutions**”); and
- Provision of operational, support and maintenance services (“**IT support services**”).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

Revenue from contracts with customers (Continued)

(i) IT integrated solutions

IT integrated solutions comprise a comprehensive range of services, from project design and planning, assessment of hardware and/or software options and their suitability, sourcing and sale of hardware and/or software (either bundled or separately), system installation and launch to trial operation and acceptance, including system upgrades for existing systems.

Contracts for bundled sales of hardware and/or software and integration services are treated as a single performance obligation because the promises to transfer the hardware and/or software and provide integration services are not capable of being distinct and separately identifiable. Accordingly, the Group only allocates the transaction price to a single performance obligation, given that there is no other performance obligation identified.

In the opinion of the directors of the Company, the provision of IT integrated solutions is either satisfied (1) over time using the input method to measure progress towards complete satisfaction of the service as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (2) for any other cases, at a point in time, generally upon complete delivery of the goods and services.

(ii) IT support services

The Group is also engaged to provide operational, support, upgrade and maintenance services to ensure the proper functioning of the relevant IT system of customers, some of which were provided by the Group together with IT integrated solutions. IT support services typically meet the criterion where customers simultaneously receive and consume the benefits of the Group's performance as the Group performs. Therefore, in the opinion of the directors of the Company, the performance obligation of rendering IT support services is satisfied over time which is recognised over the relevant service period.

The transaction price is the amount of consideration that the Group expects or estimates to be entitled in exchange for transferring IT support services to customers. Revenue from rendering IT support services is recognised over time, using the straight-line method over the service contract period to measure progress towards complete satisfaction of the service.

In determining the transaction price for the service rendered, the Group further considers the effects of variable consideration and the existence of significant financing components.

(i) Variable consideration

The transaction price of certain contracts is variable based on the occurrence of certain activities during the contract period. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer using the expected value method. The variable consideration is estimated at contract inception and then remeasured at each reporting date and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

Revenue from contracts with customers (Continued)

(ii) Significant financing component

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component, because the Group expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. In addition, for certain customer contracts, the majority amount of the consideration promised by the customer is variable, in which the amount or timing to receive the entitled consideration is uncertain and depends on the occurrence or non-occurrence of a future event that is not substantially within the control of the Group. Therefore, the Group considers that there is no significant financing component in these customer contracts.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract balances

(a) *Contract assets*

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

(b) *Trade receivables*

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

(c) *Contract liabilities*

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

Short-term employee benefits

Salaries, annual rewards and related employment welfare are recognised as expenses when incurred.

Post-employment benefits — Defined benefit plan

The Group has obligations in respect of the severance payments it must make to employees upon retirement under the Labour Law of Thailand. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under “administrative expenses” in profit or loss by function:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Post-employment benefits — Defined contribution plan

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

Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. All borrowing costs are expensed in profit or loss in the period in which they are incurred.

Foreign currencies

These financial statements are presented in THB, which is also the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts and the accompanying disclosures of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Judgements in determining progress towards complete satisfaction

The Group has certain contracts with customers in respect of IT integrated solutions that the revenue is recognised over time, using an input method to measure progress towards complete satisfaction when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The input method recognises revenue based on the actual cost incurred to date, latest available budgets, and management's best estimates and judgements. The Group regularly assesses the progress based on latest facts and circumstances occurred in each IT integrated solution project, and past experience in conducting similar work, and make necessary adjustment to the progress or budget.

Judgements in determining method to estimate variable consideration

The consideration of certain contracts for the IT integrated solutions business and the IT support services business is variable based on the occurrence of certain activities during the contract period. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration. The selected method that better predicts the amount of variable consideration was primarily driven by the number of certain activities performed during the contract period, such as the expected level of activities, the change in revenue sharing ratio and the change in per unit price of services provided. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined whether to constrain the estimates of variable consideration based on its historical experience, business forecast and the current economic conditions.

Provision for ECL of trade receivables and contract assets

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of lifetime ECL provisions for all trade receivables and contract assets. The details of the estimation of the lifetime ECL provisions as at 31 December 2019 are set out in note 36(b) to the financial statements.

4. SEGMENT INFORMATION

Operating segment information

No operating segment information is presented as the Group's revenue, reported results and total assets were derived from one single operating segment, i.e., provision of IT integrated solutions and IT support services.

Geographical information

The Group's revenue during the year was derived from external customers based in Thailand, and the Group's non-current assets, excluding financial assets, were all located in Thailand.

Information about major customers

The revenue generated from sales to customers which individually contributed more than 10% of the Group's total revenue during the year is set out below:

	2019 THB'000	2018 THB'000
Customer A	290,175	508,393
Customer B	192,478	153,813
Customer C	N/A*	79,194

* Less than 10% of the Group's total revenue.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregated revenue information for revenue from contracts with customers

	2019 THB'000	2018 THB'000
By type of goods or services:		
IT integrated solutions	260,987	533,876
IT support services	277,126	238,257
Total revenue from contracts with customers	538,113	772,133
By timing of revenue recognition:		
Transferred at a point in time	3,419	252,659
Transferred over time	534,694	519,474
Total revenue from contracts with customers	538,113	772,133

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

5. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

(b) Contract balances

	Note	2019 THB'000	2018 THB'000
Contracts assets	(i)	171,626	442,106
Impairment	(i)	(8,404)	—
		163,222	442,106
Trade receivables	18	191,667	41,181
Contract liabilities	(ii)	2,596	796

Notes:

- (i) Contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets are transferred to trade receivables when the rights to consideration become unconditional. During the year ended 31 December 2019, such transfer amounted to THB391,472,000 (2018: THB180,098,000). ECL consideration in respect of contract assets is set out in note 36(b) to the financial statements.

The expected timing of recovery or settlement of contract assets as at the end of the reporting period is as follows:

	2019 THB'000	2018 THB'000
Within one year	163,222	391,472
More than one year	—	50,634
Total contract assets	163,222	442,106

The movement in the loss allowance for impairment of contract assets is as follows:

	2019 THB'000	2018 THB'000
At 1 January	—	—
Impairment provided during the year (note 8)	8,404	—
At 31 December	8,404	—

5. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

(b) Contract balances (Continued)

Notes: (Continued)

- (ii) Contract liabilities are the Group's obligations to transfer goods or services to customers for which the Group has received consideration from customers, including progress billings received from customers for services in progress and upfront deposits collected from customers prior to the commencement of the provision of services or delivery of products. Contract liabilities are recognised as revenue when the Group performs under the contract.

Set out below is the amount of revenue recognised from amounts included in contract liabilities at the beginning of the reporting period and from performance obligations satisfied (or partially satisfied) in previous periods:

	2019 THB'000	2018 THB'000
Revenue recognised that was included in contract liabilities at the beginning of the year	796	1,267
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	14,704	27,206

(c) Transaction price allocated to remaining performance obligations

The Group recognises revenue of IT integrated solutions and IT support services according to the accounting policies as set out in note 2.5 to the financial statements.

The aggregate amounts of the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the reporting period are as follows:

	2019 THB'000	2018 THB'000
Within one year	493,632	230,350
More than one year	5,138,356	81,123
	5,631,988	311,473

The remaining performance obligations expected to be recognised in more than one year related to the IT integrated solutions and IT support services that have a remaining contract period of not more than 7 years. All the other remaining performance obligations are expected to be recognised within one year. The amount mentioned above does not include performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

6. OTHER INCOME AND GAIN, NET

An analysis of the Group's other income and gain, net is as follows:

	2019 THB'000	2018 THB'000
Interest Income	1,097	977
Service fee income	887	—
Foreign exchange differences, net	—	245
Others	1,113	148
	3,097	1,370

7. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2019 THB'000	2018 THB'000
Interest on bank loans, overdrafts and other loans	14,240	19,613
Interest on lease liabilities (<i>note 16(b)</i>)	274	—
Dividend on IAH Preference Shares (<i>as defined in note 28</i>)	1,900	—
	16,414	19,613

8. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	2019 THB'000	2018 THB'000
Cost of inventories sold		60,758	29,925
Cost of services rendered		323,839	488,424
Depreciation of items of leasehold improvements and equipment	14	2,352	2,280
Depreciation of right-of-use assets	16	4,200	—
Amortisation of computer software*	15	103	137
Minimum lease payments under operating leases		—	2,995
Lease payments not included in the measurement of lease liabilities	16	560	—
Auditor's remuneration		2,750	—
Employee benefit expense (including directors' remuneration — note 9):			
Salaries, allowances and benefits in kind		45,055	37,406
Defined contribution scheme contributions		1,218	1,164
Net benefit expenses of a defined benefit plan	27	1,676	334
Total employee benefit expense		47,949	38,904
Less: Amount included in cost of services rendered		(10,675)	(12,874)
		37,274	26,030
Write-off of items of leasehold improvements and equipment*	14	5	—
Impairment of contract assets**	5	8,404	—
Provision for a litigation**	24	—	1,075
Foreign exchange differences, net		11,308**	(245)

8. PROFIT/(LOSS) BEFORE TAX (Continued)

- * These items are included in "Administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.
- ** These items are included in "Other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2019 THB'000	2018 THB'000
Fees	1,428	—
Other emoluments:		
Salaries, allowances and benefits in kind	8,229	7,702
Performance related bonuses	1,374	546
Post-employment benefits	885	324
	10,488	8,572
Total directors' remuneration	11,916	8,572

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

9. DIRECTORS' REMUNERATION (Continued)

An analysis of the directors' remuneration, on a named basis, is as follows:

	Fees THB'000	Salaries, allowances and benefits in kind THB'000	Performance related bonuses THB'000	Post- employment benefits THB'000	Total THB'000
Year ended 31 December 2019					
Executive directors:					
Mr. Prapan Asvaplungprohm*	—	4,729	800	489	6,018
Mr. Wison Archadechopon®	—	3,500	574	396	4,470
Independent non-executive directors:					
Mr. Julapong Vorasontharasoht#	492	—	—	—	492
Mr. Cheung Pan#	468	—	—	—	468
Mr. Tong Yee Ming#	468	—	—	—	468
	1,428	8,229	1,374	885	11,916
Year ended 31 December 2018					
Executive directors:					
Mr. Prapan Asvaplungprohm*	—	4,449	—	—	4,449
Mr. Wison Archadechopon®	—	3,253	546	324	4,123
	—	7,702	546	324	8,572

* Appointed as an executive director of the Company on 23 November 2018.

® Appointed as an executive director of the Company on 5 January 2019.

Appointed as independent non-executive directors of the Company on 17 June 2019.

The executive directors of the Company are employees of a subsidiary of the Company and the above directors' remuneration disclosure also included their remuneration in 2018 for the period before they were appointed executive directors of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors of the Company (2018: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining three (2018: three) non-director highest paid employees for the year are as follows:

	2019 THB'000	2018 THB'000
Salaries, allowances and benefits in kind	6,420	4,461
Performance related bonuses	737	227
Post-employment benefits	492	294
	7,649	4,982

The number of the non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2019	2018
Nil to HK\$1,000,000	3	3

11. INCOME TAX

An analysis of the Group's income tax charged in profit or loss during the year is as follows:

	2019 THB'000	2018 THB'000
Current:		
Charge for the year	—	9,100
Over provision in prior year	—	(2,816)
Deferred tax (<i>note 26</i>)	10,981	27,751
Total tax charge for the year	10,981	34,035

Notes:

- (a) No provision for Hong Kong profits tax and Thailand income tax have been made as the Group did not generate any assessable profits arising in Hong Kong and Thailand during the year (2018: Nil). Thailand income tax had been provided at the rate of 20% on the estimated assessable profits arising in Thailand during the prior year.
- (b) A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory tax rate for jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2019 THB'000	2018 THB'000
Profit/(loss) before tax	(26,295)	147,580
Tax expense at the statutory tax rates	(2,524)	36,441
Adjustment in respect of income tax of previous year	—	(2,816)
Income not subject to tax	(45)	—
Expenses not deductible for tax	12,381	410
Tax loss not recognised	1,169	—
Tax expense at the effective tax rate of -41.8% (2018: 23.1%)	10,981	34,035

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

12. DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: Nil).

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to shareholders of the Company, and the weighted average number of ordinary shares in issue during the year as if the changes in issued number of ordinary shares of the Company as detailed in note 29 had been completed on 1 January 2018.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during each of these years.

The calculations of the basic and diluted earnings/(loss) per share amounts are based on the following data:

	2019 THB'000	2018 THB'000
Profit/(loss) for the year attributable to shareholders of the Company, used in the basic and diluted earnings/(loss) per share calculations	(37,276)	113,545
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted earnings/(loss) per share calculations	346,301,370	300,000,000

14. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

	Leasehold improvements THB'000	Furniture and fixtures THB'000	Computer equipment THB'000	Total THB'000
Year ended 31 December 2019				
At 1 January 2019:				
Cost	3,860	1,864	2,630	8,354
Accumulated depreciation	(1,871)	(993)	(1,460)	(4,324)
Net carrying amount	1,989	871	1,170	4,030
Net carrying amount:				
At 1 January 2019	1,989	871	1,170	4,030
Additions	—	125	406	531
Depreciation provided during the year (note 8)	(1,407)	(285)	(660)	(2,352)
Write-off (note 8)	—	(5)	—	(5)
At 31 December 2019	582	706	916	2,204
At 31 December 2019:				
Cost	3,860	1,975	3,036	8,871
Accumulated depreciation	(3,278)	(1,269)	(2,120)	(6,667)
Net carrying amount	582	706	916	2,204
Year ended 31 December 2018				
At 1 January 2018:				
Cost	3,860	1,760	1,994	7,614
Accumulated depreciation	(463)	(703)	(878)	(2,044)
Net carrying amount	3,397	1,057	1,116	5,570
Net carrying amount:				
At 1 January 2018	3,397	1,057	1,116	5,570
Additions	—	104	636	740
Depreciation provided during the year (note 8)	(1,408)	(290)	(582)	(2,280)
At 31 December 2018	1,989	871	1,170	4,030
At 31 December 2018:				
Cost	3,860	1,864	2,630	8,354
Accumulated depreciation	(1,871)	(993)	(1,460)	(4,324)
Net carrying amount	1,989	871	1,170	4,030

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

15. COMPUTER SOFTWARE

	2019 THB'000	2018 THB'000
At 1 January:		
Cost	742	709
Accumulated amortisation	(318)	(181)
Net carrying amount	<u>424</u>	<u>528</u>
Net carrying amount:		
At 1 January	424	528
Addition	8	33
Depreciation provided during the year (note 8)	(103)	(137)
At 31 December	<u>329</u>	<u>424</u>
At 31 December:		
Cost	750	742
Accumulated amortisation	(421)	(318)
Net carrying amount	<u>329</u>	<u>424</u>

16. LEASES WHERE THE GROUP AS A LESSEE

The Group has lease arrangements as a lessee for certain office premises and office equipment used in its operations. The leases for office premises and office equipment generally have lease terms between 2 to 3 years.

(a) *Right-of-use assets (applicable after 1 January 2019)*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office premises THB'000	Office equipment THB'000	Total THB'000
At 1 January 2019	5,774	268	6,042
Additions	—	120	120
Depreciation provided during the year (note 8)	(4,076)	(124)	(4,200)
At 31 December 2019	<u>1,698</u>	<u>264</u>	<u>1,962</u>

16. LEASES WHERE THE GROUP AS A LESSEE (Continued)

(b) *Lease liabilities (applicable after 1 January 2019)*

The carrying amount of the Group's lease liabilities and the movements during the year are as follows:

	THB'000
At 1 January 2019	6,042
New leases	120
Accretion of interest recognised during the year (<i>note 7</i>)	274
Payments	(4,412)
	<hr/>
At 31 December 2019	2,024
Portion classified as current liabilities	(1,905)
	<hr/>
Non-current portion	<u>119</u>

The maturity analysis of the lease liabilities is disclosed in note 36(c) to the financial statements.

(c) *Other lease information (applicable after 1 January 2019)*

The amounts recognised in profit or loss in relation to leases are as follows:

	2019 THB'000
Interest on lease liabilities	274
Depreciation of right-of-use assets	4,200
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in administrative expenses) (<i>note 8</i>)	335
Expense relating to leases of low-value assets (included in administrative expenses) (<i>note 8</i>)	225
	<hr/>
Total amount recognised in profit or loss	<u>5,034</u>

(d) *Operating lease commitments as at 31 December 2018 (applicable before 1 January 2019)*

The Group leases certain office premises and equipment under operating lease arrangements, with the leases negotiated with terms ranging from one to three years.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 THB'000
Within one year	4,565
In the second to fifth years, inclusive	1,981
	<hr/>
	<u>6,546</u>

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

17. INVENTORIES

	2019 THB'000	2018 THB'000
Materials held for use on an IT support service contract	44,118	6,917
Work in progress for IT integrated solution contracts	157,291	—
Equipment purchased under a terminated service contract (<i>note</i>)	—	—
	201,409	6,917

Note: On 24 November 2011, the Group entered into agreements with a telecom service provider to provide an FTTx network and equipment for the purposes of providing Internet and telecommunication services for 60 months. The Group terminated the contract in 2014 and filed a lawsuit against the customer and claimed damages of THB493,133,000 in total in 2015 over an alleged breach of the contract as the customer suspended the project without paying any consideration. The case is being considered by the Central Administrative Court of Thailand and no judgement has been made. In the opinion of the Group's legal counsel, there is a possibility that the Central Administrative Court will make the judgement against the customer to pay for the damages. Owing to the uncertainty about the amount of the damages that can be awarded, if any, the Group did not recognise any compensation receivables in connection with this litigation. On the other hand, as a result of this incident, the Group transferred the relevant equipment costs of THB102,968,000 to inventories and impaired the whole amount in prior years as the possibility for reselling these inventories to third parties is remote.

18. TRADE RECEIVABLES

	2019 THB'000	2018 THB'000
Trade receivables	191,667	41,181

Notes:

- (a) The Group's trading terms with its customers are mainly on credit. The credit period is generally 7 to 30 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to certain customers with good reputation, in the opinion of the directors of the Company, there is no significant credit risk. Trade receivables are non-interest-bearing.
- (b) An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2019 THB'000	2018 THB'000
Within 1 month	189,357	5,313
1 to 3 months	2,310	35,868
	191,667	41,181

ECL consideration in respect of trade receivables is set out in note 36(b) to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2019 THB'000	2018 THB'000
Prepayments		26,822	15,985
Interest receivables		575	474
Deposits and other receivables	(a)	21,736	1,634
Loan receivable	(a),(b)	11,785	—
Others		2,385	797
		63,303	18,890
Portion classified as current assets		(50,252)	(17,530)
		13,051	1,360

Notes:

- (a) The other receivables and loan receivable are neither past due nor impaired and their ECL consideration is set out in note 36(b) to the financial statements.
- (b) The balance represents a loan to a third party which is unsecured, bears interest at the rate of 5% per annum and is repayable in 2022.

20. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Notes	2019 THB'000	2018 THB'000
Cash and bank balances other than time deposits		266,900	17,395
Time deposits		98,847	61,848
Total cash and bank balances	(a)	365,747	79,243
Less: Pledged bank deposits	(b)	(98,847)	(61,848)
Cash and cash equivalents		266,900	17,395

Notes:

- (a) Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for one year as the security for letters of guarantee and letters of credit issued by banks in favour of the Group and the Group's bank borrowings and overdrafts. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.
- (b) At the end of the reporting period, certain bank deposits of the Group were pledged to banks for letters of guarantee, letters of credit, bank loans and bank overdrafts.

The pledged deposits bore interest at rates ranging from 0.85% to 1.55% per annum (2018: 0.85% to 1.25% per annum) as at 31 December 2019.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

21. NON-CURRENT ASSETS HELD FOR SALE

The balance represented a distribution right and related equipment that would be transferred to a related company controlled by a director of the Company in accordance with a novation agreement dated 15 October 2018 in relation to a distribution agreement entered into between the Group and an independent third party in 2017, pursuant to which, the Group was granted the right to market and sell an Internet of Things technology developed by the independent third party in Thailand.

In accordance with a memorandum of agreement dated 28 December 2018 and amendments thereto dated 14 January 2019 and 14 March 2019 entered into between the Group, the related company and a director of the Company, the total consideration payable by the related company to the Group in respect of the novation transaction was THB57.3 million, which had been settled during the year by way of (i) offsetting the Group's payment obligations in respect of interest payable on loans from the director of approximately THB39.7 million as at 31 December 2018 (note 23(b)); and (ii) cash settlement in the amount of approximately THB17.6 million.

22. TRADE PAYABLES

Trade payables of the Company are unsecured, interest-free, and are normally settled on 30 to 60 days terms, except that the Group is required to pay interest at 2% per month for an overdue trade payable balance.

An ageing analysis of the trade payables as at the end of reporting period, based on the invoice date, is as follows:

	2019 THB'000	2018 THB'000
Within 1 month	56,096	21,414
1 to 2 months	71,883	10,621
2 to 3 months	9,017	1,588
Over 3 months	18,991	26,334
	155,987	59,957
Unbilled	154,951	133,750
	310,938	193,707

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

23. OTHER PAYABLES AND ACCRUALS

	Notes	2019 THB'000	2018 THB'000
Accruals		8,481	21,396
Other payables		6,466	14,665
Due to the ultimate holding company	(a)	11,485	—
Interest-bearing other payable	24	—	9,270
Interest payable on loan from a director	(b)	—	39,705
Interest payable on IAH Preference Shares (as defined in note 28)	28	1,900	—
Consideration payable for the purchase of shares of IAH (BVI) from the then shareholders	(c)	363	—
Other tax payables		6,320	14,287
		35,015	99,323

Notes:

- (a) The balance with the ultimate holding company is unsecured, interest-free and repayable on demand.
- (b) The balance as at 31 December 2018 represented the interest payable to a director of the Company in respect of loans advanced from the director which bore interest at a fixed rate of 6% per annum. The balance was offset with the consideration receivable for the sale of the non-current assets held for sale during the year (note 21).
- (c) The balance represented the consideration payable for the purchase of shares of IAH (BVI) from the then shareholders pursuant to the Reorganisation.

24. PROVISION FOR A LITIGATION

	2019 THB'000	2018 THB'000
At 1 January	—	55,424
Additional provision	—	1,075
Settlement	—	(56,499)
At 31 December	—	—

The balance represented the damages and related interest payable in connection with a litigation with a customer of a consortium to which the Group is a party. On 27 August 2008, the Group together with two other companies (collectively, the "SME Consortium") signed an agreement with the customer to install a core banking system for the customer within 630 days from the date of the contract. However, the customer terminated the contract in June 2010 and made a legal claim against the SME Consortium in May 2012 at the Central Intellectual Property and International Trade Court of Thailand ("CIPITC"). The CIPITC ruled against the SME Consortium in 2015. The SME Consortium filed an appeal against the above judgement in July 2015 at the Supreme Court of Thailand. The Supreme Court of Thailand upheld the decision made by CIPITC in March 2018 and ordered the SME Consortium to pay damages of THB32,699,000 plus interest at 7.5% per annum from 21 May 2012 until the whole amount is settled. Because of the high degree of uncertainty regarding the amount expected to be recovered, the Group wrote off the total project costs incurred of THB139,255,000 in full in 2015. In addition, as previously agreed with the SME Consortium, the Group shall bear all the liabilities arising from the litigation and hence, the Group make a provision for the damage of THB32,699,000 as set out in the CIPITC judgement in 2015, and the corresponding ongoing interest costs in each year since 2015.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

24. PROVISION FOR A LITIGATION (Continued)

After the judgement was made by the Supreme Court of Thailand in March 2018, the compensation of approximately THB56.5 million, which comprised the damages of approximately THB32.7 million and related interest of approximately THB23.8 million, has been settled, of which approximately THB38.3 million was settled by the Group and approximately THB18.2 million was settled by a party in the SME Consortium on behalf of the Group pursuant to an agreement entered into with that party in the SME Consortium in June 2018.

The amount settled on behalf by a party in the SME Consortium was accounted for as an interest-bearing other payable. As at 31 December 2018, the amount due to that party in the SME Consortium included in interest-bearing other payable amounted to approximately THB9,270,000 (*note 23*). The balance was fully repaid during the year.

25. BANK AND OTHER BORROWINGS

	Notes	2019 THB'000	2018 THB'000
Bank overdrafts:			
Secured	(a)	18,420	6,860
Bank loans:			
Secured	(b)	60,429	144,712
Other loans:			
Secured	(c)	37,745	92,000
Unsecured	(d)	—	6,780
		37,745	98,780
Total bank and other borrowings		116,594	250,352
Analysed into:			
Bank loans and overdrafts repayable:			
Within one year or on demand		43,860	147,079
In the second year		13,164	1,491
In the third to fifth years, inclusive		21,825	3,002
		78,849	151,572
Other loans repayable:			
Within one year or on demand		37,745	66,273
In the second year		—	32,507
		37,745	98,780
Total bank and other borrowings		116,594	250,352
Portion classified as current liabilities	(e)	(81,605)	(213,352)
Non-current portion		34,989	37,000

25. BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) The secured bank overdrafts of the Group as at 31 December 2019 and 2018 bore interest at the minimum overdraft rate ("**MOR**") promulgated by the banks and are repayable on demand.
- (b) Secured bank loans of the Group amounting to THB14,277,000 (2018: THB5,926,000) as at 31 December 2019 bore interest at rates ranging from 4.00% to 5.75% per annum (2018: 4.00%).

Other secured bank loans of the Group with an aggregate amount of THB38,152,000 (2018: THB130,786,000) as at 31 December 2019 bore interest at rates ranging from the minimum lending rate ("**MLR**") promulgated by the banks to MLR plus 1% per annum (2018: MLR to MLR plus 1%). In addition, as at 31 December 2019 and 2018, the Group has a promissory note of THB8,000,000 which bore interest at MOR per annum and is repayable within one year.

At 31 December 2019, the Group's secured bank overdrafts and loans were guaranteed by a third party credit guarantee corporation, a subsidiary, two directors of the Company and a director of a subsidiary, and secured by:

- (i) certain bank deposits of the Group (note 20); and
- (ii) right of receiving payment from projects.

At 31 December 2018, the Group's secured bank overdrafts and loans were guaranteed by a third party credit guarantee corporation, two directors of the Company and a director of a subsidiary, and secured by:

- (i) certain bank deposits of the Group (note 20); and
- (ii) right of receiving payment from projects.

- (c) The Group's secured other loan as at 31 December 2019 represented a loan from a third party company which bore interest at 6.5% per annum and is repayable within 6 months. The loan was secured by the right of receiving payment from a project which had a remaining balance of THB37,745,000 (2018: THB92,000,000) as at 31 December 2019.
- (d) The Group's unsecured other loans as at 31 December 2018 represented loans from a director with an aggregate amount of THB6,780,000, which bore interest at 6.0% per annum and were repayable on demand. The loans were fully repaid during the year.
- (e) During the year ended 31 December 2018, the Group breached a provision in respect of long-term loan arrangements from financial institutions in a total amount of THB57,985,000 and such loans had been classified under current liabilities as at 31 December 2018.

On 17 January 2019, the Group obtained a bank's consent to, among other things, repay certain indebtedness due to a director, on the condition that the share capital of a subsidiary will be increased and fully paid up by the same amount of any repayment made. The balance was fully repaid during the year.

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Year ended 31 December 2019

26. DEFERRED TAX

The components of deferred tax assets and (liabilities) and their movements during the year are as follows:

	Effect of the adoption of IFRS 15 THB'000	Defined benefit plan THB'000	Provision for a litigation THB'000	Impairment of assets THB'000	Tax losses THB'000	Others THB'000	Net deferred tax assets THB'000
At 1 January 2018	13,834	368	11,085	20,594	—	(162)	45,719
Deferred tax credited/(charged) to profit or loss during the year (<i>note 11</i>)	(16,877)	67	(11,085)	—	—	144	(27,751)
Deferred tax credited to other comprehensive income during the year	—	181	—	—	—	—	181
At 31 December 2018 and 1 January 2019	(3,043)	616	—	20,594	—	(18)	18,149
Deferred tax credited/(charged) to profit or loss during the year (<i>note 11</i>)	(18,403)	335	—	1,681	5,409	(3)	(10,981)
At 31 December 2019	(21,446)	951	—	22,275	5,409	(21)	7,168

At 31 December 2019, deferred tax assets have not been recognised in respect of unused tax losses of THB6,621,000 (2018: Nil) as they have arisen in the Company and certain subsidiaries that have been loss-making and it is not probable that taxable profits will be available against which such tax losses can be utilised.

27. DEFINED BENEFIT OBLIGATIONS

The Group has implemented a legal severance pay plan (the “Plan”) in accordance with the Labour Protection Act (A.D. 1998) of Thailand. The Plan covers all employees hired by the Group.

(a) The movements in the defined benefit obligations during the year are as follows:

	2019 THB'000	2018 THB'000
At 1 January	3,080	1,842
Pension cost charged to profit or loss:		
Past service cost (<i>note</i>)	577	—
Current services costs	976	275
Interest cost	123	59
Net benefit expense	1,676	334
Remeasurement losses/(gains) in other comprehensive income:		
Actuarial losses arising from changes in demographic assumptions	—	15
Actuarial gains arising from changes in financial assumptions	—	(36)
Actuarial losses arising from experience adjustments	—	925
	—	904
At 31 December	4,756	3,080

27. DEFINED BENEFIT OBLIGATIONS (Continued)

(a) The movements in the defined benefit obligations during the year are as follows: (Continued)

Note: On 13 December 2018, the National Legislative Assembly in Thailand passed a resolution approving the draft of a new Labour Protection Act, which was published in the Royal Thai Government Gazette on 5 April 2019 and became effective on 5 May 2019. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional liabilities for defined benefit obligations of THB577,000. The Group had recognised such past services costs of THB577,000 as expenses in profit or loss during the year.

(b) Principal assumptions

Actuarial valuation is performed frequently enough to ensure that the present value of the defined benefit obligations does not differ materially from its carrying amount. The most recent actuarial valuations of the present value of the defined benefit obligations as at 31 December 2019 and 2018 were carried out at 31 December 2018, by an independent actuary, who is a member of the Society of Actuaries of Thailand, using the projected unit credit method. The material actuarial assumptions used in determining the defined benefit obligations for the Group's plan are as follows:

	2019	2018
Discount rate	2.66%	2.66%
Expected rate of salary increase	5.79%	5.79%
Turnover rate		
— Under 40 years old	17.00%	17.00%
— 40 to 49 years old	17.00%	17.00%
— 50 to 59 years old	5.00%	5.00%

A quantitative sensitivity analysis for the effect of changes in the discount rate, the expected rate of salary increase and the turnover rate on the net defined benefits obligations as at the end of the reporting period is as follows:

	Increase in rate %	Increase/ (decrease) in net defined benefits obligations THB'000	Decrease in rate %	Increase/ (decrease) in net defined benefits obligations THB'000
At 31 December 2019				
Discount rate	0.50%	(174)	0.50%	185
Expected rate of salary increase	0.50%	191	0.50%	(182)
Turnover rate	0.50%	(212)	0.50%	226
At 31 December 2018				
Discount rate	0.50%	(131)	0.50%	140
Expected rate of salary increase	0.50%	131	0.50%	(125)
Turnover rate	0.50%	(146)	0.50%	155

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

27. DEFINED BENEFIT OBLIGATIONS (Continued)

(b) Principal assumptions (Continued)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

At 31 December 2019, the Group expects to pay THB1,101,000 (2018: THB1,101,000) in respect of the defined benefit obligations during next year.

The average duration of the defined benefit obligations as at 31 December 2019 is 11 years (2018: 11 years).

28. PREFERENCE SHARES OF A SUBSIDIARY

The amount represented preference shares of THB100 each (the “IAH Preference Shares”) issued by IAH, a subsidiary of the Company.

The IAH Preference Shares are non-redeemable and the holders of which have the following rights:

- one vote for every ten IAH Preference Shares held on any resolution of IAH;
- the right to receive fixed cumulative dividend declared by IAH at the rate of 5.0% per annum of the paid-up value of the IAH Preference Shares issued. In any calendar year in which IAH has sufficient profit for distribution, any of the cumulative dividends due to the holders of the IAH Preference Shares must be declared and approved by the ordinary and preference shareholders of IAH. The holders of the IAH Preference Shares shall have no right to receive further dividends in addition to the 5.0% (per annum) cumulative dividend; and
- the right to receive the distribution of the share capital, in the case of the winding up of IAH, prior to the ordinary shareholders of IAH, but limited to the paid-up amount of each of the IAH Preference Shares.

Although the IAH Preference Shares are not redeemable, for accounting purposes, they were accounted for as financial liabilities instead of equity in the financial statements because the holders of which are entitled to receive a fixed cumulative dividend at the rate of 5.0% per annum on the paid-up value of the IAH Preference Shares and the payment of such dividends is not avoidable by IAH. Accordingly, any dividend accrued on the IAH Preference Shares will be accounted for as finance costs of the Group.

At 31 December 2019, IAH had a total of 377,400 IAH Preference Shares with a par value of THB100 each totaling THB37,740,000 in issue which were issued on 6 September 2018 (20,400 IAH Preference Shares), 30 December 2018 (306,000 IAH Preference Shares) and 17 January 2019 (51,000 IAH Preference Shares), and have been fully paid up. The Group recognised dividend on IAH Preference Shares amounting to THB1,900,000 (2018: Nil) as finance costs in profit or loss during the year.

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Year ended 31 December 2019

29. SHARE CAPITAL

	2019 HK\$'000		2018 HK\$'000	
Authorised:				
10,000,000,000 (2018: 38,000,000) ordinary shares of HK\$0.01 each (note (a))		100,000		380
	2019 HK\$'000	THB'000	2018 HK\$'000	THB'000
Issued and nil paid:				
1,500,000 ordinary shares of HK\$0.01 each (note (b))	N/A	N/A	—	—
Issued and fully paid:				
400,000,000 ordinary shares of HK\$0.01 each (note (b), (c) and (d))	4,000	15,977	N/A	N/A

A summary of movements in issued capital of the Company during the period from 23 November 2018 (date of incorporation) to 31 December 2018 and the year ended 31 December 2019 is as follows:

	Number of ordinary shares in issue HK\$0.01 each	Issued capital THB'000	Share premium account THB'000
At 23 November 2018 (date of incorporation)	—	—	—
Issue of new shares on 23 November 2018 (note (b))	1,500,000	—	—
At 31 December 2018 and 1 January 2019	1,500,000	—	—
Paid-up of share capital on 17 June 2019 (note (b))	—	59	—
Capitalisation issue on 16 July 2019 (note (c))	298,500,000	11,924	(11,924)
Issue of new shares under the Global Offering on 16 July 2019 (note (d))	100,000,000	3,994	495,331
Expenses incurred in connection with issue of new shares under the Global Offering	—	—	(54,629)
At 31 December 2019	400,000,000	15,977	428,778

Notes:

- (a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 November 2018 with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. The authorised share capital of the Company was increased to HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each by the creation of an additional 9,962,000,000 ordinary shares of HK\$0.01 each on 17 June 2019.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

29. SHARE CAPITAL (Continued)

Notes: (Continued)

- (b) 1,500,000 ordinary shares were allotted and issued nil paid to its then shareholders on 23 November 2018. On 17 June 2019, pursuant to a sale and purchase agreement entered into between Mr. Prapan Asvaplungprohm, Mr. Wison Archadechopon and Ms. Aranya Talomsin as vendors and the Company as purchaser on the same date, the Company acquired all the entire issued share capital of IAH (BVI) from the vendors and in consideration, the Company credited as fully paid at par the 1,500,000 nil-paid ordinary shares of the Company, which have been in issue as at 31 December 2018 and were held by the vendors.

Upon the completion of the above acquisition on 17 June 2019, IAH (BVI) became a wholly-owned subsidiary of the Company and the Company's issued share capital was increased to HK\$15,000 (equivalent to approximately THB59,000).

- (c) Pursuant to the written resolutions passed by the sole shareholder of the Company on 17 June 2019, the directors of the Company were authorised to capitalise HK\$2,985,000 standing to the credit of the share premium of the Company by paying up in full at par 298,500,000 ordinary shares of HK\$0.01 each for allotment and issue to the shareholders whose names appear on the register of shareholders of the Company at the close of business of the business day immediately preceding the Listing in proportion to their then existing shareholdings in the Company and so that the shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued shares (the "**Capitalisation Issue**"). The Capitalisation Issue had been completed on 16 July 2019.
- (d) On 16 July 2019, 100,000,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$1.25 per share in connection with the Listing for a total gross proceeds of HK\$125 million (equivalent to approximately THB499 million), of which HK\$1 million (equivalent to approximately THB4 million) and HK\$124 million (equivalent to approximately THB495 million) were credited to issued capital and share premium account of the Company, respectively. The shares of the Company have been listed on the Main Board of the Stock Exchange since 16 July 2019.

30. RESERVES

- (a) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.
- (b) The balance of the merger reserve represents the paid-up ordinary share capital of subsidiaries prior to the Reorganisation less the cost of acquisition of a subsidiary pursuant to the Reorganisation.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Non-cash transactions

Save the non-cash transactions as disclosed in notes 23(b), 29(b) and 29(c) to the financial statements, the Group had also non-cash additions to right-of-use assets and lease liabilities of THB120,000 each in respect of lease arrangements for office equipment during the year ended 31 December 2019.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities

	Included in other payables and accruals				Bank and other borrowings THB'000
	Lease liabilities THB'000	Due to ultimate holding company THB'000	Interest payable on loan from a director THB'000	Interest payable on IAH Preference Shares THB'000	
At 1 January 2018	—	—	50,665	—	325,532
Changes from financing cash flows:					
New bank and other borrowings	—	—	—	—	262,653
Repayment of bank and other borrowings	—	—	—	—	(335,902)
Decrease in bank overdrafts	—	—	—	—	(1,931)
Interest expense	—	—	2,745	—	—
Interest paid	—	—	(13,705)	—	—
At 31 December 2018	—	—	39,705	—	250,352
Effect of adoption of IFRS 16	6,042	—	—	—	—
At 1 January 2019 (restated)	6,042	—	39,705	—	250,352
Changes from financing cash flows:					
Advance from the ultimate holding company	—	11,485	—	—	—
New bank and other borrowings	—	—	—	—	110,848
Repayment of bank and other borrowings	—	—	—	—	(256,166)
Principal portion of lease payments	(4,412)	—	—	—	—
New leases	120	—	—	—	—
Accretion of interest	274	—	—	—	—
Dividend on IAH Preference Shares	—	—	—	1,900	—
Increase in bank overdrafts	—	—	—	—	11,560
Offset with the consideration receivable for the sale of the non-current assets held for sale	—	—	(39,705)	—	—
At 31 December 2019	2,024	11,485	—	1,900	116,594

32. CONTINGENT LIABILITIES

(a) Bank guarantees

At 31 December 2019, there were outstanding bank guarantees of THB496,000,000 (2018: THB102,000,000) issued by banks on behalf of the Group in respect of certain performance obligations as required in the normal course of business of the Group.

(b) Letters of credit

At 31 December 2019, there were outstanding letters of credit of THB67,700,000 (2018: Nil) issued by a bank on behalf of the Group in respect of certain performance obligations as required in the normal course of business of the Group.

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2019

33. RELATED PARTY DISCLOSURES

(a) The Group entered into the following material transactions with related parties during the year:

	Notes	2019 THB'000	2018 THB'000
Transactions with a director of the Company:			
Interest expenses paid and payable	(i)	—	2,745
Transaction with a related company controlled by a director of the Company:			
Transfer of a distribution right and related equipment	(ii)	57,309	—
Purchase of equipment	(iii)	3,400	—
Service rendered	(iii)	887	—
Transactions with preference shareholders of IAH:			
Dividend paid and payable	28	1,900	—

Notes:

- (i) The interest expenses were paid and payable to a director of the Company in respect of certain loans granted to the Group.
 - (ii) The transaction was conducted based on terms and conditions set out in the novation agreement dated 15 October 2018 and the memorandum of agreement dated 28 December 2018 mutually agreed between the parties (note 21).
 - (iii) The transactions were conducted based on terms and conditions mutually agreed between the parties.
- (b) Other than the balances with related parties as disclosed in note 23 to the financial statements, the Group had no outstanding balances with related parties as at 31 December 2019 and 2018.
- (c) Details of the guarantees and pledged assets given by related parties in respect of the Group's bank loans are set out in notes 25(b) to the financial statements.
- (d) The compensation of the key management personnel of the Group:

	2019 THB'000	2018 THB'000
Short term employee benefits	18,788	13,787
Post-employee benefits	1,487	665
Total compensation paid and payable to key management personnel	20,275	14,452

34. FINANCIAL INSTRUMENTS BY CATEGORIES

All the Group's financial assets and liabilities as at the end of reporting period were financial assets at amortised cost and financial liabilities stated at amortised cost, respectively.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities which are due to be received or settled within one year are reasonable approximation of their respective fair values, and accordingly, no disclosure of the fair values of these financial instruments is made. For non-current financial assets and liabilities, in the opinion of the directors of the Company, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade receivables, contract assets and trade payables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are (a) interest rate risk, (b) credit risk and (c) liquidity risk. The Group does not have any written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for trading purposes. The board of directors review and agree measures for managing each of these risks and they are summarised as follows:

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash at banks and the Group's interest-bearing borrowings with floating interest rates.

If interest rates had been 10% higher/lower and all other variables were held constant, the Group's loss before tax for the year ended 31 December 2019 would increase/decrease by THB1,532,000 (2018: decrease/increase THB1,809,000 in profit)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections. The Group places its cash and bank balances with creditworthy institutions.

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of lifetime ECL provisions for all trade receivables and contract assets. The ECL on trade receivables and contract assets are estimated by reference to the credit rating of the debtor. The ECL also incorporate forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables. The Group recognises lifetime ECL for trade receivables and contract assets based on individual significant customer or the ageing of customers collectively that are not individually significant.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from ECL for each class of financial assets.

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Year ended 31 December 2019

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

(i) Trade receivables and contract assets

The Group provides for lifetime ECL for trade receivables and contract assets based on the credit rating of the debtor. The ECL also incorporate forward looking information such as forecast of economic conditions. The loss allowance provision as at 31 December 2019 is determined using rates at 0.28% (2018: 0.28%). Since the loss on collection is not material hence no additional provision is considered, except for a specific loss allowance provision of 100% is made for a customer whose contract asset is considered as not recoverable during the year.

There were no trade receivables and contract assets written off during the year.

(ii) Loan receivable, other receivables and deposits carried at amortised cost

The Group provides for 12-month ECL for all financial assets included in loan receivable, other receivables and deposits at initial recognition. Where there is a significant deterioration in credit risk or when the loan receivable and other receivables is assessed to be credit-impaired, the Group provides for lifetime ECL. The ECL incorporate forward looking information such as forecast of economic conditions. Based on historical data and management's analysis, loss on collection is not material hence no provision is considered.

There were no financial assets included in loan receivable, other receivables and deposits written off during the year.

Exposure to credit risk

The Group's maximum exposure to credit risk at the end of the reporting period is represented by the carrying amount of contract assets and financial assets as disclosed in notes 5, 18 and 19 to the financial statements.

Credit risk concentration profile

The trade receivables of the Group were all from Thailand, which comprised two major debtors that together represented 100% of trade receivables (2018: 98%).

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and bank balances, the availability of funding through an adequate amount of committed credit facilities. At the end of reporting period, assets held by the Group for managing liquidity risk include cash and bank balances as disclosed in note 20 to the financial statements.

Management monitors rolling forecasts of the liquidity reserve and cash and bank balances of the Group on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves monitoring liquidity ratios and maintaining debt financing plans.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand THB'000	Less than one year THB'000	One to five years THB'000	Total THB'000
At 31 December 2019				
Trade payables	—	155,987	—	155,987
Other payables and accruals	13,748	6,466	7,548	27,762
Bank and other borrowings	18,420	67,294	38,115	123,829
Lease liabilities	—	1,905	119	2,024
	32,168	231,652	45,782	309,602
At 31 December 2018				
Trade payables	—	59,957	—	59,957
Other payables and accruals	48,975	14,665	—	63,640
Bank and other borrowings	13,640	211,854	38,423	263,917
	62,615	286,476	38,423	387,514

Note: The IAH Preference Shares are non-redeemable and perpetual in nature. Therefore, the financial liabilities (included in other payables and accruals) arising from the dividend on IAH Preference Shares over five years are not disclosed.

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to its shareholders or issue new shares to increase capital. No changes were made in the objectives, policies or processes for managing capital during the year.

37. EVENTS AFTER THE REPORTING PERIOD

- (1) In early 2020, the COVID-19 outbreak, which first broke out in China but has since escalated into a global pandemic that has affected Thailand too, casts a pall over the Group's business plans. The negative impact of the COVID-19 outbreak on Thailand's economy as a whole and on the Group's projects, including but not limited to the BAAC ATM project, is still evolving and the directors of the Company are watching the possible impacts closely.
- (2) In January 2020, a further six-month conversion timing extension (together with waiver of replacement fees) to July 2020 were granted by BAAC to BAAC's customers to convert their old magnetic cards, and in February 2020, Bank of Thailand issued a notice that set out prorated refund of annual fees upon cancellation of bank cards and waiver of replacement card fees in certain situations. The Group is carefully assessing and crafting strategies to deal with these changes, and in particular reviewing whether the COVID-19 outbreak may have overlapping effects, e.g., overlap of the extension period for the conversion of old BAAC magnetic cards to July 2020 as the COVID-19 outbreak may cause a slower rate of conversion than expected.

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38. COMPARATIVE AMOUNTS

As further explained in note 2.3(a) to the financial statements, the Group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach. Under this approach, the comparative amounts in the financial statements were not restated and continued to be reported under the requirements of the previous standard, IAS 17, and related interpretations.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

	2019 THB'000	2018 THB'000
CURRENT ASSETS		
Due from a subsidiary	224,507	—
Prepayments, other receivables and other assets	14,452	13,165
Cash and cash equivalents	147,002	—
Total current assets	385,961	13,165
CURRENT LIABILITIES		
Due to the ultimate holding company	940	—
Due to a subsidiary	47,841	33,402
Other payables and accruals	4,651	14,389
Total current liabilities	53,432	47,791
NET CURRENT ASSETS/(LIABILITIES)	332,529	(34,626)
NET ASSETS/(LIABILITIES)	332,529	(34,626)
EQUITY/(DEFICIENCY IN ASSETS)		
Issued capital	15,977	—
Reserves	316,552	(34,626)
Total equity/(deficiency in assets)	332,529	(34,626)

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: A summary of the Company's reserves is as follows:

	Share premium account THB'000	Accumulated losses THB'000	Total THB'000
At 23 November 2018 (date of incorporation)	—	—	—
Loss for the period and total comprehensive loss for the period	—	(34,626)	(34,626)
At 31 December 2018 and 1 January 2019	—	(34,626)	(34,626)
Loss for the year and total comprehensive loss for the year	—	(77,600)	(77,600)
Capitalisation issue on 16 July 2019	(11,924)	—	(11,924)
Issue of new shares under the Global Offering on 16 July 2019	495,331	—	495,331
Expenses incurred in connection with issue of new shares under the Global Offering	(54,629)	—	(54,629)
At 31 December 2019	428,778	(112,226)	316,552

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2020.

DEFINITIONS

Unless the content otherwise requires, the following expressions shall have the following meanings in this Annual Report.

“ATM Project”	includes (i) the projects which our Group, together with the ATM Terminal Provider up until June 2020, cooperates with BAAC since 2006 to set up and operate its ATM network, and was extended in 2019 to cover the period up to June 2027; and (ii) a project entered into with BAAC in 2014.
“ATM Terminal Provider”	the Consortium partner, a private company set up with limited liability in Thailand in 1989 and is an Independent Third Party of our Group. It is an established IT solutions provider that was invited by our Group to participate in the ATM Project to focus on the frontend system aspect of the ATM Project. It is a leading IT and digital solutions provider in Thailand which offers modern digital solutions and enterprise business solutions and IT infrastructure solutions.
“Audit Committee”	the audit committee of the Board
“BAAC”	Bank for Agriculture and Agricultural Co-operatives, a government-owned bank established in 1966 and focuses on providing banking services to farmers in the rural area in Thailand
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Cayman Companies Law” or “Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961) of the Cayman Islands as amended, supplemental or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Platt Nera International Limited, an exempted company incorporated in the Cayman Islands with limited liability on 23 November 2018
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules “connected transaction(s)” has the meaning ascribed thereto under the Listing Rules
“Consortium”	a consortium formed between our Group and the ATM Terminal Provider for the ATM Project pursuant to the Phase One Contract and the Phase Two Contract.
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules and, in the context of this Annual Report, means Pynk, Mr. Asvaplunghrohm, Mr. Archadechopon and Ms. Talomsin
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Customer F”	a government-owned bank that provides various banking products and services in Thailand
“Debit Card Project”	an IT integrated solutions project under the ATM Project with BAAC to develop and promote the debit card function for the ATM system
“Director(s)”	the director(s) of our Company

“Executive Director(s)”	the executive Director(s)
“Group”, “our Group”, “we”, “us” or “our”	our Company together with our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK\$”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the share registrar of our Company in Hong Kong
“IAH”	Info Asset Holding (Thailand) Co., Limited (formerly known as Intel Asset Holding Co., Limited), a company incorporated with limited liability on 6 September 2018 under the laws of Thailand, a subsidiary of our Company
“Independent Third Party(ies)”	person(s) or company(ies) which is (are) independent of and not connected with any of the Directors, chief executive or substantial Shareholders of our Company or our subsidiaries or any of our respective associates within the meaning of the Listing Rules
“Listing”	the listing of our Shares on the Main Board on 16 July 2019
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the main board of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, adopted on 17 June 2019 and as amended from time to time
“MOI”	Ministry of Interior, a government department in Thailand responsible for local administration, internal security, citizenship, disaster management and road safety
“Nomination Committee”	the nomination committee of the Board
“Platt Nera”	Platt Nera Co., Ltd., a company incorporated with limited liability on 28 October 2004 under the laws of Thailand, a subsidiary of our Company
“PRC” or “China”	the People’s Republic of China, but for the purposes of this prospectus and unless otherwise indicated, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	The prospectus of Platt Nera International Limited dated 28 June 2019 issued in relation with the Share Offer
“Pynk”	Pynk Holding Limited, a company incorporated with limited liability on 8 January 2019 under the laws of the BVI and a Controlling Shareholder



DEFINITIONS

“Remuneration Committee”	the remuneration committee of the Board
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of our Company
“Share Offer”	the public offer and the placing in connection with the Listing
“Shareholder(s)”	holder(s) of Share(s) from time to time
“Sigfox”	Sigfox Singapore Pte. Ltd., a company that builds wireless networks to connect low-power objects to develop IoT
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules, specifically referring to IAH, IAH (BIC), Platt Nera, PNS1(BVI) and PNS2(BVI)
“substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Thai Government”	the Government of Thailand
“Thailand”	the Kingdom of Thailand
“THB”	Thai Baht or Baht, the lawful currency of Thailand
“TON”	Things On Net Co., Ltd., a company registered under the laws of Thailand
“%”	per cent.

Unless the context requires otherwise, translation of THB into HK\$ and vice versa are made in this Annual Report, for illustration purposes only, at the rate of HK\$1.00 to THB4.0565. Such conversions shall not be construed as representations that any amount in THB and HK\$ were or may have been or may be converted into those currencies or vice versa at the above rates or at any other rates.

