

# ANNUAL REPORT

SONIC INTERFREIGHT PUBLIC COMPANY LIMITED

## 2018





# สารบัญ

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Investors can find more details of the Company from the Company's Annual Report (Form 56-1) which is published on [www.set.co.th](http://www.set.co.th) or [www.sonic.co.th](http://www.sonic.co.th).

Investor Relation





# VISION

...Company's vision is  
sustainable growth to step forward  
and be a leader in logistics business  
and total supply chain management  
in Asean...



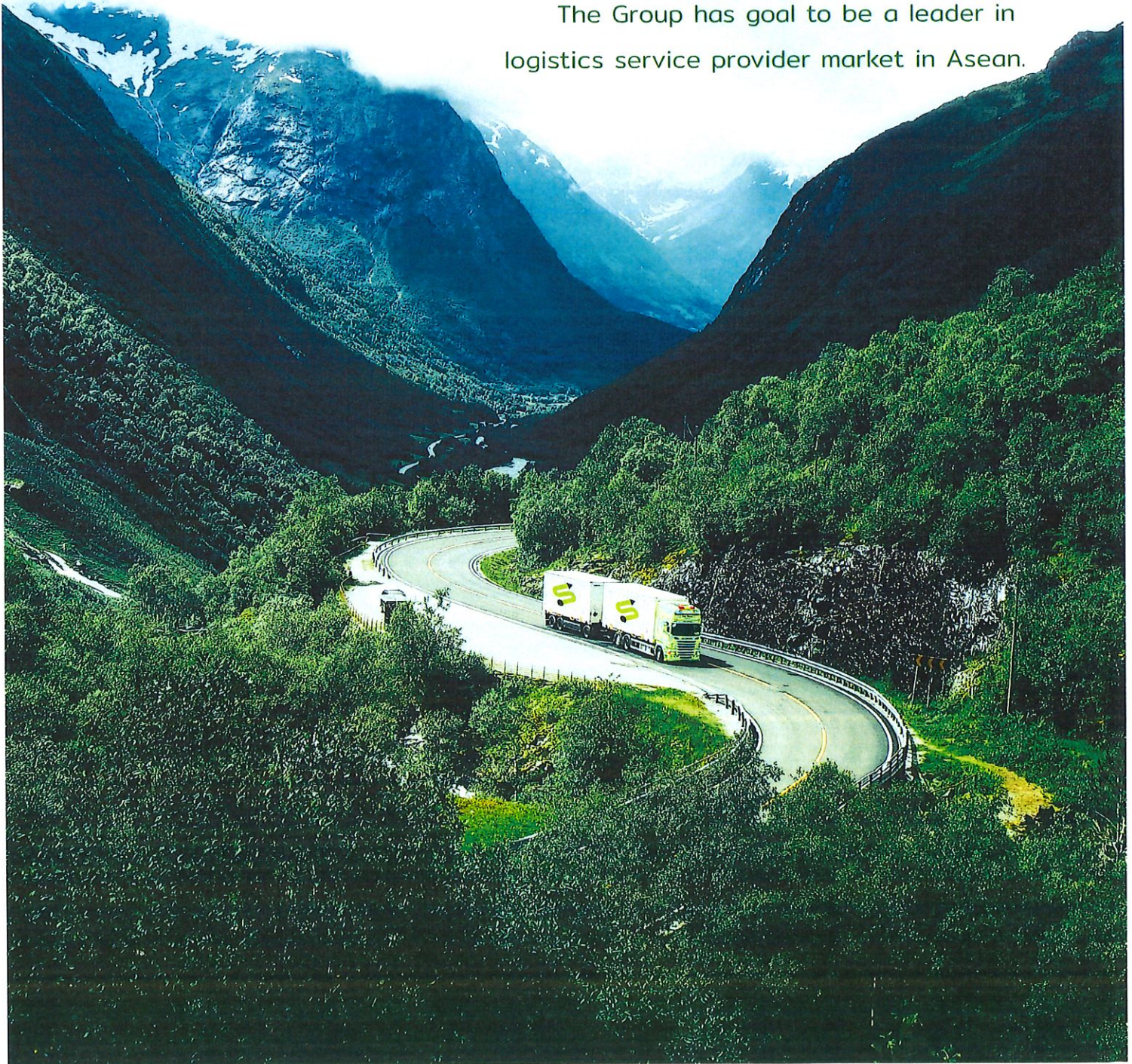
## MISSION

Company's mission are

1. Building business security sustainably.
2. Building good relationship between company and customers, business partners, social and environment.
3. Developing personnel to be efficient, building people with quality, service-minded and professional.

## GOAL

The Group has goal to be a leader in logistics service provider market in Asean.





## WAY OF SUCCESS AND HISTORY

### 1995

13 December, Dr. Santisuk Kosiarpant has established of Sonic Interfreight Pub Co., Ltd. with a registered capital of 1 Million Baht running as Domestic and International Logistics Services Provider.

### 1997-1998

Established Sonic X Co., Ltd. and in 1998, the company name was changed to GLS Interfreight Co., Ltd. ("GLS") as a joint venture between Sonic and CWT Globelink Pte Ltd. (Singaporean Company holding 49% shares).

### 2001

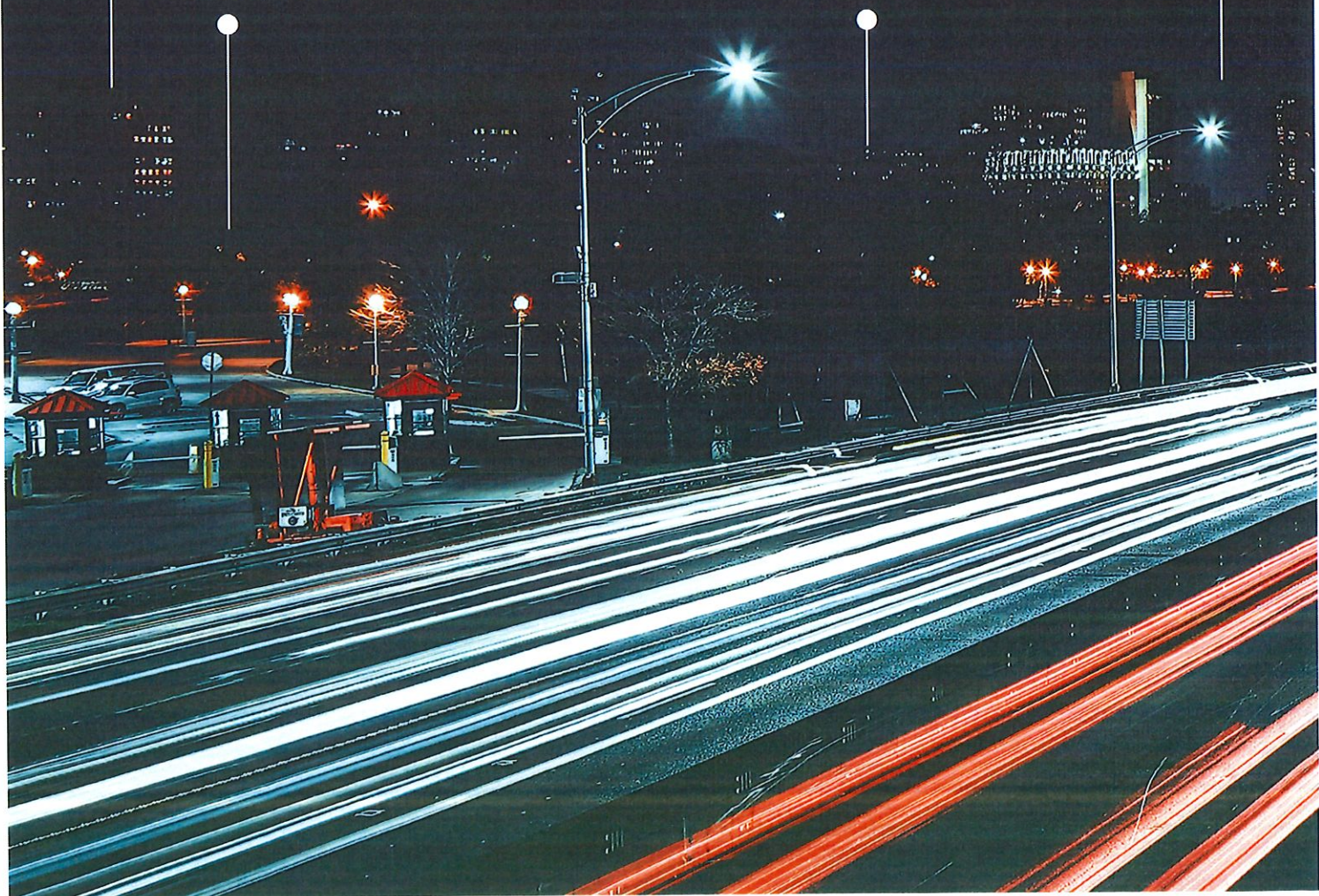
Jointed business with oversea share and established G.L.E. Logistics (Thailand) Co.,Ltd. (GLE).

### 2008

- Sonic has increased registered capital to be 53 Million Baht.
- Sonic has established Kingkaew Branch to be a distribution center to facilitate customers and has started the investment of land transport service.

### 2009

Sonic has increased registered capital to be 70 Million Baht.





## 2010

Sonic has established Laem Chabang Branch to be a Total Logistics Provider

## 2015

- Amalgamated 3 subsidiaries and established Grandlink Logistics Co., Ltd. (Glink) with a registered capital of 31 Million Baht.
- Started Cross-Border Transportation Business

## 2016

Increased an investment of land transport to support business expansion.

## 2017

- Drafted the agreement with GLS shareholders to decrease opportunity of conflict of interest.
- Sonic has increased registered capital to be 200 Million Baht.

## 2018

Sonic has registered in Market for Alternative Investment (MAI) on 19 October 2018 with 550 Million list shares, 275 Million Baht and allocated warrants to buy ordinary shares to the Company's employees, total 15 Million shares (5 years valid).





## NOTABLE DEVELOPMENT

Year	Notable Development
1995	- Sonic Interfreight Co., Ltd (“SONIC”) was established with a registered capital Baht 1 Million and Baht 100 of each share. Major shareholder was Dr. Santisuk Kosiarpnanant, held 89.95% shares to operate sea freight logistics service provider business.
1997	- GLS Interfreight Co., Ltd (“GLS”) (Former Sonic X Co., Ltd.) was established with a registered capital Baht 1 Million and Baht 100 of each share. Major shareholder is Dr. Santisuk Kosiarpnanant, held 89.95% shares to mainly operate LCL shipment service provider business.
1998	- SONIC has engaged as a member of Thai International Freight Forwarders Association (TIFFA)
1999	<ul style="list-style-type: none"> <li>- Genesis Logistics Co., Ltd. (“GENESIS”) (Former Custom House Co., Ltd.) was established with a registered capital Baht 1 Million and Baht 100 of each share. Dr. Santisuk Kosiarpnanant held 45% shares and Ms. Wipawan Pasukarnpradit held 30% shares to operate customs clearance service before developing the logistics service provider later.</li> <li>- GLS has increased a capital of Baht 4 Million with new joint venture i.e. CWT Globelink Co., Ltd. (Singapore) which held 49% shares, Mr. Wichai Kittirojwattana held 10% shares, Dr. Santisuk Kosiarpnanant held 35.99% shares and Mr.Pisut Tangdenchai held 5% shares.</li> </ul>
2001	- GLE Logistics Co., Ltd. (“GLE”) was established with a registered capital Baht 4 Million and Baht 100 of each share. Mr. Lim Hak Leng (Singaporean) held 35% sharers, Mr. Wuttichai Suriyaworawong held 35% shares, Ms. Yuthika Theimthong held 19.99% shares and Mr. Ranat Liowlertsakulchai held 10% shares to mainly operate LCL logistics business.
2003	<ul style="list-style-type: none"> <li>- Peace Prop Co., Ltd. (“PEACEPROP”) was established with a registered capital Baht 1 Million and Baht 100 of each share. Dr. Santisuk Kosiarpnanant held 99.98% shares to operate real property business for affiliated company’s office rental.</li> <li>- Asian Inter Logistics Co., Ltd. (“ASIAN”) (Former Asian Group Page Service Thailand Co., Ltd.) was established with a registered capital Baht 4 Million and Baht 100 of each share to operate logistics service provider service.</li> </ul>



Year	Notable Development
2005	<ul style="list-style-type: none"> <li>- SONIC has purchased 79% of the GLE's shares from the existing shareholder as a company subsidiary.</li> <li>- Dr. Santisuk Kosiarpant increased his proportion of GLS share held up to 39.99%, purchasing 4% shares from Mr. Pisut Tangdenchai.</li> </ul>
2007	<ul style="list-style-type: none"> <li>- SONIC has purchased shares of PEACEPROP from entire existing shareholders and became company's subsidiary.</li> <li>- SONIC has purchased 99.99% shares of GENESIS from existing shareholders and became company's subsidiary.</li> </ul>
2008	<ul style="list-style-type: none"> <li>- SONIC has opened Kingkaew Branch at Samutprakarn Province for land transport operating service providing and managing distribution center in the area over 10 acres.</li> </ul> <p>SONIC has purchased total 50.99% shares of GLS; 39.99% from Dr. Santisuk Kosiarpant, 10% from Mr. Wichai Kittirojwattana and 1% from Mr. Pisut Tangdenchai. GLS has become company's subsidiary and CWT is holding 49% shares.</p>
2009	<ul style="list-style-type: none"> <li>- SONIC has increased a registered capital between 2005 and 2009 up to a registered capital of Baht 70 Million in 2009 by the major shareholder, family of Dr. Santisuk Kosiarpant, held 69.14% shares. The rest shares have been provided to the Group's employees as their purpose in order to gain its working capital for business.</li> <li>- SONIC has opened Free Tax Zone and named Kingkaew LCL Free Zone which is located in an area over 5 acres on Kingkaew Road, Bangplee, Samutprakarn for operating commerce for small medium customer group and operating import area for medium customer group.</li> </ul>
2013	<ul style="list-style-type: none"> <li>- SONIC has sold GLS shares in 10% ratio to Mr. Wichai Kittirojwattana which held 40.99% shares and considered as a company's associate.</li> </ul>
2015	<ul style="list-style-type: none"> <li>- SONIC has purchased ASIAN shares from entire existing shareholders and considered as a company's subsidiary.</li> <li>- The Company has restructured among the Group by amalgamation between GLE, PEACEPROP and ASIAN as a new company under Grandlink Logistics Co., Ltd. ("GRANDLINK"). SONIC held 93.70% shares and Mr. Tan Keng Her, GLE Co-Founder, held 6.29% shares to mainly operate LCL Business.</li> <li>- GENESIS has registered the dissolution of its business on 30<sup>th</sup> October 2015 which account is still pending.</li> </ul>

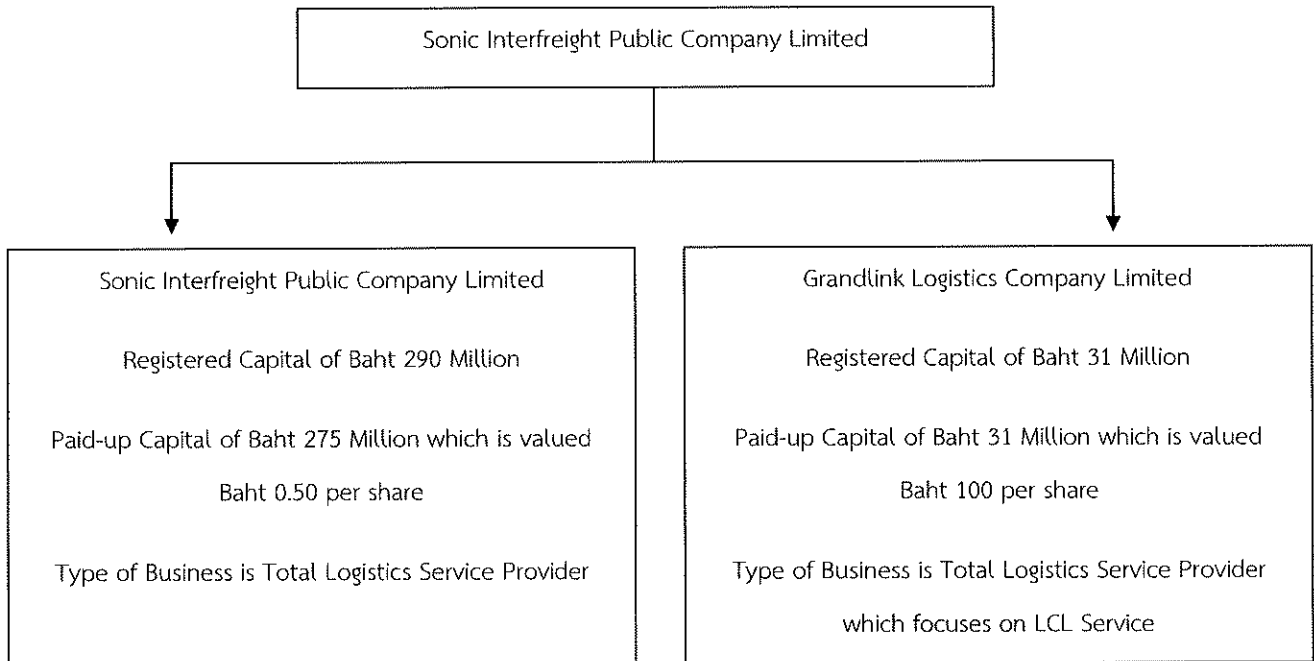


Year	Notable Development
	<ul style="list-style-type: none"> <li>- SONIC has joined as a member to The Customs Brokers and Transportation Association of Thailand (CTAT).</li> <li>- SONIC has joined as a member of The Cooperative Logistics Network (The COOP).</li> <li>- SONIC has joined as a member of Global Affinity Alliance.</li> <li>- SONIC has received ISO 9001: 2008 certification from UKAS Management System.</li> </ul>
2016	<ul style="list-style-type: none"> <li>- SONIC has opened cross-border transport routes to Cambodia and Laos.</li> <li>- SONIC has invested a land over 7 acres for the distribution center expansion at Kingkaew as well as invested in 40 tractors and 73 trailers to support land transport and cross-border transport.</li> <li>- SONIC has suspended Kingkaew LCL Free Tan Zone due to in the meantime of dispute with Customs Department. The license of free tax zone founder and the free tax zone business license were abolished.</li> </ul> <p>(See more dispute details in 2.2.7, legal dispute)</p>
2017	<ul style="list-style-type: none"> <li>- SONIC has registered a transformation to a public company limited, changed the Company's name to "Sonic Interfreight Pub Co., Ltd." and registered share value changed from Baht 100 each share to Baht 0.50 each share.</li> <li>- SONIC has increased a registered capital of Baht 70 Million to Baht 290 Million which is 580 Million shares, dividing into newly issued shares as 440 Million ordinary shares with a par value at Baht 0.50 each.</li> <li>- SONIC has allocated 260 Million newly issued shares with a par value at Baht 0.50 each as the proportion share held to the existing shareholders.</li> <li>- SONIC has provided 150 Million company's share capital with a par value at Baht 0.50 each to the Initial Public Offering and has provided 30 Million company's share capital to the Company and the subsidiary's Management and employees for stock warrants to purchase Employee Stock Options (ESOP).</li> <li>- SONIC has signed an agreement with GLS shareholders to close down GLS.</li> </ul>
2018	<ul style="list-style-type: none"> <li>- GLS has registered the dissolution of its business on 13<sup>th</sup> March 2018 which account is still pending.</li> </ul>



## Shareholding Structure of the Group

As of 31 December 2018, Shareholding Structure of the Group is as follows;

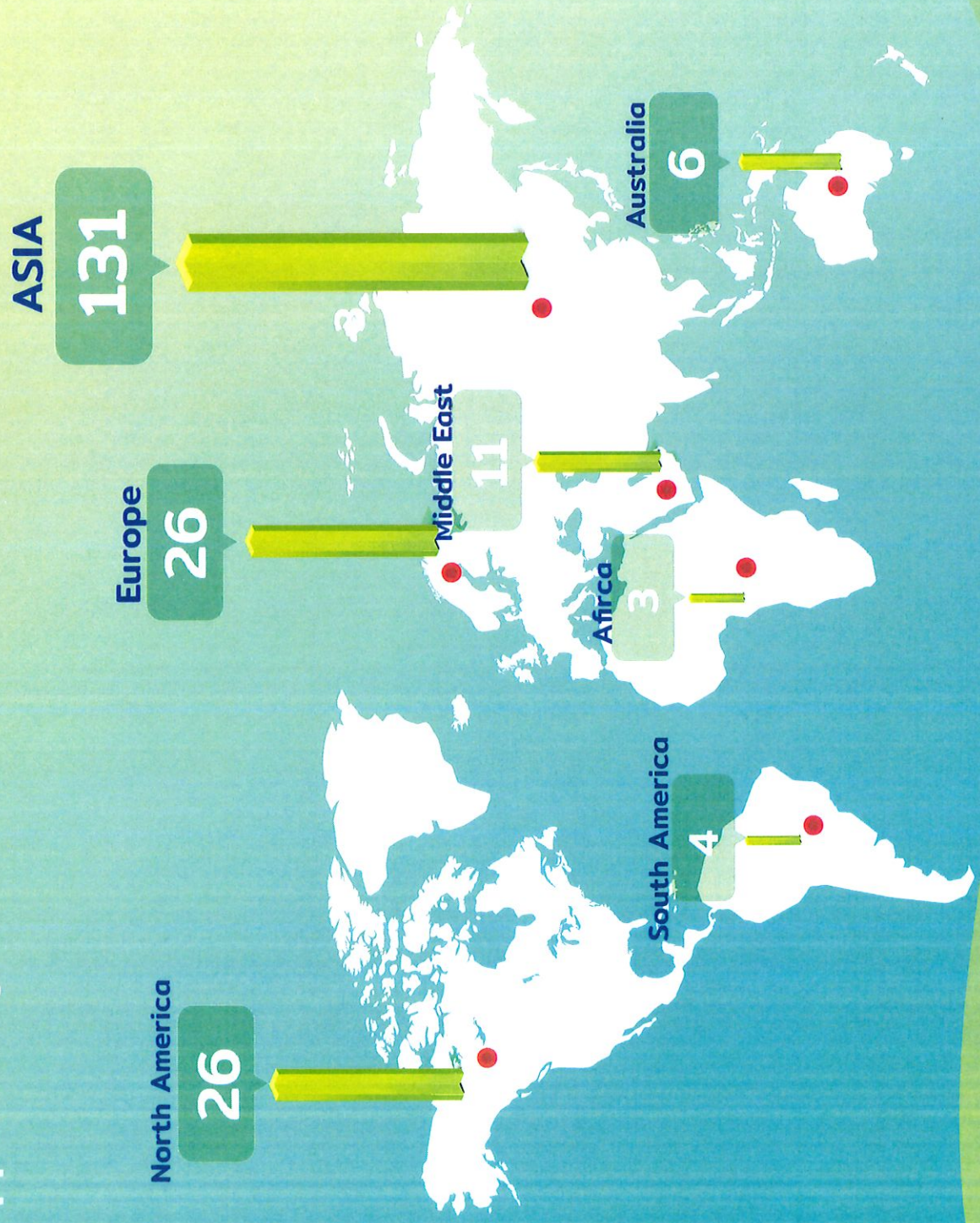


Genesis Logistics Company Limited registered to be dissolved in 2015. It is currently on process of liquidation.

GLS Interfreight Company Limited registered to be dissolved in 2018. It is currently on process of liquidation.



# Business Opportunity of SONIC





## Message from the Chairman of the Board of Directors

The overall of logistics industry in 2018, transport and logistics business tend to improve continuously due to Thailand's economic expansion. From the report of Office of the National Economic and Social Development Council, it shows total international score of Logistics Performance Index (LPI) in Association of Southeast Asian Nations (ASEAN) in 2018 and Thailand ranked 2nd in Asean. In addition, Logistics Development Guidelines to build credibility and confidence to the civilized countries consist of 1) Public Relations 2) International Trade Barrier Solution and 3) Risk Management including other developments in customs clearance, rail, road and water transport infrastructure, transport management and urban logistics and information technology, logistics database integration preparation, competency database preparation of logistics service provider in government sector and business and other facilities. These guidelines meet the need of business expansion steadily.

Recently in October 2018, the Company has registered in Market for Alternative Investment (MAI) as the Company's strategy and policy which is considered the Company's accomplishment and important growth for Executives and all employees. It would be a main power to drive and develop our organization to the permanence. Everyone works hard with understanding to each other, has the same target and aim for the goal achievement. From now on, the Company remains to adhere in business operation with morality and ethics to partners, customers, shareholders, employees, trade partners as well as nation by considering social responsibility to all concerns.

With this opportunity, the Board of Directors would like to thank our shareholders, trade partners and all related persons both domestics and international for your continuing great support and the Board of Directors would like to commit to adhere to the principles of good corporate governance and principles of management with transparency, standard and accountability and we are ready to create value to all stakeholders equally and sustainably.

Assoc. Prof. Dr. Wanchai Rattanawong  
Chairman of the Board of Directors





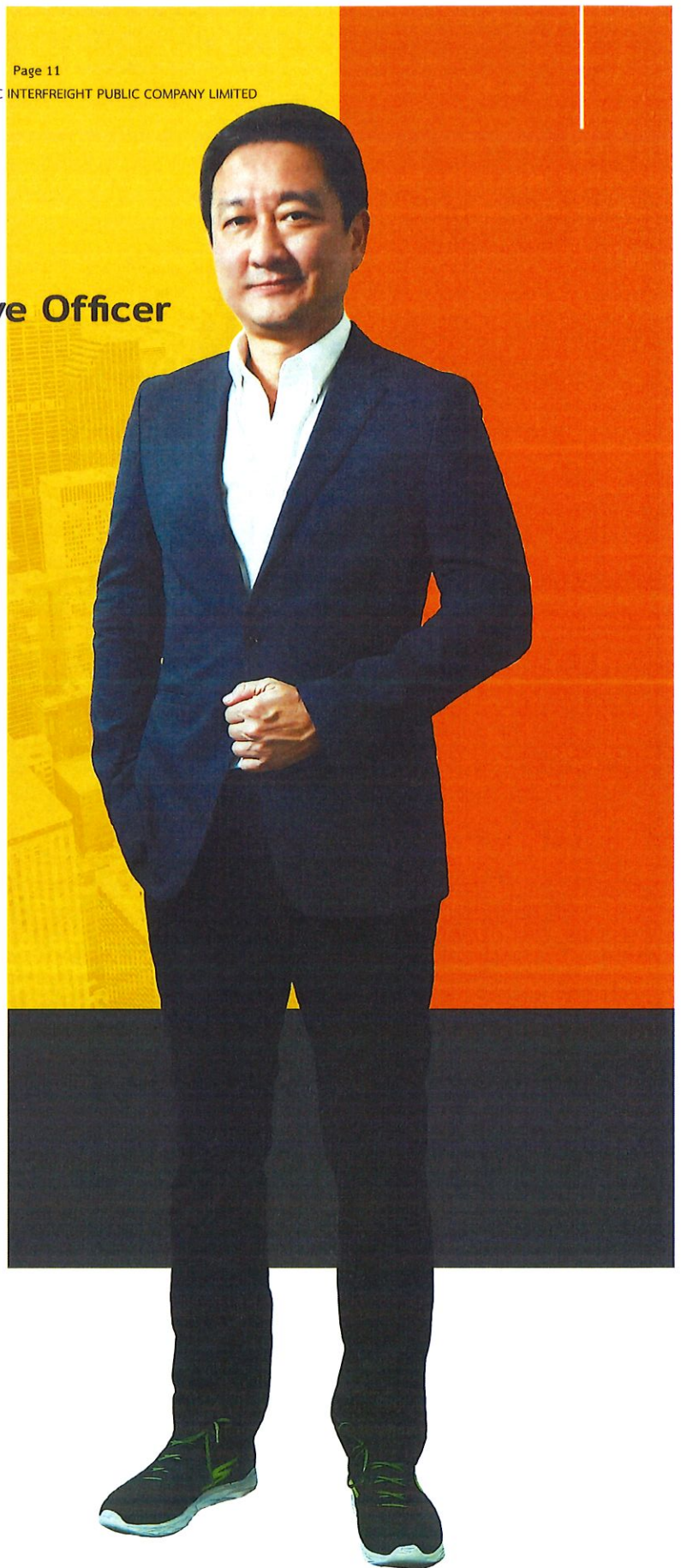
## Message from Chief Executive Officer

Sonic Interfreight Public Company Limited operates Total Logistics Service Provider business as the International Freight Forwarder and Domestic Transportation both Sea Freight and Air Freight as well as Land Transport which was handled by personnel with expertise and full of ability. We have also an affiliate networks spreading all over the world and we are ensuring smooth import and export services to all destinations.

We did reach the greatness being one of the trusted Logistic providers through giving quality International service to all high profile companies and with this achievement it made the company to step up and now we are officially part of Market for Alternative Investment (MAI) which providing services to various business group last October 2018.

On behalf of the Board of Directors of SONIC Interfreight Public Company Limited, we would like to thank our shareholders, trade partners, customers and all sponsors who always trust, rely and showing support to our Company. Most importantly, I would like to extend my great appreciation to all the employees, Executives who have dedicated their strength, their hard work and integrity their willingness to adjust to a new situation and altogether we reached this success. We would like to commit to adhere to the principles of good corporate governance which considers the benefit of all related persons and to encourage them to support the company to grow with stability and sustainability.

Dr. Santisuk Kosiarpnant  
Chief Executive Officer



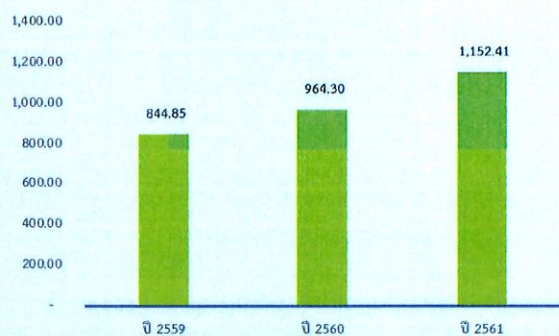


## Financial Highlights

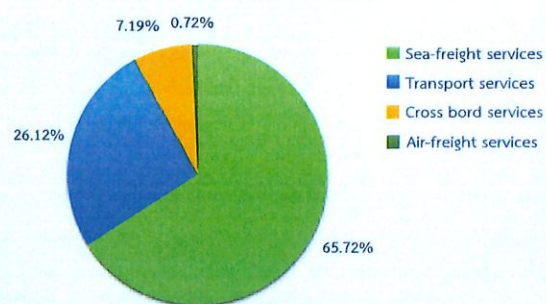
	Y 2016	Y 2017	Y 2018
<b>Statements of Comprehensive Income (Million Baht)</b>			
Revenues from services	844.85	964.30	1,152.41
Gross profit	190.98	203.31	230.03
Selling and Administrative expenses	136.06	132.58	162.18
Net profit for the year	42.25	47.92	48.40
<b>Statements of Financial Position (Million Baht)</b>			
Total Assets	545.93	579.81	842.11
Total Liabilities	241.00	312.64	281.28
Total Equity	304.93	267.17	560.83
<b>Statements of Cash Flows (Million Baht)</b>			
Net cash received from operating activities	53.01	56.34	37.36
Net cash received from (used in) investing activities	(66.04)	(5.45)	(31.72)
Net cash received from (used in) financing activities	(4.00)	(25.78)	185.04
<b>Key Financial Ratios</b>			
Gross profit Margin (%)	22.61	21.08	19.96
Net profit Margin (%)	5.00	4.97	4.20
Return on Equity (ROE) (%)	14.65	16.75	11.69
Current Ratio (%)	1.74	1.17	2.47
Average Collection Period (Days)	55.71	55.89	57.36
Average Payment Period (Days)	31.69	26.29	26.36
Debt to Equity Ratio (Times)	0.81	1.19	0.51



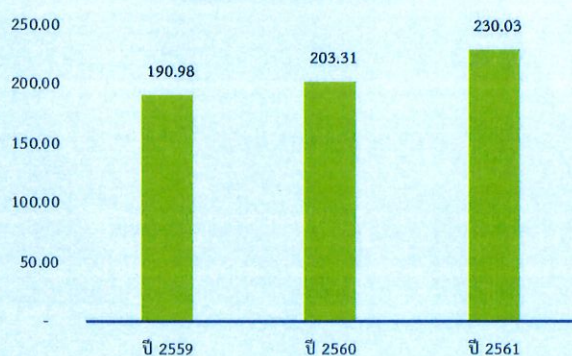
## Revenues from services



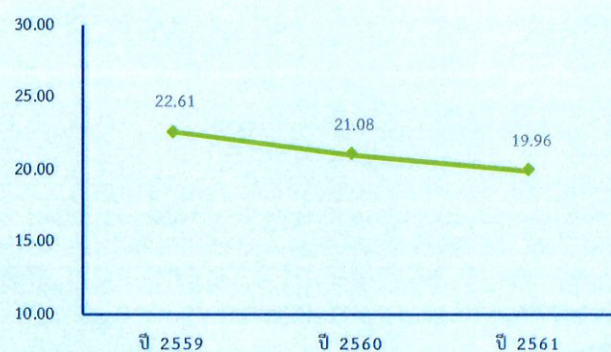
## Revenues structure 2018



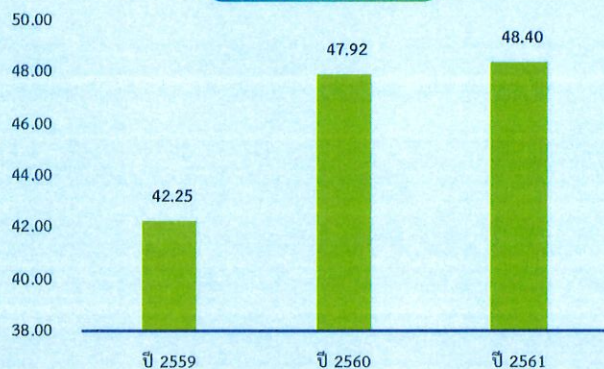
## Gross profit



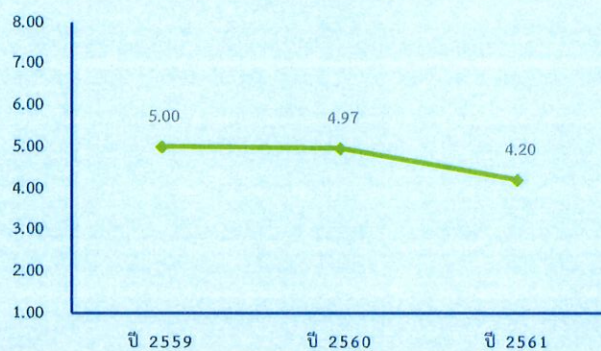
## Gross profit Margin (%)



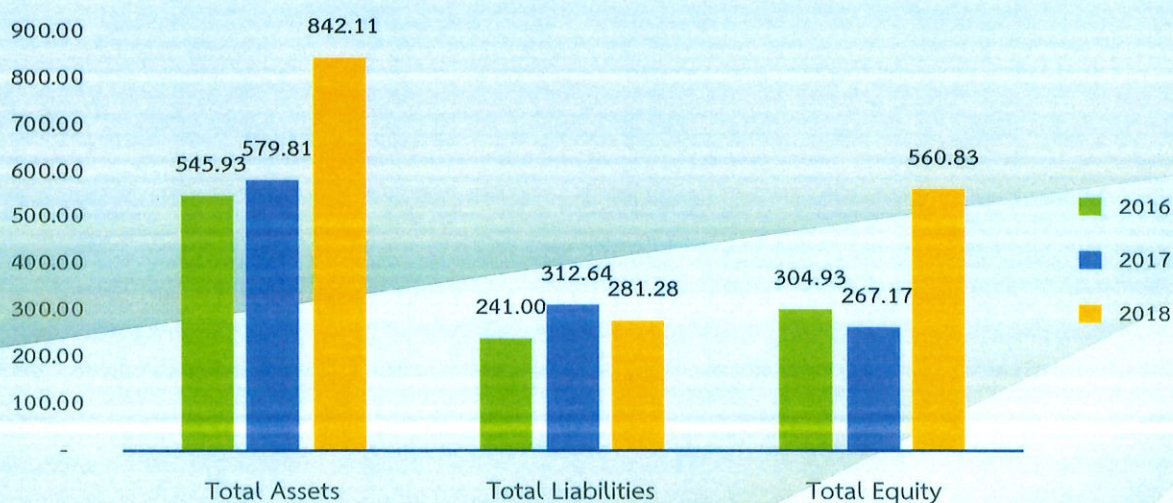
## Net profit for the year



## Net profit Margin (%)



## Statements of Financial Position (Million Baht)





## Audit Committee Report

Audit Committee was appointed as resolution of the Board of Director No. 5/2017 on 1 September 2017 and consists of 3 committees including M.L. Patcharapakorn Devakula, Mr. Kanwat Aran and Assoc. Prof. Kalyaporn Panmarerng as the Chairman of Audit Committee.

In 2018, the Meetings of Audit Committee are as follows;

Assoc. Prof. Kalyaporn Panmarerng	attended 4/4 meetings
M.L. Patcharapakorn Devakula	attended 2/4 meetings
Mr. Kanwat Aran	attended 4/4 meetings

Audit Committee performs duties to support operation of the Board of Director to ensure the accomplishment of assigned responsibilities by controlling as follows; ensure the Company's financial statement to be trustworthy, follow the regulations and applicable laws, audit the independence and qualifications of auditors and audit overall operation of department, internal control and auditors.

Main Points Summary is;

- The Charter of Audit Committee

Audit Committee provides the Charter review at least once a year (reviewed in the Board of Director's Meeting No. 7/2018 on 13 November 2018) to ensure the updated content and related to the Company's operation and being able to apply efficiently.

- Financial Statement

Audit Committee considered and reviewed all procedures to ensure the financial statement disclosure is correct, complete, adequate, reliable and in a timely manner by coordinating with financial auditor and executives who response the financial statement both quarterly and annually and found that the financial policy selection is reasonable and the financial disclosure is adequate.

- Related Transactions and Conflict of Interest

Audit Committee followed and reviewed Connected Transactions and Conflict of Interest to be in accordance with laws and SET regulations and ensured those transactions are reasonable and the disclosure is correct, complete with fairness and being in accordance with the Company's best interest.



- Internal Control

Audit Committee reviewed and ensured appropriate and effective internal control and reviewed auditing result and suggestions from auditor and internal control department regarding internal control system and raised the issue to executive to improve as the suggestion. Audit Committee has an opinion that the Company's internal control has collected main point and explained to concerned department to implement and decrease possible risk completely, appropriately and adequately.

- Internal Audit

Audit Committee discussed with Independent Auditor and reviewed auditing result every quarter and suggested to develop auditing method consecutively. Accordingly, Audit Committee has an opinion that the internal audit of the Company is independent, appropriate and efficient. Moreover, Audit Committee oversees auditing plan and scope of internal auditing of internal auditor and financial auditor as well as internal audit advisor (if any) to be supportive and not overlapping.

- Financial Audit

Audit Committee considered, nominated financial auditor and remuneration of financial auditor and presented to the Board of Director to ask the appointment approval from the Shareholders' Meeting.

- Legal Compliance and Applicable Regulations

Audit Committee always reviews legal compliance of Securities and Exchange Act, Public Limited Companies Act, Regulations, and Business Laws and have opinion that the Company abides by rules and regulations correctly and appropriately.

- Good Corporate Governance

The Company realizes and gives importance to management under Good Corporate Governance Policy, focuses and ensures the control, monitoring operation to be more efficient with transparency and morality causing confidence to shareholders and all concerned.

- Risk Management

Audit Committee provides risk management procedure, standardizes with appropriate, efficient and effective, coordinates with executive in consideration, gives opinions in report and reports progression of the Company's risk management at least once a quarter.



- Anti – Corruption

Audit Committee reviews anti-corruption operation including financial statement, internal control system and internal auditing correctly and properly.

- Oversee the adequacy assessment preparation and appropriateness of internal control

system which covers organization and environment of risk management, executive operational control, information system, data communication and tracking system. Give importance to adequate internal control system with efficiency and lead the organization to have good governance.

In 2018, Audit Committee performed duties completely as assigned by the Board of Director with full ability, independence and no restriction of receiving information from the Board, Executives, employees and concerned persons as well as gave opinions and suggestions for all stakeholders' gains equally.

Overall, Audit Committee has an opinion that the Company adheres to the business ethics. The Board of Director and Executives are professional and skillful to aim and perform duties to achieve the Company's goals, report financial statement and overall operation correctly, ensure the internal control system is proper and efficient, ensure good corporate governance is with transparency, honesty and fairness, response the assigned duties and tasks and have the competitiveness as well as abiding by laws and Article of Association correctly and completely.

Assoc. Prof. Kalyaporn Panmarerng  
Chairman of Audit Committee.



## General Information

### Company Information

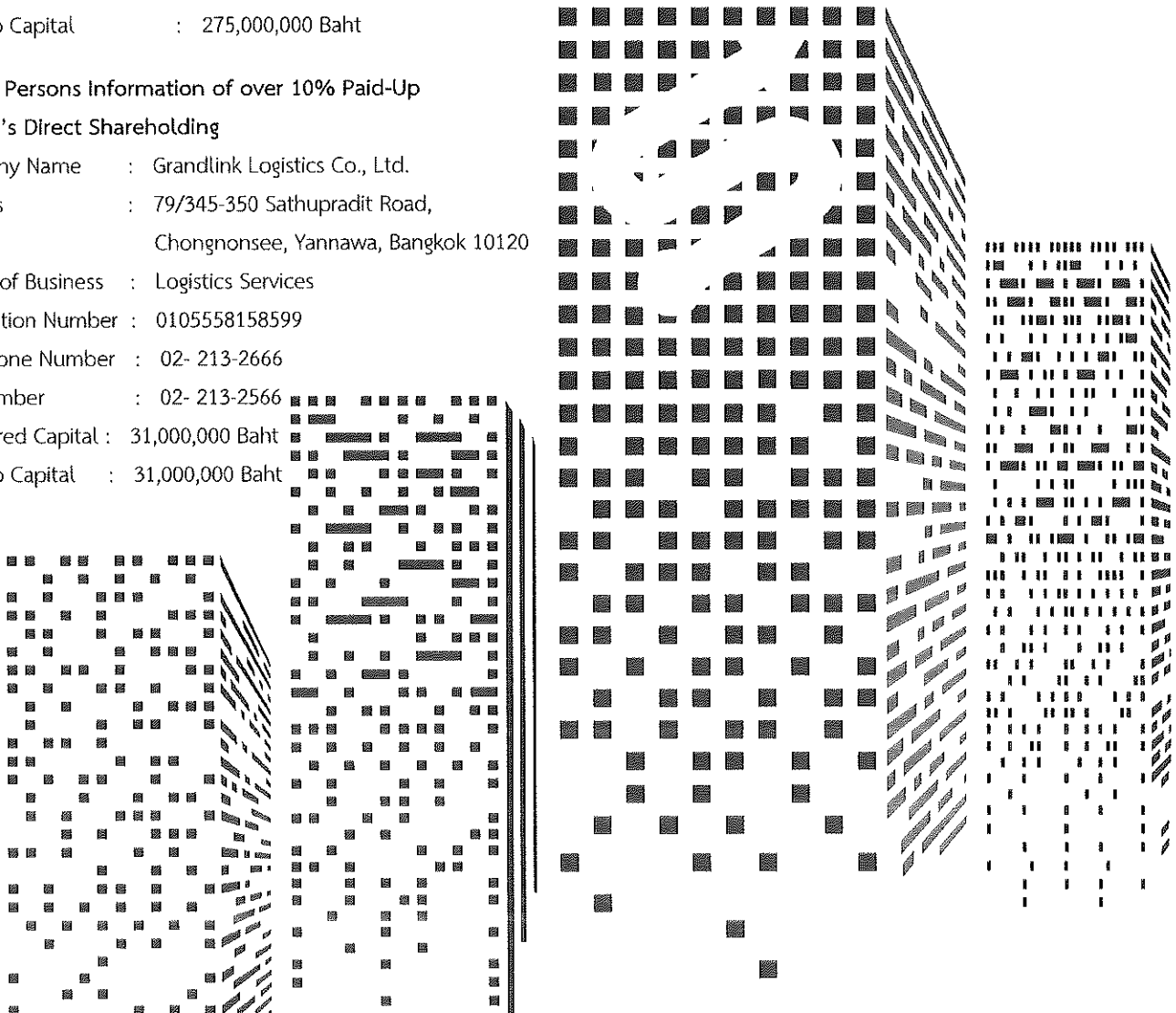
Company Name : Sonic Interfreight Co., Ltd.  
Head Office Address : 79/349, 350, 1st and 2nd Floor Sathupradit Road, Chongnonsee, Yannawa, Bangkok 10120  
Branch Office Address : (1) Kingkaew Branch  
84 Moo 15 Soi King Kaew 21, Kingkaew Road., Bangpleeyai, Samutprakarn  
(2) Kingkaew 2 Branch  
84/1 Moo 15 Kingkaew Road., Bangpleeyai, Samutprakarn  
(3) Chonburi Branch  
198/30 Moo 9 Thungsukla, Sriracha, Chonburi

Nature of Business : Total Logistics Service Provider  
Registration Number : 0107560000427  
Telephone Number : 02- 213-2999  
Fax Number : 02- 213- 2533  
Website (URL) : [www.sonic.co.th](http://www.sonic.co.th)  
Registered Capital : 290,000,000 Baht  
Paid-Up Capital : 275,000,000 Baht

### Juristic Persons Information of over 10% Paid-Up

#### Capital's Direct Shareholding

Company Name : Grandlink Logistics Co., Ltd.  
Address : 79/345-350 Sathupradit Road,  
Chongnonsee, Yannawa, Bangkok 10120  
Nature of Business : Logistics Services  
Registration Number : 0105558158599  
Telephone Number : 02- 213-2666  
Fax Number : 02- 213-2566  
Registered Capital : 31,000,000 Baht  
Paid-Up Capital : 31,000,000 Baht





**Securities Registrar**

Company : Thailand Securities Depository Co., Ltd.  
Head Office : 93 The Stock Exchange of Thailand, Ratchadaphisek Road,  
Dindaeng, Bangkok 10400  
Telephone Number : 02- 009-9999

**Auditing Company**

Company : PricewaterhouseCoopers ABAS Ltd.  
Head Office : 179 / 74-80, Bangkok City Tower, 15th Floor,  
South Sathorn Road, Bangkok  
Telephone Number : 02-844-1000

**Other Important Information**

- None -



# Nature of Business



## Service Provider by Categories

Sonic Interfreight Co., Ltd ("Company") and Grandlink Logistics Co., Ltd ("Subsidiary") (hereinafter Company and Subsidiary altogether referred to as "the Group") is a Total Logistics Service both International Logistics Service Provider (Agent) and Domestic Transport by experts and experienced team in whole process of supply chain from the transport channel planning, legal or any regulations or rule concerned documentation for both Inbound Logistics and Outbound Logistics, air freight or sea freight service, customs clearance, overseas affiliate network to ensure smooth of the goods delivery. With over 20 years of Inbound and Outbound Logistics Service Management, it is the Group's main factor to be the Total Logistics Service and Consultation Provider, offering the most-effective transport which also saves cost. At present, there are 3 offices i.e. Head Office on Rama 3 Road Bangkok, King Kaew Branch Samutprakarn and Laem Chabang Branch Chonburi.

Moreover, for customers most convenience, the Company has expanded land transport and 17-acre distribution center which is located on Kingkaew Road, Samutprakarn for goods management from customer's goods pick-up point to the destination (Door-to-Door). After that, the Group has expanded Cross-Border Transport Service in Cambodia to open new route for the existing customers and add new customer base.

## Overall and Benefits of Service of the Group

1. Transport goods to the port
2. Proceed export customs clearance
3. Provide sea freight, air freight or road transport
4. Proceed import customs clearance
5. Contact overseas freight forwarders

Apart from Quality and Speedy in goods delivery, Customer Satisfaction is another factor of Logistics Business. The core of business growth is that customer trust in our quality, service and satisfies with the service of our staffs. Therefore, the Company realizes and focuses on emphasizing the importance of service improvement by organizing the Customer Service to take care, counsel the customer, ensure to response and follow up the issues continuously and efficiently. The Service of Company is categorized into 3 types as follows;





## 1. Sea Freight

The Group supply as an International Logistics Service Provider (Non-Vessel Operation) for shipping management both import and export from the loading point at Port of Thailand to the overseas destination. Accordingly, the Group is a customer agent to manage the process of export and import at Port of Thailand, contact the world-leading shipping line, make a reservation, arrange the suitable container for each goods, manage the container load for the most cost effective method, load the shipment; customs clearance, all documentation as well as trace the shipment status until reaching the destination. The Group has cooperated with overseas partnership for export or import at the overseas port. Until now the Group has contacted Domestic and International partnerships in over 63 countries by providing service covering 134 countries. Last year, the Group has exported and imported to Asean, such as Vietnam, Indonesia, Myanmar, Malaysia, United States and European Countries, Germany, Netherlands and the most in Turkey.



At present, the Group provides 2 types of Sea Transport as follows;

1. Full container load: FCL

An entire container will be loaded by only one customer's goods and it is the service that is suitable for the manufacturer with large volume import and export shipment and there must be enough space for the cargo in the container. When the customer needs a large volume shipment, the Group will provide a whole container for loading. The FCL customer is mostly the manufacturer with a large export shipment and the Company will support and provide annual export plan service.

2. Less than Container Load : LCL

The space of a container will be shared to support the customer with less volume of shipment or the customer who has the cargo less than the capacity of a container. The group works as a consolidator for the customers and other agents to control import or export cost. The process is divided into 2 types; first, a customer or an agent contacts the Group to do goods consolidation for import or export. Second, the Group will design the route which has high volume of shipment and the Group will contact an importer or an exporter to consolidate the goods. The Group manages the capacity of container and finds the suitable loading of each cargo into both types for the most cost-efficiency. Moreover the entire consolidated goods must not be damaged. Most of the cargo is from other agent which provided same service as our group.

Accordingly, sea freight is one of the lowest costs of shipping but the transportation duration takes longer time than other shipment. It is suitable for the customer with a large volume and weight of import or export shipment. The Group mostly provides service to Thailand's export goods such as agricultural processed products, electronic products, chemical products, food and beverages, and automotive parts, etc.





## 2. Air Freight

Same as sea freight, the Group will coordinate and contact the airlines agent to book the air freight and the container. Air transportation is the faster international shipment, the shipment duration is shorter than sea freight but with higher cost. It is suitable for the high valued goods or the goods with time limitation such as the goods with expiration or preservation issue, the goods with special handling i.e. jewelry, cosmetics and the goods which needed speedy delivery such as documents, spares, materials and ingredients in the engine belt manufacturing factory. The Group currently has air transportation, mostly LCL shipment, at 5.30% of total revenue. Most of customers are our regular sea shipment customers.





### 3. Land Domestic Transport and Cross-Border Transport

Apart from main sea and air transport, the Group also provides service to support the transportation service as a business development and to continue an expert in Multimodal Transport; Land-Air and Land-Sea. The Group provides land transport to facilitate the goods shipment between customers loading points, ports and airports so the Group has expanded Domestic Transport Service by completely providing trailers and tractors including 6 wheel trucks and 4 wheel trucks to the importer and exporter, decreasing the process of service provider contact. At present, the Company has expanded the land transport to support the entrepreneurs.

Besides the land transport service providing in 2016, the Group has expanded the cross-border transport service. The partnership in each neighboring country has supported in delivery goods to the destination and providing goods from the destination back to Thailand. The shipment route starts from Thailand – Cambodia which focuses on the company in Thailand that needs to export goods to Cambodia and the customer in Cambodia who needs to transport goods to Thailand and continue Land-Air to other countries as there is a large airport in Thailand where connects many routes to America and Europe. The Group consequently has planned to expand the land transport routes to other countries in the future.





## Competition Strategy

### (Total Logistics Service Provider)

The Group believes that in order to grow steadily and sustainably in Logistics Service Business, the Group needs to ensure to meet all customers' expectations, provide impressive services as the Total Logistics Service Provider. This must be the combined transportation provider ; in other words , we provide multimodal transport for our Group's customers. Multimodal transport helps customers minimize the processes and increase efficiency. In the beginning, the Group started a sea freight forwarder business then following with air transport product which the Group could see how we can control and improve the service from customers loading point to shipping point. Accordingly, the Group has started an idea of Total Logistics Service Provider; in other words, providing consulting service on the regulations and procedures of import and export to achieve maximum efficiency to customers and providing customs clearance service.

After that, the Group added land transport service by providing tractor, trailer and truck services to support transportation between loading points. Consequently,

The Group has expanded cross-border transport starting from Cambodia and planned to expand the neighbor routes in the future. Moreover, the Group has managed the Distribution Center as a depot for importers and exporters to facilitate our customers so that they can manage their products more efficiently. By providing all the services, the Group is able to provide one-stop service to the customers, help them save time and maximize their Logistics system's efficient.

### **Extensive Partnership**

Apart from maintain existing customer base, the Group has built up good relationship the freight forwarders in other countries for a business reason. At present, it has been over 3 years that the Group has over 195 partners as the oversea agents in all continents. With these long relationship partners, our partners subsequently recommended other forwarders to us and the Group also joined both Domestic and International Freight Forwarders Association. In Thailand, the Group joined a member of Thai International Freight Forwarders Association (TIFFA), consists of high potential and high discussion-skill freight forwarders to improve the industry efficiency and also to build Less Container Load (LCL) shipment network. As a member, the Group gets trust from other agents. In addition, in 2015 the Group has joined as a member of The Cooperative Logistics Network which is the International Association in over 124 countries worldwide and Global Affinity Alliance which holds conference at least once a year for the business partnership expansion.

### Statement of Conference Participation both Domestic and International

Name of Association	Company as a member	Year of Member	End up Year of Member
Thai International Freight Forwarders Association: TIFFA	SONIC	21 Apr 1998	TBA
The Cooperative Logistics Network	SONIC	21 Dec 2015	TBA
Global Affinity Alliance	GLINK	2018	2019
The Customs Broker and Transportation Association of Thailand : CTAT	SONIC	25 Jan 2018	25 Apr 2019
The Land Transport Association of Thailand : LTAT	SONIC	1 Dec 2017	31 May 2022



### **Proficiency of Personnel**

Import and Export Business needs professional coordination with specific sections, for example, Sea Freight, Customs, etc. and needs adequate knowledge of concerned import and export regulations. The entrepreneur without experienced personnel then needs agent in managing logistics. The Group has begun logistics business since 1995. Our personnel have gained experiences and connections which lead us more efficiency in logistics service management; faster sea freight and air freight management service, more efficient in packaging management, less transport mistake and completed customs law and concerned law process. Besides, the Group focuses continuously on personnel development. The group supports personnel to take part in training with concerned institute for the continual professional service.

### **Quality in Service**

The Group focuses on customer service excellence since the quality of service is a heart of logistics management business. The Group offers Customer Service department in order to separate from the operation team. Accordingly, it will be able to develop and follow specific quality of service more and more. Customer Service will help facilitate and make customers more convenient including transport, goods tracking, taking feedback and providing advice after shipment. In addition, the Group offers the survey to customers to assess work quality and the Group will constantly review those assessments. The Group provides many channels in term of contact or give complain such as telephone, e-mail, mail or through the Group's websites.

### **Existing Customer Base Retaining**

Due to higher competition in logistics business, existing customer base retaining is then a main source of continual revenue to the Group. More than 22 years managing logistics business, the Group consequently has a large customer base. Therefore, the Group pays an attention to those customers and have professional staffs taking care of customers closely by making them impressed and ensure to meet customers expectation; giving an advise of how to reduce some customer procedures, save the customer's cost, also offer new services such as land transport (both domestic and cross-border) and distribution center to response customers need completely.

### **Safety Standards for Transportation**

Aside from transportation speed, the Group also emphasizes the safety of shipment as the first priority. For the purpose that the Group selected vehicles, those vehicles are all standardized, accepted and with high-performance in transport business. Moreover, the Group has the human resource policy; in other words, recruiting knowledgeable personnel as we need experienced staffs who are familiar with the job and to ensure that our customer will trust and we could build customers confidence that the shipment will be safe without any damages on customer and the Group's asset and goods.

All vehicles receive well maintenance from high quality maintenance center, accepted knowledgeable technicians in both Domestic and International so that our customers can be assured to our service as our vehicles meet the standards set by law and the drives must be checked the condition before the duty. The Group sets up the driver's rules and regulations, including driver's assessment. The Group sets up the standard that driver must check the vehicle's condition before use. Moreover, the Group has random drug and alcohol test to the drivers regularly.



## Revenue Structure

Revenue Structure of the Company and subsidiary are generated income from as follows;

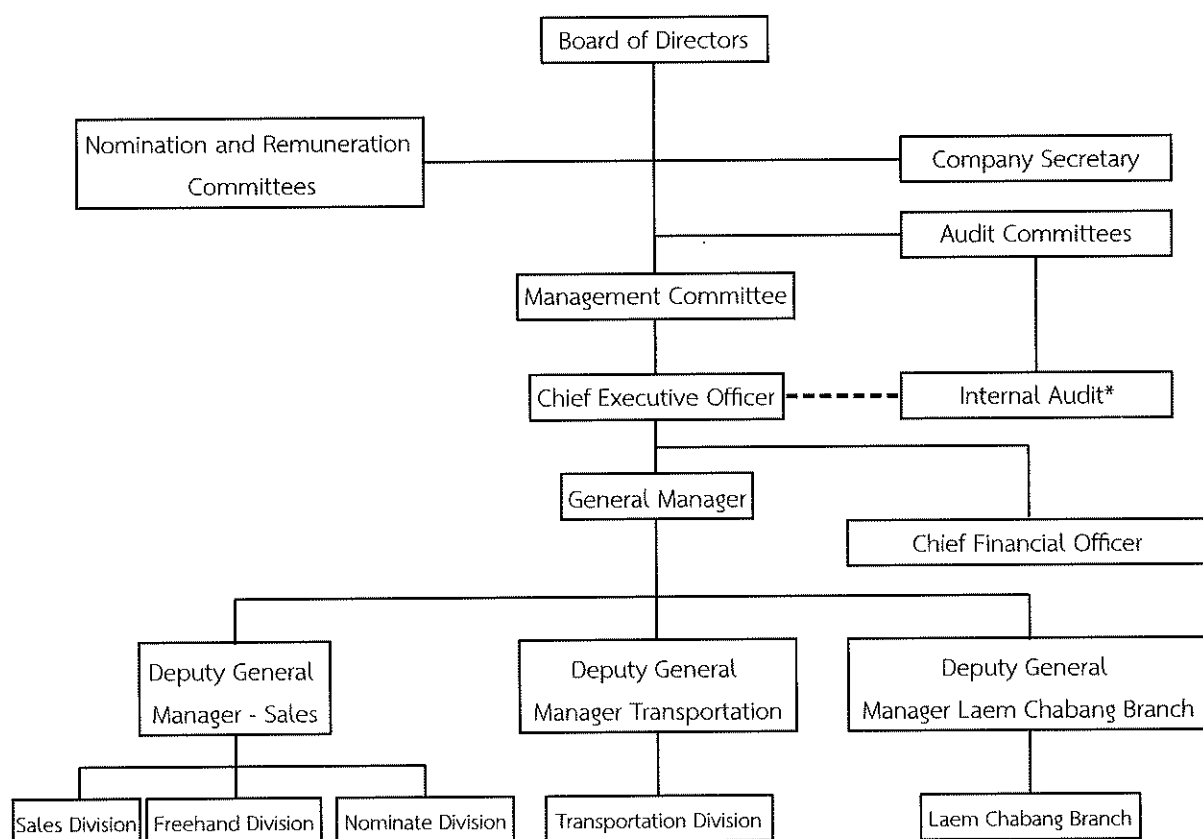
Revenue Structure	Consolidated Financial Statement					
	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenue from services</b>						
- Sea Freight	555.23	65.64	610.56	63.16	759.25	65.72
- Land Transport	229.99	27.19	277.95	28.75	301.86	26.12
- Air Freight	48.14	5.69	66.94	6.92	83.02	7.19
- Other Services/1	11.49	1.35	8.85	0.92	8.28	0.72
<b>Total Revenue from Services</b>	<b>844.85</b>	<b>99.87</b>	<b>964.30</b>	<b>99.75</b>	<b>1,152.41</b>	<b>99.75</b>
- Other Services/2	1.06	0.13	2.43	0.25	2.85	0.25
<b>Total Revenue</b>	<b>845.91</b>	<b>100.00</b>	<b>966.73</b>	<b>100.00</b>	<b>1,155.26</b>	<b>100.00</b>

Remarks : /1 Other services: Distribution Centre fees, Rental charges, administration charge, etc.

/2 Other Services such as interest income, gain on exchange rate, gain or loss from sales of fixed assets, and orther.



## Management Structure as of 31 December 2018



Remark: \*The Company employs Phattarakiet Audit and Consulting Co., Ltd. Mr. Chairaj Phattarakiettipong is Internal Audit Manager



## 1. Directors

The Board of Directors as of 31 December 2018 consists of 7 directors as follows;

Name - Surname		Position
1. Assoc. Prof. Dr. Wanchai	Rattanawong	Chairman / Independent Director
2. Assoc. Prof. Kalyaporn	Pan-ma-rerng	Independent Director / Chairman of Audit Committee
3. M.L. Patcharapakorn	Devakula	Independent Director / Audit Committee
4. Mr. Kanawath	Aran	Independent Director/ Audit Committee
5. Dr. Santisuk	Kosiarpanant	Director / Chief Executive Officer
6. Mr. Ranut	Lieolertsakulchai	Director
7. Mr. Vuttichai	Suriyavorawong	Director

Ms. Solossaya Khemsuk serves as the Secretary to the Committees.

### Director authorized to sign on behalf of the company

Director with Signing Authority is (1) Dr. Santisuk Kosiarpanan and (2) Mr, Ranut Lieolertsakulchai or Mr. Vuttichai Suriyavorawong, any one of two Directors may act as cosignatories and affix the Company's seal.

### Scope of Authorities and Roles of the Board of Directors

- 1) Oversee the Company's business to ensure compliance with the law, the Company's objective and regulations and any lawful resolutions adopted by the meeting of shareholders, holding to the principle of "The Code of Best Practice for Directors of Listed Companies" as the policy of the Stock Exchange of Thailand.
- 2) Provide the shareholder meeting as an annual general meeting within 4 months after the end of the Company's accounting period.
- 3) Provide the audited Company's balance sheet and income statement on the end of the Company's accounting period and present to the shareholder meeting in the annual general meeting for consideration and approval.
- 4) Set the Company's vision, mission, objective, policy, business plan and budget including supervise the management of the management committee to be as the assigned policy. However, the issue required by law must get votes from the shareholder meeting such as increasing or decreasing of capitals, issuing bonds, sale or transfer of all or part of company,

- 1) buy or receive transfer of other company to the company, editing memorandum of association or regulations, etc. The Board of Directors must get approval before the execution.
- 2) Supervise the Management to operate as plan and budget constantly including consider and always review the policy, plan and budget.
- 3) Control the Company's compliance with Securities and Exchange Act, regulations of the Stock Exchange of Thailand such as Related Transactions, Acquisition and Disposition of Assets, all other applicable legislation.
- 4) Consider Management Structure and have authority to consider appointment of Board of Director, President of the Board, subcommittees, Chief Executive Officer (CEO) as well as determine the scope of authorities and responsibilities of the Board of Director, President of the Board, subcommittees, Chief Executive Officer (CEO) as deemed appropriate.
- 5) Prepare the Annual Report of the Board of Director, response the procedure and financial disclosure to show financial status and annual overall operation and present at the shareholder meeting for consideration and approval.
- 6) Have authority to assign one of director or more or other person to perform either one to perform on behalf on the Board of Director by being under the control of the Board of Directors or authorize the mentioned person as agreed by the Board of Directors within timely manner. The Board of Directors can cancel, withdraw, change or amend the authorization as deems appropriate. Accordingly, an authorization must not be an authorization that allow the person to be able to consider and approve the transaction between own company and the interested person or any conflict of interest among the Company or subsidiary as the definition in notification of the capital market and/or the Stock Exchange of Thailand and/or any notifications from related organizations except the approval as a policy and regulation that the Board of Directors has already considered and approved.
- 7) Nominate the Company Secretary to response and perform for the Company or the Board of Director operation benefit such as preparing the committee registration, the Board of Directors meeting invitation letter, the shareholder meeting invitation letter, etc.



### Structure

- 1) The Board of Director does not need to be the Company shareholder.
- 2) The Board of Directors consists of at least 5 directors and at least half of directors must reside in the Kingdom of Thailand
- 3) The Board of Directors consists of non-administrative officers at least one-third of entire director but must be more than 3 people.
- 4) The Board of Directors selects 1 person to be the Chairman.

### Holding a position and the Board of Director's appointment

- 1) The Nomination and Remuneration Committee is assigned to recruit and make recommendations of the personnel with qualifications mentioned in the charter for holding the Board of Directors position in the Board of Directors' meeting and the shareholders' meeting for next consideration.
- 2) The shareholders' meeting is assigned to appoint the Board of Director. However, in case of the Board of Directors appointment due to reasons other than retirement by rotation. The Nomination and Remuneration Committee is assigned to select personnel with qualifications mentioned in the charter and make recommendation to the Board of Director meeting for the appointment with the exception of less than 2 months remaining term. Accordingly, personnel who take the director position will hold a tenure which lasts the remaining time of the tenure of the Director whom they replace.
- 3) At every annual shareholders' meeting, one third of the total directors will be retire from their positions. If the number of directors cannot be divided by three, the directors will retire by the number nearest to one third of the total directors. Directors who are retired by rotation may be re-elected. Directors who required to retire at the first year and the second year after registration, drawing lots will be provided. In subsequent years, the directors who have been in the longest term will retire. Besides the above retirement, the Board of Directors may dismiss from the position with following reasons;
  1. Pass away
  2. Resign
  3. Lack of qualifications which required by the Charter or having prohibited characteristics according to law

4. The shareholders' meeting voted the position dismissal with votes not less than three quarter (3/4) of total shareholders who attended the meeting, have the right to vote and hold shares total not less than half of total shares holding by shareholders who attended the meeting and have the right to vote.
5. A court order

Any directors may resign from their positions by submitting a letter of resignation to the Company. The resignation will be deemed effective from the date on which the letter of resignation is received by the Company.

## 2. Audit Committee

Audit Committees as of 31 December 2018 consists of 3 committees as follows;

Name – Surname		Position
1. Assoc Prof. Kalyaporn	Pan-ma-rerng	Independent Director/ Chairman of Audit Committee
2. M.L. Phatcharapakorn	Devakula	Independent Director/ Audit Committee
3. Mr. Kanawath	Aran	Independent Director/ Audit Committee

Assoc Prof. Kalyaporn Panmareung is an expert and knowledgeable financial audit committee. Her education and professional experience are summarized as follows;

### Education

- MBA, National Institute of Development Administration
- Bachelor of Accounting, Bangkok University

### Professional Experience

Period	Position	Institute / Company / Type of Business
2015 - Present	Chairman of the Audit Committee	Sonic Interfreight Co., Ltd. / Logistics
2017 - Present	Vice President for Planning and Quality Assurance	Sriprathum University / Education
2016 - Present	Committee	President Automobil Industry Co., Ltd. / Car Air Conditioner Part Manufacturing Industry
2009 - Present	Chairman of the Audit Committee, Nomination and Remuneration Committees and	Chow Steel Industries Pte. Co., Ltd. / Metallurgical Industry



	Chairman of the Risk Management Committee	
2004 - Present	Financial Committee and Treasurer	Ethanol Biodisel Club of Thailand /Foundation
2002 - Present	Internal Quality Assurance Auditor	Office of the Higher Education Commission / Education
1999 - 2017	Assistant to Vice President for Planning and Quality	Sriprathum University / Education

And Ms. Solossaya Khemsuk acts as an audit committee secretary.

#### Qualifications of Audit Committee

1. Fully qualified under the requirements of Securities and Exchange Commission (SEC) the Stock Exchange of Thailand.
2. Not being a committee assigned by the Board of Director to make a decision on the operation of the Company, head office, subsidiary, associated company or juristic person with potential to cause conflict.
3. Not being a management committee, employee, advisor with regular salary, authority of the Company, head office, subsidiary, associated company or juristic person with potential to cause conflict / main shareholder.
4. Be able to perform, give opinion and present the report assignment from the Board of Director independently, not under control of Management, main shareholder or authority including all concerned parties or relatives of all mentioned person.
5. Be able to devote time and opinion sufficiently in operation as an audit committee.
6. Participate in training class and build up knowledge of concerned audit operation continuously to keep them up with the times and learn more in the Company Operation to increase the effectiveness of the audit committee.
7. Chairman of the audit committee should carry leadership skill and lead the meeting in the right way, efficient in planning skill and assure the overall effectiveness of the audit committee

#### Scope of Duties and Responsibilities of the Audit Committee

1. Audit Committee Charter
  - (1) Provide Audit Committee Charter of Duties and Responsibilities of the Audit Committee.
  - (2) The content in the Audit Committee Charter must be clear meaning specification, overall definition including other responsibilities of the audit committee.

- (3) Review the Audit Committee Charter and ensure the present content, conform to the Company's operation and be able to apply efficiently at least once a year.
2. Financial Statement

Review the report procedure and ensure the transparent disclosure of the financial report to be accurate, complete, adequate, and trustworthy in a timely manner by coordinating with the financial auditor and the Management who response in the financial report both quarterly and annually.
3. Related Transactions and Cases involving potential conflicts of interests.
  - (1) Review the related transactions and Cases involving potential conflicts of interests as relevant law and the regulatory guidelines of the Stock Exchange of Thailand, to ensure the reasonable issue and to the benefit of the Company.
4. Internal Control
  - (1) Review and ensure appropriation and effectiveness of the Company's Internal Control.
  - (2) Consider the Audit Report, Auditor and Internal Audit Department's opinions and present to the Management for improvement as a suggestion including follow up those issues.
5. Internal Audit
  - (1) Review the Company and ensure the independent Internal Audit and effective audit system.
  - (2) Review the activities and structure of Internal Audit and approve Internal Audit Charter
  - (3) Consider and give an opinion on the appointment, transfer, impeach or dismiss as well as determine and assess the annual performance of Internal Audit Supervisor to ensure the independent of the Company.
  - (4) Review the Internal Audit with the Internal Audit Supervisor especially concerned internal system control and financial managing procedure.
  - (5) Consider, give an opinion and suggest the budget and manpower of Internal Audit and present to the Management for approval.
  - (6) Review the audit plan and scope of the audit of internal audit and the Company's financial audit as well as the advisor of internal audit (if any) and ensure the beneficence and non-duplication.
6. Financial Audit
  - (1) Consider, select, nominate and propose remuneration to the external auditor by considering the trustworthy, sufficiency of resource of the audit and assigned personnel's experience including the performance in the past year as well as consider dismissal of the financial audit. Accordingly, Audit Committee provides opinions to the Board of Directors for next approval and consideration.



- (2) Review scope and audit procedure presented by the financial auditor as well as consider reason of changes in audit plan ( in case of change in audit plan later)
  - (3) Suggest the auditor to review the necessary and important points of the Company and the subsidiary's financial audit.
  - (4) Check the financial audit report, present to the Board of Directors for development, follow up the suggestion.
  - (5) Consider the adequacy and efficiency of the coordination between the financial auditor and the internal auditor.
  - (6) Acknowledge the financial audit report promptly regarding the suspicious conduct of CEO and President or any personnel who response in Management committed under section 281/2 paragraph 2, section 305, 306, 308, 309, 310, 311, 312 or section 313 of act and investigate immediately as well as report the preliminary investigation report to Securities and Exchange Commission (SEC) and the financial auditor within 30 days after receiving the report from the financial auditor.
7. Legality and applicable regulations
- (1) Review the Company's compliance with Securities and Exchange Act, regulations of the Stock Exchange of Thailand and all other applicable legislation.
8. Report of the Audit Committee
- (1) The Audit Committee must report the overall operation to the Board of Director's meeting and to consider at least once a quarter.
  - (2) Create an annual overall operation report of the Audit Committee showing lists according to regulations of the Stock Exchange of Thailand, arrange to be signed by Chairman of the Audit Committee and disclose in the Company's annual report.
  - (3) As a duty of the Audit Committee, if there is any suspicions or found anything which may affect the financial position and the Company's operation significantly, the Audit Committee must report to the Board of Directors for development in timely and appropriate manner.
    - (3.1) Conflicts of Interest
    - (3.2) Corruption, irregularities or significant errors in the Internal Control System
    - (3.3) Failure to comply with acts, regulations of the Stock Exchange of Thailand or other laws relevant to the Company's business.
  - (4) If the Committee or Management fail to operate an improvement or proper behavior as above (3.1), (3.2) and (3.3) within proper due time. One of the Audit Committee may report the case related to (3.1), (3.2) and (3.3) to Securities and Exchange Commission (SEC) or the Stock Exchange of Thailand.

9. Good Corporate Governance

- (1) Review the Company to support the good corporate governance continuously as well as guide the plan and give an important suggestion for the development
- (2) Give precedence by supporting the Company's Good Corporate Governance to be one of the annual committee meeting agenda and also the annual shareholders meeting agenda.
- (3) Follow up Chairman of the Audit Committee and ensure to receive a copy of report on interest under Section 89/14 from a company secretary within 7 business days from the date on which the company has received such report.

10. Risk Management

- (1) Review the standard of risk management policy and ensure the efficiency and effectiveness.
- (2) Coordinate with Risk Management Committee and Management to consider and discuss the report and present the risk management progression to the Company

11. Anti-Corruption

Review the Company's operation under the measure of anti-corruption as well as the financial report, internal control system and internal audit to ensure the effectiveness of operation, the accordance of regulations and the morality. If there are any suspicions of report or any behaviors which may affect to financial position and the Company's operation including corruption significantly, the audit committee will report to the Board of Directors for progression and improvement within due time.

12. Other responsibilities

- (1) Perform other duties assigned by the Board of Directors. The Audit Committee has responsibilities to the Board of Directors while the responsibilities of entire activities to others are still belong to the Board of Directors
- (2) Perform duties following notice of the Stock Exchange of Thailand
- (3) Control the whistle blowing procedure when employees and stakeholders have inquiries or found suspicious behaviors against the regulations, laws, rules, ethics or corporate governance policies and to assure the whistle blower that the Company has an independent investigation procedure and appropriate monitoring operation.
- (4) Control the special investigation as deemed necessary



**Tenure and Audit Committee Appointment**

1. Audit Committee holds tenures which last 3 years each term from the date on which they are appointed.
2. Audit Committee who retired by rotation may still be re-nominated or re-election but not the automatic extension.
3. Audit Committee may resign from the position at any time before the tenure by informing and submitting a letter of resignation with reasons to the Company. The Company will send copy of a letter of resignation to the Stock Exchange of Thailand as well as delivering to The Securities and Exchange Commission.
4. In case when position of Audit Committee becomes vacant due to reasons other than retirement by rotation, the Board of Directors will appoint a qualified person to be Audit Committee to ensure the complete number of members. A person who is appointed will hold a tenure which last remaining time of the tenure of the Director whom he/she replaces.
5. Audit Committee retirement
  - (a) Cease to be Audit Committees
  - (b) Complete the tenure
  - (c) Lack of qualifications of Audit Committee
  - (d) Pass away
  - (e) Resign
  - (f) Be impeached
  - (g) Serve a term of imprisonment or any legitimate order of imprisonment except offenses committed by negligence or misdemeanor
  - (h) Be an incompetent person or a quasi-incompetent person
  - (i) Be a bankrupt
6. If there are less than 3 Audit Committees, the Company should hasten the new committee appointment instantly or at least within 3 months from the date of incomplete audit committees to ensure the operations continuity of the Audit Committees which is related to regulations of maintaining the listing status on the Stock Exchange of Thailand.

### 3. Nomination and Remuneration Committee

Nomination and Remuneration Committees as of 31 December 2018 consists of 4 committees as follows;

Name – Surname		Position
1. M.L. Patcharapakorn	Devakula	Chairman of Nomination and Remuneration Committee
2. Mr. Kanawath	Aran	Nomination and Remuneration Committee
3. Dr. Santisuk	Kosiarpanant	Nomination and Remuneration Committee
4. Assoc. Prof. Kalyaporn	Pan-ma-rerng <sup>1/</sup>	Nomination and Remuneration Committee

Ms. Solossaya Khemsuk serves as the Secretary to the Nomination and Remuneration Committees.

**Remark<sup>1/</sup>** Assoc. Prof. Kalyaporn Pan-ma-rerng was appointed to be a Nomination and Remuneration Committee on 26 February 2018.

#### Scopes, Duties and Responsibilities of Nomination and Remuneration Committee

Nomination and Remuneration Committees perform duties as assigned by the Board of Directors with scope and responsibilities as follows;

##### 1. Nomination

- 1.1 Set the rule and policy of the committee nomination and subcommittee nomination by considering appropriation in number, structure and element of committees this is suitable with size, category and business complication, determine the committee qualifications to present to the Board of Directors and/or ask for approval in the shareholders meeting.
- 1.2 Recruit, select and present qualified candidates to hold the position of the Board of Directors and committees who have completed their terms and/or replace the vacant position and/or make new appointment.
- 1.3 Perform other nomination tasks as assigned by the Board of Directors.
- 1.4 Review and summarize the succession plan and management continuity which is proper with Chief Executive Position annually and report to the Board of Directors.

##### 2. Remuneration

- 2.1 Set the rule and policy of the committee remuneration and subcommittee remuneration and present to the Board of Directors and/or ask for approval in the shareholders meeting.
- 2.2 Consider necessary and proper remuneration both payment in the form of money and other forms of compensation to the Board of Directors and individual committee. Remuneration



determination of the Board of Directors, the Company's committees and subcommittees are considered to be appropriate with their respective duties, responsibilities and accomplishments, compare with similar business and with benefits that might be receiving from the committees and present to the Board of Directors for consideration and to the shareholders meeting for approval,

2.3 Response to the Board of Directors and perform duties of giving explanation, answer the question of remuneration in the shareholders' meeting.

2.4 Report the policy, measure/reason of remuneration determination to the committees and subcommittees as the Stock Exchange of Thailand's regulations as in the Annual Report (form 56-1) and the Company's Annual Report.

2.5 Perform other remuneration consideration tasks as assigned by the Board of Directors. Management and other sections must report or present the information and concerned documents to the Nomination and Remuneration Committees to support Nomination and Remuneration Committees performance and achievement.

#### 4. Executive Board of Directors

Executive Board of Directors as of 31 December 2018 consists of 3 directors as follows;

Name – Surname		Position
1. Dr. Santisuk	Kosiarpanant	Chairman of the Executive Committee
2. Mr. Ranut	Lieolertsakulchai	Committee Member
3. Mr, Vutthichai	Suriyavorawong	Committee Member

Ms. Solossaya Khemsuk serves as the Secretary to the Executive Board of Directors.

#### Scope, Duties and Responsibilities of Executive Board of Directors.

1. Oversee the business operations of the Company in accordance with the law, objectives, regulations, resolutions of Annual General Meeting under morality, accuracy and the protection of Company's interest. The Executive Board of Directors will be held at least once a month.
2. Consider following issues as necessary in business operation and present to the Board of Directors for approval or consideration.
  - 2.1 Policy, objective and the Company's annual plan
  - 2.2 The Company's annual budget
  - 2.3 Guideline, policy and investment objective for the operational framework
  - 2.4 Salary Structure, employee benefits for appropriate compensation to employees

3. Perform duties as assigned by the Board of Directors.
4. Have the authority to approve of opening bank account both domestic bank and overseas bank by considering the appropriation of overall financial management.
5. Have an authorization in following issues within the specific limit as following details;
  - 5.1 Control and determine the investing management guideline in accordance with the policy on the business undertaking as assigned by the Board of Directors and established law.
  - 5.2 Have the authority to give commands, rules, and notes to ensure operations with established policies and benefits of company and for maintaining operation discipline in the organization.

#### 5. Risk Management Committee

Risk Management Committees as of 31 December 2018 consists of 3 directors as follows;

Name - Surname		Position
1. Mr. Vuttichai	Suriyavorawong	Chairman of the Risk Management Committee
2. Mr. Ranut	Lieolertsakulchai	Committee Member
3. Mr. Maitree	Rattanaworavipha	Committee Member

Ms. Solossaya Khemsuk serves as the Secretary to the Risk Management Committees.

#### Scope, Duties and Responsibilities of Risk Management Committee

1. Establish a risk management policy and set the framework of other risk management appropriately and efficiently.
2. Establish risk management plan and risk management procedure over the organization as a guideline in other specific operations.
3. Determine the financial amount or business type according to the risk and present to the Board of Directors and ask for approval to be a measure in operation or each risk situation.
4. Control and ensure the throughout communication of the measure and ensure the employees perform those measures.
5. Provide the assessment and analyze the possibility of damage systematically and constantly to ensure risk observation covers entire processes of business operation.
6. Support and develop risk management throughout the organization.
7. Perform duties as assigned by the Board of Directors covering any operations related to other important risk categories of the Company.



## 6. Corporate Governance Committee

Corporate Governance Committees as of 31 December 2018 consists of 3 committees as follows;

Name – Surname		Position
1. Mr. Vuttichai	Suriyavorawong	Chairman of Corporate Governance Committee
2. Mr. Ranut	Lieolertsakulchai	Committee Member
3. Mr. Patiphan	Plengchawee	Committee Member

Ms. Solossaya Khemsuk serves as the Secretary to the Corporate Governance Committees.

### Scope, Duties and Responsibilities of Corporate Governance Committee

1. Consider, propose policy and guideline recommendations / ethical and moral business guidelines on good corporate governance to the Board of Directors and Management to establish the regulation of organization as a standardized and correct regulation.
2. Control, provide advice, assess and review policy, Good Corporate Governance and business ethic in order to improve and upgrade the Company's Corporate Governance to International Standard.
3. Perform duties as assigned by the Board of Directors.

## 7. Corporate Social Responsibility Committee

Corporate Social Responsibility Committees as of 31 December 2018 consists of 3 committees as follows;

Name - Surname		Position
1. Ms. Saowaluk	Ninwaew	Chairman of Corporate Social Responsibility Committee
2. Mr. Panuwat	Prathumsri	Committee Member
3. Ms. Nisalux	Ratchataamnuay	Committee Member

Ms. Solossaya Khemsuk serves as the Secretary to the Corporate Social Responsibility Committees.

**Scope, Duties and Responsibilities of Corporate Social Responsibility Committee**

1. Control, give counsel, assess and review policy, Corporate Social Responsibility (CSR) Compliance for development and upgrade the Company's corporate governance to International Standard.
2. Perform other duties as assigned by the Board of Directors.

**8. Executive Officer**

The Company's management as of 31 December 2018 consists of 7 directors as follows;

Name – Surname		Position
1. Dr. Santisuk	Kosiarpanant	Chief Executive Officer
2. Mr. Vuttichai	Suriyavorawong	General Manager
3. Ms. Saowaluk	Ninwaew	Deputy General Manager
4. Mr. Patiphan	Plengchawee	Deputy General Manager
5. Mr. Panuwat	Prathumsri	Deputy General Manager
6. Ms. Kanokwan	Piritburana	Chief Financial Officer
7. Ms. Ratchanee	Hormsuwan	Chief Accountant

**Scope, Duties and Responsibilities of Chief Executive Officer**

1. Have the authority to manage and control the operation relating to general management and regular operations.
2. Perform duties as assigned by the Board of Directors or Executive Board of Directors.
3. Have the authority to employ, appoint, transfer, dismiss, terminate, determine salary, reward, raise salary, remuneration, bonus to all employees from Deputy CEO onwards
4. Consider and approve the operating expenses within approved financial amount.
5. Consider and approve the investment in instruments and properties for the Company's account within approved financial amount.
6. Support ability and potential development of Committees, Management and all employees for empowering the organization.
7. Has the authority in any operations and the Company's business management which is necessary to general management as following details;
  - 7.1 Have the authority to give commands, rules, and notes to ensure operations with established policies and benefits of company and for maintaining operation discipline in the organization.



- 7.2 Have the authority to perform and acts as the Company's representative to others in concerned business and benefits to the Company
- 7.3 Approve the appointments of any advisors which is necessary to the operation under the specified scope
- 7.4 Perform other duties as assigned by the Board of Directors or Executive Board of Directors.
- 7.5 Other approvals apart from above are under the approval scope compliance and under the Company's Level of Authorization.

Anyhow, an approval for execution as well as any assignments which are the authority of Chief Executive Officer and are assigned to representatives or anyone who accept an assignment must not be done in such a way that will render the Chief Executive Officer or persons authorized by Chief Executive Officer to approve an operation, liable for conflict of interest with the Company or subsidiary. In such cases, approval for transactions must be obtained from the Board of Directors and/or the shareholders meeting and must be reviewed by the Audit Committee in accordance with the Company's regulation and Securities and Exchange Commission (SEC) and/or the Stock Exchange of Thailand.

#### **Company Secretary**

(History Topic "Details of Director, Executive, Controlling Person and Company Secretary)

The Board of Directors' meeting no. 6/2017 held on 7 November 2017, Ms. Solossaya Khemsuk was appointed to hold a position of Company Secretary having a scope, duties and responsibilities as follows;

- 1) Provide primary advice to the Board of Director regarding laws, rules and other Company's regulations and monitor to ensure the right accordance including report the significant change to the Board of Directors.
- 2) Inform the Board of Directors and shareholders ' resolutions and policies to Management and monitor the implementation.
- 3) Organize the shareholders meeting and the Board of Directors meeting in the line with laws, rules, the Company's regulations and other requirements.
- 4) Record the minutes of the shareholders meeting, the Board of Directors meeting and the Executive Board of Directors meeting as well as other beneficial opinions or summarize problem issues concerned organization and the committee, not the Management, and present to the shareholders. Monitor and ensure that the resolutions of the shareholders' meeting and the Board of Directors' meeting' are implemented.

- 5) Ensure that the Company's information is disclosed in accordance with the requirements, laws and the Company's information disclosure policy.
- 6) Communicate with shareholders and take care of shareholders appropriately. Ensure to inform privileges and company news.
- 7) File the important documents such as committee registrations, meeting invitation letter, the Board of Directors meeting report, the Company's annual report, shareholders meeting invitation letter and shareholders meeting report.
- 8) Ensure that the Company Secretary Section is the Corporate Record such as Juristic Person Registration, memorandum, regulation, shareholder registration and other business licenses.
- 9) Arrange the activities of the Board of Directors.
- 10) Company Secretary must enhance the knowledge and skill development and must be trained continuously and sufficiency.
- 11) Other duties concerned.

#### Financial Authority Regulation

The Company and Subsidiary have determined the financial authority for the executions of the Company refer to the Board of Directors' meeting no. 4/2018 held on 28 May 2018. The Financial Authority Regulation for the necessary execution could be summarized as follows;

Requested Issues	Approvers					Remarks
	Board of Directors	Executive Board of Directors	CEO	General Manager	Head of Division /Department Head	
1. Policy and Plan						
1.1 Policy Determination	Approved					
1.2 Business Plan Approval Implementation		Approved				
1.3 Annual Budget Approval and Implementation	Approved					
1.4 Co-Investment /Invest in other companies	Approved					



1.5 Capital Increase / Capital Decrease	Primary Approved					Shareholders Resolution (Special)
2. Finance / Accounting						
2.1 Cash Advance for Job		>2 Million Baht and <5 Million Baht	>100,000 Baht and < 2 Million Baht	≤100,000 Baht	≤100,000 Baht (Kingkaew Branch)	Kingkaew Branch approved by Department Head
2.2 General Cash Advance			>50,000 Baht and <100,000 Baht	≤50,000 Baht		
2.3 Loan Source Finding and Loan	> 50 Million Baht	>25 Million Baht and <50 Million Baht	≤25 Million Baht			
2.4 The Company's Financial Statement	Committee in Authority as Certificate				Presented	CFO
4. Purchasing, Providing, Procuring						
4.1 Supplier, Employee and Contractor Selection for Company Business	>20 Million Baht		≤20 Million Baht	≤ 50,000 Baht		
4.2 Making a contract/Signing in contract or agreement for employment/auction	>20 Million Baht		≤20 Million Baht	≤ 50,000 Baht		
4.3 Purchasing Providing fixed assets for the Company's business	>20 Million Baht		≤20 Million Baht	≤ 50,000 Baht		
5. Marketing						
5.1 Annual Marketing Plan Approval and Implementation		Approved				
6. Administration and General						
6.1 Fixed Assets Transfer				Approved		
6.2 Property Sell	>20 Million Baht		≤20 Million Baht			

## Remuneration

### 1. Remuneration of Directors

#### (1) Money Remuneration

The Annual General Meeting no. 1/2018 held on 30 April 2018 approved remuneration of the Board of Directors, Audit Committees and Nomination Committees and considers the remuneration of Attendance Allowance with following details;

Position	Attendance Allowance
Chairman of the Board of Director	30,000 Baht per time
the Board of Director	20,000 Baht per time
Chairman of Audit Committee	25,000 Baht per time
Audit Committee	15,000 Baht per time
Chairman of Nomination and Remuneration Committee	25,000 Baht per time
Nomination and Remuneration Committee	15,000 Baht per time

In 2017 and 2018, Meeting Attendance Report and Attendance Allowance of the Board of Directors, Audit Committees and Nomination and Remuneration Committees are as follows;

Name - Surname		Board of Directors		Audit Committees		Nomination and Remuneration Committees	
		2017	2018	2017	2018	2017	2018
Assoc. Prof. Dr. Rattanawong Wanchai		7/7	7/7				
Assoc. Prof. Pan-ma-rerng Kalyaporn		6/7	7/7	5/5	4/4		0/1*
M.L. Patcharapakorn Devakula		7/7	7/7	5/5	2/4	1/1	1/1
Mr. Kanawath Aran		7/7	7/7	5/5	4/4	1/1	1/1
Dr. Santisuk Kosiarpanant		6/7	7/7			1/1	1/1
Mr. Ranut Lieolertsakulchai		7/7	7/7				
Mr. Vuttichai Suriyavorawong*		5/7	7/7				

Remark: \*Assoc. Prof. Kalyaporn Panmarerng was appointed to be Nomination and Remuneration Committee on 26 February 2018.



Name - Surname	Board of Directors		Audit Committees		Nomination and Remuneration Committees	
	2017	2018	2017	2018	2017	2018
Assoc. Prof. Dr. Rattanawong Wanchai	210,000	210,000				
Assoc. Prof. Kalyaporn Pan-ma-rerng	120,000	140,000	125,000	100,000		-
M.L. Patcharapa-korn	140,000	140,000	75,000	30,000	25,000	25,000
Mr. Kanwat Aran	140,000	140,000	75,000	60,000	15,000	15,000
Dr. Santisuk Kosiarpant	120,000	140,000			15,000	15,000
Mr. Ranut Lieolertsakulchai	140,000	140,000				
Mr. Vuttichai Suriyavorawong	100,000	140,000				
<b>Total</b>	<b>970,000</b>	<b>1,050,000</b>	<b>275,000</b>	<b>190,000</b>	<b>55,000</b>	<b>55,000</b>

## (2) Other Remuneration

- None -

### 2 Remuneration of Management

In 2017 and 2018, the Company and Subsidiary paid remuneration to Management at the amount of 8.29 Million Baht and 12.18 respectively. Stated remuneration is including salary, bonus, and gasoline expenses.

	2017	2018
Number of Management (person)	6	7
Total Management Remuneration (Million Baht)	8.29	12.18

### Other Remunerations

The Annual General Meeting no. 2/2018 held on 22 June 2018 approved release and offer warrants of buying ordinary shares to Directors and employees of the Company and subsidiary (ESOP Warrant), totaling 30 million units and approved the allotment of newly issued ordinary shares of 30 million shares of 0.50 Baht each. The Company Management will get the allocation total 3.40 million shares.

## Personnel

### (1) Number of Personnel

Number of Personnel (exclude Management) in the Company and Subsidiary as of 31 December 2017 and 31 December 2018 consist of 263 and 310 people respectively. The remuneration of employees in the Company and Subsidiary is 62.01 Million Baht and 81.63 Million Baht respectively. The stated remuneration is salary, bonus, provident fund and other welfares, etc.

### Other Remunerations

The Annual General Meeting no. 2/2018 held on 22 June 2018 approved release and offer warrants of buying ordinary shares to Directors and employees of the Company and subsidiary (ESOP Warrant), totaling 30 million units and approved the allotment of newly issued ordinary shares of 30 million shares of 0.50 Baht each. To support the warrants, 5.17% of total sold shares after offering to people, the Company's and Subsidiary's employees will be considered to receive allotment of total 26.60 million shares.

### Personnel Development Policy

The Company is seeing its importance of overseeing the remuneration to be related with the career path. Moreover, the Company has a development plan to enhance their knowledge, skill and vision which concerned their job abilities such as supporting them to learn through electronic channels, providing the training or seminar by knowledgeable expert from outside organization, training by supervisors, taking on-the-job training as well as sharing knowledge and experience among colleagues and co-learning between Management and employees substantially.

## Annual Report 2018

### 1. Employee Position Adjustment

#### Process

The Company established the rules and regulations of Employee Position Adjustment to be once a year or as appropriate. Career path is clearly provided to employees and Position Adjustment Committee was established which consists of Chief Executive Officer/Managing Director and General Manager. Human Resource and Administrator Supervisor is Committee Secretary.

#### Procedure / Method

Each Division Head will consider and nominate qualified employees as of established policies (Tor Bor 005/2560), bring up to Human Resources and Administration as Committee Secretary for primary consideration and present to Committee for annual position adjustment consideration.

In 2018, there were 10 position adjustments in level of Senior Officer and Primary Level Executive.

### 2. Provident Fund Establishment

The Company established Provident Fund called “Ayudhya Master Fund Registered Provident Fund” on 25 March 2011. Criteria and main points are as follows;

- Employee who completed 1 year working period or filled the position for 1 year will has the right to register to be a member of fund.
- Employer supports the contribution at 2% of monthly salary.
- In case of membership termination which is not by corruption, cause of damage or failure to work regulations or employer's rules or resignation without submitting a letter, member will receive their total saving money and contribution.

### 3. Remuneration and Employee Welfare Policy

#### 3.1 Remuneration Policy

- The Company set the salary structure which set the minimum and maximum rate of each employee level as well as set the primary salary of new permanent employee in each level.
- The Company set the rules and regulations of annual salary adjustment by considering from performance both Competency and Key Performance Indicator (KPI) and each level of Executive participates in the consideration.
- Average annual salary adjustment is 5-7% per year.

#### 3.2 Welfare Policy

The Company provides appropriate welfare to employees as follows;

- Provide Social Security for all employees as required by laws.
- Hire disabled to work in the Company as their knowledge, ability and ensure their good life quality
- Provide Errand Leave, Sick Leave, Vacation and other leaves more than required by laws



- 10 Errand Leave / year with salary paying
- Sick Leave as indeed with 30 days paying
- 6 Vacation Days for permanent employees when completed 1 year working period
- Other Leaves such as Ordination Leave or other concerned religious activities
- Provide Health Insurance, Accident Insurance as well as Life Insurance to all employees apart from Social Security
- Provide urgent loan to relieve affliction or improve life quality
- Create an agreement with Government Housing Bank to support Home Loan
- Show empathy to employees by visiting sick or injured employees including being a host on funeral of employees' father, mother, spouse and children

#### 4. Personnel Development

The Company focuses on personnel development to ensure efficiency and quality with professional service minded personnel. In 2018, the Company provided seminar training to each employee level with average training hours as follows;

<u>High-Level Executives</u>	54 hours / year
Chief Executive Officer / Managing Director	
General Manager	
<u>Middle-Level Executives</u>	24 hours / year
Assistant General Manager	
Manager / Supervisor	
<u>Officer Level</u>	18 hours / year
Officer / Senior Officer	

#### Labor Dispute

1. - None -

## Security Information and Shareholders

### Registered Capital and Paid-up Capital

The Company has total registered capital at Baht 290,000,000 which is paid-up capital Baht 275,000,000. Ordinary shares is divided to 580,000,000 shares which is valued Baht 0.50 per share and 30,000,000 shares as ESOP Warrant which issued and offered to the Company and subsidiaries' executives and employees.

### Name of Shareholders as of the booking closing date, 13 March 2019

	Name of Shareholders	Number of Shares	%
1	Family member of Dr. Santisuk Kosiarpnanant		
	Dr. Santisuk Kosiarpnanant	311,922,857	56.71
	Mr. Supaporn Surapanworawech	10,142,857	1.84
	Mr. Kayasith Kosiarpnanant	15,142,857	2.75
	Mr. Ittirit Kosiarpnanant	16,142,857	2.94
2	Family member of Mr. Ranut Lieolertsakulchai Mr. Ranut Lieolertsakulchai	23,538,857	4.28
	Master. Rei Hirokawa	2,857,143	0.52
3	Family member of Ms.Saowaluk Ninwaew		
	Mrs. Sulai Ninwaew	7,536,000	1.37
4	Family member of Mr. Vutthichai Suriyavorawong		
	Mr. Klattichai Suriyavorawong	7,050,857	1.28
5	Mr. Sitthichoke Saetang	5,836,900	1.06
6	Mr. Patiphan Plengchawee	5,714,286	1.04
7	Family member of Mr. Maitree Rattanaworavipha		
	Mrs. Yupawadee Keeratipeanlert	4,278,986	0.78
8	Mr. Tanet Petchkul	4,250,000	0.77
9	Mr. Tatsanai Horsimasathaporn	3,774,000	0.69
10	Mrs. Somsri Osothsilp	3,701,600	0.67
11	Mrs. Sirinuttha Techasiriwan	3,016,100	0.55
12	Mr. Wittaya Osothsilp	3,001,300	0.55
13	Family member of Mr. Panuwat Prathumsri		
	Ms. Jinda Ngaechareonkul	2,312,858	0.42
14	Other shareholders	119,779,685	21.78

### Other Securities Issuance

The Company has resolution from the Extraordinary General Meeting of Shareholders on 22 June 2018 which resolved to approve the issuance and offering for sale of ESOP warrants that buy ordinary shares to the Company and subsidiaries' executives and employees at 30,000,000 units and allocate the Company's newly issued ordinary shares at 30,000,000 shares which is valued Baht 0.50 per share.

To certify the right of warrants which offer for sale to the Company and subsidiaries' employees, details are summarized as follows;

Warrants Issuer	:	Sonic Interfreight Public Company Limited
Address of Warrants Issuer	:	79/349, 350, 1,2th Floor, Sathupradit Road, Chongnonsri, Yannawa, Bangkok 10120 Telephone Number 02-213-2999 Fax Number 02-213-2533
Name of Warrants	:	Warrants to buy ordinary shares of Sonic Interfreight Public Company Limited which issue to the Company and subsidiaries' executives and employees ("SONIC-ESOP 2018") ("Warrants")
Type of Securities offering for sale	:	Warrants to buy ordinary shares of the Company which offer for sale to the Company and subsidiaries' executives and employees
Type of Warrants	:	name registered and non-transferable
Number of Warrants offering for sale	:	Not exceeding 30,000,000 units
Date of Warrants Issuance	:	19 October 2018
Expiry Date of Warrants	:	18 October 2023
Age of Warrants	:	5 years from the date of warrants issuance. Anyhow, after the warrants issuance, the Company will not extend the validity of warrants.
Number of ordinary shares which is allocated for exercising right	:	30,000,000 shares (valued Baht 0.50 per share) which is 5.17% of IPO and after the warrants exercising at total 580,000,000 shares.
Allocation Method	:	Warrants not more than 30,000,000 units. The Company will allocate directly to the Company and subsidiaries' executives and employees on the date of issuance and offering warrants.
Offering sale price per unit	:	Baht 0 (Baht Zero)
Exercise Ratio	:	1 warrant is convertible to 1 ordinary share except when there is an adjustment on exercise ratio as the condition in No.5 of Exercise of Rights.



Exercise Price	:	Baht 1.95 per share which is same price with IPO except when there is an adjustment on exercise ratio
Condition and Period for Exercise of Rights:		Except the case that the Company and subsidiaries' executives and employees are unable to exercise their rights of warrants

When due 2 years from the date of warrants issuance so that the first exercise date shall be 18 October 2020. The warrant holders can exercise their rights no more than 10% of allocated warrants as exercise price.

When due 3 years from the date of warrants issuance so that it shall be on 19 October 2021 (since 18 October 2021 is public holiday). The warrant holders can exercise their rights no more than 20% of allocated warrants as exercise price.

When due 4 years from the date of warrants issuance so that it shall be 18 October 2022. The warrant holders can exercise their rights no more than 30% of allocated warrants as exercise price.

When due 5 years from the date of warrants issuance so that it shall be 18 October 2023. The warrant holders can exercise total rights of warrants of allocated warrants as exercise price.

“Date of Warrant Exercise” is 18 October of every year except in 2021 shall be moved to 19 October 2021 (since 18 October 2021 is public holiday) as above Period Condition of Exercise of Rights. Accordingly, the first exercise date is 18 October 2020 which dues 2 years from the date of warrants issuance and the last exercise date is when due 5 years from the date of warrants issuance which is 18 October 2023. If the last exercise

Any warrants which are left over from exercise of rights or non-exercise of rights during the exercise period can be collected and exercised on the next exercise date throughout its validity. If warrants are due, any warrants which are non-exercised will be cancelled and expired.

Warrants Registrar	:	Thailand Securities Depository Company Limited
Exercise of Rights Location	:	Sonic Interfreight Public Company Limited 79/349 – 350, 1 <sup>st</sup> – 2 <sup>nd</sup> Floor, Sathupradit Road, Chongnonsri, Yannawa, Bangkok 10120 Telephone Number 02-213-2999 Fax Number 02-213-2533
Secondary Market for the Warrants	:	The Company will not list the Warrants of this issuance on the MAI.
Secondary Market of ordinary shares which are from Warrants exercise	:	The Company will list ordinary shares which are from this Warrants exercise as the registered securities on the MAI.
Effect to Shareholders	:	1) Ordinary shares which issued as the exercise of rights in this issuance will have same right and equality as the Company's ordinary shares which issued earlier in all respects. 2) Besides 30,000,000 ordinary shares which allocated to support the Warrants exercise of rights, the Company may need to increase more capital to support an adjustment on exercise of rights in the specific event in the Notification of the Securities and Exchange Commission and the Notification of Capital Market Supervisory Board which concerned the issuance and sale offering of warrants to buy shares. 3) Effect to shareholders due to the issuance and sale offering to the Company and subsidiaries' executives and employees as of the effect calculation of shareholders.

## Board of Directors

Board of Directors as of 31 December 2017 consists of 7 directors as follows;



Assoc. Prof. Dr. Wanchai Rattanawong  
Chairman / Independent Director



Assoc. Prof. Kalyaporn Pan-ma-rerng  
Chairman of Audit Committee /  
Independent Director



M.L. Patcharapakorn Devakula  
Audit Committee / Independent Director



Mr. Kanawath Aran  
Audit Committee / Independent Director



Dr. Santisuk Kosiarpant  
Director / Chief Executive Officer



Mr. Ranut Lieolertsakulchai  
Director



Mr. Vuttichai Suriyavorawong  
Director



# Executive Officers

Executive Officers as of 31 December 2017



1



2



3



4



5



6



7

1

**Dr. Santisuk Kosiarpnanant**  
Chief Executive Officer

5

**Mr. Panuwat Prathumsri**  
Deputy General Manager

2

**Mr. Vuttichai Suriyavorawong**  
General Manager

6

**Ms. Kanokwan Piritburana**  
Chief Financial Officer

3

**Ms. Saowaluk Ninwaew**  
Deputy General Manager

7

**Ms. Ratchanee Homsuwan**  
Chief Accountant

4

**Mr. Patiphan Plengchawee**  
Deputy General Manager



## Industry and Competitive Analysis



Thailand's development guidelines in the next phase and building reliability to Logistics

- Public Relations
- International Trade Barrier
- Risk Management

### Policy Logistics Development

- Customs Clearance
  - o Develop and ensure complete NSW to decrease import-export processes and to shorten the time by connecting electronic both G2G and G2B with e-Payment.

- o Develop Port Community System at Laem Chabang Port, Bangkok Port and Suvarnabhumi Airport.

- Logistics Integrated Database Providing
  - o Provide connected and useful database in each agency efficiently to be using as the assessment data and national logistics development.

- Transportation and Information Technology Infrastructure

- o Rail and Road Transport and facilities connect network and facilities with other transportation types, support multimodal transport which is related to horizontal network and CLMV and China roads development.

- o Hasten Water Transport Solution, develop activities and connected network at port hinterlands.

- o Urban Transport System and Logistics Management such as city plan management and heavy traffic solution by bringing technology in Last Mile Delivery Management.

- Logistics Providers Quality and Competence both government and private sector

- o Service Standard Development compares with international; improve delivery system management, cargo system, tracking system and inventory risk management.

- o Professional Standard and Logistics Personnel

International Standard Development; manage manpower to be relating with business demand, support and corporate with private sector in operation training.

### International Logistic Performance Index: LPI 2018

World Bank has ranked the International Logistics Performance Index : LPI since 2007 by observing the satisfaction of logistics efficient in each country and report the ranking every 2 years in July to raise awareness of the importance of logistics efficient development and to be a reference of driving policy. Ranking takes primary data from Logistics Performance Index Survey which the main targets are Freight Forwarder and Express Carrier in the country. Accordingly, Logistics Performance Index Criteria are divided into 2 parts; 1) Input Factor Criteria or Policy Regulation Factor which consist of 3 points including Customs Clearance, and Transport and Information Technology Infrastructure and Logistics Quality and Competence of government and private sectors. 2) Outcome Criteria or Service Delivery Performance Factor which consist of 3 points including International Shipment Preparation, Timeliness and Tracking & Tracing System.

### Logistics Development in the past 2 years

Thailand has developed logistics system continuously under The Second Thailand's Logistics Development Strategy (2013-2017) which aims to develop trade facilitating system, enhance the efficient of supply chain management and competitive capability of Thai entrepreneurs as well as Infrastructure Development of economic corridor to the country's main gateway. Development can be summarized as follows;

**Customs Clearance:** License data, certificate and other documents concerned import-export, logistics process through National Single Window (NSW) data connecting system development has been completed in 36 institutions. Data connection with Asean or ASEAN Single Window (ASW) has been completely processed to connect certificate data of Asean goods source for e-Form D customs clearance between Indonesia, Malaysia, Singapore and Vietnam. It is currently under preparation for other documents exchange such as ACDD/Export information, Electronic Phytosanitary Certificate, etc.

### Transport and Information Technology Infrastructure:

There was a routing standard upgrade to facilitate transportation and routing network development connecting with main trade such as Laem Chabang Port, Suvarnabhumi Airport as well as important border gateway. Moreover, government has placed importance and allocated budget of nationwide double track railways investment, developed transport stations, intermodal facility, coastal port including Bangkok Port and Laem Chabang Port to support transportation type changing, multimodal transport and connect container domestics delivery to export at Laem Chabang Port. Regarding Information Technology, there has been an internet networking development which covers more areas.

### Capability of Logistics Provider in government and private sectors:

In 2017, there was total 345 entrepreneurs received Authorized Economic Operation certification which is a certificate provided by Customs Department to certify safety standard of import-export throughout the delivery route and number of entrepreneurs tend to increase continuously. Personnel development and logistics operational efficient enhancement have passed the standard upgrade training for capability total logistics service provider as well as driving Thai entrepreneurs into international trade of Asean Economic Community by approach strategy through AEC Business Support Center.

**International Shipment Preparation:** Thailand's International Shipment has higher efficient to support the higher demand of International goods delivery which has been expanding due to economic condition. Laem Chabang Port's capability is to handle up to 11 million TEUs. In 2017, number of containers for import-export through Laem Chabang Port was approximately 7.8 million TEUs which is 7.7% increase compared with 2016 and tend to reach 9.8 million TEUs in 2018. Furthermore, freight determination of Thai entrepreneur is able to attract customers and develop delivery service accessibility.

**Timeliness:** Customs Clearance Development Policy could reduce the duration of import-export procedure and it has affected the continual better service. The examination of cargo duration significantly decreased comparing with 2016. An average duration to process Green Line Entry at Laem Chabang Port was only 1 minute 31 seconds in 2017 from 3 minutes 27 seconds in 2016. For Red Line Entry which goods are checked physically and by x-ray machine, it took 17 minutes 9 seconds and 10 minutes 39 second in 2017, from 22 minutes 48 seconds and 21 minutes 46 seconds in 2016 respectively.

**Tracking and Tracing:** Information Technology was applied in delivery service and logistics such as GPS Tracking, RFID goods tracking system. It support tracking and tracing system for customers' convenience.

### Way of Thailand Logistics Development in next phase

**Table 3 : Priority of Future Logistics Development Issue as World Bank Advice**

•• Very important • Important • Less important

	Lowest performer	Fourth	Third	Second	Best performer
Transportation Infrastructure	•••	•••	••	••	••
Trade and transport facilitation	•••	•••	••	••	••
Service markets and regulations	•••	•••	••	••	••
Skills	••	••	••	••	••
Green logistics	••	••	••	••	••
Urban logistics	••	••	••	••	••
Spatial planning	••	••	••	••	••
Resilience	••	••	••	••	••
Dedicated logistics body	••	••	••	••	••
Specific legal framework	••	••	••	••	••
National data system	••	••	••	••	••

Remark: Thailand is on the last rank of Best Performer therefore Group Second advice should be considered.

Considering from World Bank Advice, even though Thailand is categorized to be in the first group (Logistics friendly or Best Performer), Thailand is the last rank of the group. Therefore, way of Thailand Logistics Development in next phase then should consider Consistent Performers or Second Quintile of the World Bank Advice since there are urgent considerations such as Logistics Advanced Skills Personnel Development, Transport and Urban Logistics Development, Dedicated Logistics Body Development and National Data System Development. Besides, the second important development issues are Transportation Infrastructure Development, Green Logistics, Spatial Planning, and Resilience of Transport in all situations and Specific Legal Framework. Accordingly, Government sector plays a key role in setting the policy and propels logistics development as well as building the confidence in Thailand's Logistics Efficiency to entrepreneurs by the development guidelines as follows

### 1. Building reliance of Thailand's Logistics

#### 1.1 Enhance the advertising of Thailand's Logistics Development to International Entrepreneurs

Attend International Logistics concerned conference to present significant result of development, increase way of logistics public relations and trading facilitation continuously such as Logistics Development Plan and Policy Announcement, Eastern Economic Corridor Development Project Advertisement. Moreover, an entrepreneur should get an updated and easy to access information to ensure the information for operation and business decision making.



## 1.2 International Trade Barrier Solution

Government sector should focus on International trading cooperate negotiation especially with the main partner countries both bilateral and proactive multilateral in order to eliminate trade and International transport barrier and this will help increasing export quantity and income to logistics provider i.e. GMS Cross Border Trade Agreement (CBTA), Free Trade Agreement (FTA) and WTO Agreement on Trade Facilitation (TFA).

## 1.3 Risk Management

Plan to support the unusual situation which has an effect on logistics system to ensure the operation possibility to entrepreneurs in all situations such as political unrest, natural disaster, neighbor country policy changing, etc.

## 2. Policy Logistics Development

### 2.1 Customs Clearance

Improve NSW system completely to cover electronic data connection both G2G, G2B and e-Payment through NSW system, expand system connection to Port Community System at Laem Chabang Port, Bangkok Port and Suvarnabhumi Airport as well as hastening government sector shortening import - export process to save cost and time to entrepreneurs and upgrade trade and transport facilitating standard.

### 2.2 Transport and Information Technology Infrastructure

Enhance multimodal transport efficiency and develop logistics network to connect all the way from origin to International destination both CLMV countries and China which the support factors are as follows;

#### 2.2.1 Rail Infrastructure Development Road network and other facilities

Consider from network connection and facility to other transportation in the way that being able to support multimodal transport and relate to rail and road network development in CLMV countries and China.

#### 2.2.2 Water Infrastructure Development

Hasten to solve the water transportation problems in order to utilize and get the most out of the infrastructure that government has invested or planned such as rush in seeking port management, front port activity efficiency increase, rail and road network development, behind port connection development, etc.

#### 2.2.3 Transport and Urban Logistics Management

Enhance efficiency and decrease urban transportation cost or Last-mile Delivery such as city plan management, heavy traffic solution, distribution center establishment in urban nearby area, technology application in last phase transportation management and being able to response customers need, etc.

## 2.3 Logistics Providers Quality and Competence both government and private sector

### 2.3.1 Logistics Service Provider Potential Development

Ensure the efficiency and service standard collateral with International service provider by building the delivery standard, delivery managing system development, warehouse system, tracing and tracking system as well as inventory risk management plan by considering product value and inventory risk cost in order to adjust along with change in consumer behavior, main partner country's economic fluctuation and change in price as world market mechanism.

### 2.3.2 Professional Standard and Logistics Personnel International Standard Development

Plan and manage logistics manpower to be related with business need by emphasizing in specialized training and supporting private sector cooperation in operation training.

### 2.4 Logistics Integrated Database Preparation

Prepare and ensure the connection and co-utilization in each institution efficiently to use the data in operation, assessment and Thailand's Logistics System Development Plan.

Source : Logistics Development Strategy Division, Office of the National Economics and Social Development Council

## Competitive Situation

Related logistics business is an interesting business to invest and it continuously attracts new entrepreneurs. Refer to Estimated Data from Kasikorn Research Center regarding freight forwarder business in 2018, it may worth 57,700 – 58,000 Million baht and tend to continue its growth rate at 0.5 – 2.1% from previous year while inland transportation business in 2018 may worth 145,100 – 147,300 Million Baht with 5.3-7.0% growth rate, continuing from previous year, as a result of government and private sector's investment as well as E-Commerce business drive with its outstanding expansion.

Besides, the change of global to the digital age through Internet connection supports businesses in Thailand to become E-Commerce. Electronic Transactions Development Agency (ETDA) assessed the average expansion between 2014 and 2017 is equal to 11.4% per year. Even though other transactions are processed by E-Commerce, delivery procedure from seller to buyer remains regular shipment with speedy, accuracy and accountability.

## Risk Factors

### Risk of the Group's Business Operation

#### 1.1 Risk on Business Operation

##### 1.1.1 Risk on the variability of freight charge

Freight charge is considered the main operating cost of the Group. From 2016 – 2018, freight charge of sea freight was 50.46 of the total sea transportation, respectively. Sea freight charge is variable to the demand and supply in the market. It may significantly affect the Company and subsidiary's overall operation in case of being unable to adjust the price as higher cost.

The Company and subsidiary are aware of this risk factor and has therefore planed the freight competitive price, in the line with market price. Moreover there will be a price update regularly and above price will be used when offering customers. The Company and subsidiary's service fee policy is alculated from cost plus minimum profit. Consequently, the Company and subsidiary can manage risk from variability of freight charge.

##### 1.1.2 Risk on fluctuation of oil price

Since the Company, inland transport service providing business for support import and export has oil as the element of main cost in operation. For 2016 - 2018, the Group's average oil cost is 13.05% of total inland transport cost. Therefore, oil price fluctuation may affect on inland transport's business operation. However, the Company is following the fluctuation of oil price closely to decrease the risk of crude oil fluctuation. The Company offers transportation price to customers individually then in case of significant oil price change, the Company will consider cost structure and acceptable profit and will offer service price which was adjusted depending on variable oil cost and that will help decrease an impact from oil cost increase.

### 1.1.3 Risk on Competition

The Company has risk from new competitors as transport business does not require high investment and that is an opportunity of subsidiary to join competition in the market. Moreover, there may be risk from vessel competition as vessel business is currently in recession, for instance, going bankrupt of top vessel in the world in 2016 and merger of large vessel companies to adjust to have higher competitiveness. It shows the higher vessel business competition. Besides, vessel started to provide more covering service by expanding the transport service section such as cargo loading service and customs clearance service to decrease transport cost and freight forwarder cost. However, the Company believes that we have proper total service with large number of oversea alliances in all over the world and also believes that the reputation and experience in logistics of Management and quality team will be able to response customer's need and maintain customers constantly. Those risks are not really significantly having an impact to the Company's operation.

### 1.1.4 Risk on dependent on personnel

Logistics business requires personnel with knowledge and expertise in export and import various regulations including understanding the terms and conditions of logistics system and also experienced Management and personnel. The Company needs to rely on knowledgeable and skillful personnel, Mr. Santisuk Kosiapanant, currently a chief executive officer and maintain customers' relationship due to his logistics industry's experience, negotiation skill, resolution skill, partners' relationship making and operation guideline to response customers' needs. Therefore, the Company has risk if lack of Mr. Santisuk Kosiapanant, this would significantly effect on Management personnel and business operation.

The Company is well aware of the importance of personnel so that there is Succession Plan for personnel's development and training for future management ability. At present, the Company is planning to develop Management to be able to manage and decrease risks on dependent on stated personnel.



## 2. Risk of financial

### 2.1 Risk on the fluctuation of foreign currency exchange

Due to the international freight service, the Company may have risk on currency exchange rate fluctuation as revenues and expenses are based on foreign currency. In 2017 - 2018 , the Company's revenues in foreign currency accounted for 9.13 % of total revenue, respectively, and expenses in foreign currency accounted for 9.37 % and of expenses/cost, respectively. Hence, currency exchange rate fluctuation then has an impact on the Company's financial statement and overall operation. Incomes and expenses in foreign currency caused from transactions with oversea partners and decreasing risk by Natural Hedge and Foreign Currency Deposit. In addition, the Company has closely monitored news and exchange rate movement and the Company believes that it will be able to assess the situation and find a risk protection in time. However, in the past, the Company has never had an impact on business overall operation from the significant currency exchange rate fluctuation.

### 2.2. Risk on damage of impeachment from Free Zone

On 28 February 2018, the Company had legal dispute as revealed the detail in section 2.2.7 legal dispute, it is currently during the legal proceedings. The Company has risk on cash basis dividing into 2 cases including (1) 19.93 Million baht, the Company has received a letter of explanation of investigation progress from Economic Crime Suppression Department dated 6 March 2018 informed that in the inquiry, an inquiry official had a comment not suing and an inquiry official has sent the case to prosecutors for next proceeding. And (2) 4.98 Million baht, the Company has received a letter of explanation of investigation progress from Economic Crime Suppression Department dated 18 May 2018. Pattaya prosecutor officer determined not suing the Company and the prosecutor has sent the case to commissioner of Central Investigation Bureau, Central Investigation Bureau. The company's lawyer gave an opinion that the case may end in a short time as the prosecutor has issued a non-prosecution order and commissioner of Central Investigation Bureau therefore has no reason to dispute the order.

The Company's point of view is that both cases are not concerned with the Company and believes that the prosecutor in case1 and the commissioner of Central Investigation Bureau in case2 will determine not suing the Company as well. Accordingly, the Company will closely monitor the case and constantly assess the situation.

### **3 Risks that may affect the rights of securities holders**

#### **3.1 Risk of a major shareholder with a power to manage administration policy**

At present, Mr. Santisuk Kosiarpnanant is holding the Company's shares at 56.71% of total paid-up capital (as of 13 March 2019), the majority that could control almost all resolutions of the shareholders' meeting as well as control policy and managing operation. Even if there was an earlier new shares to the public (before taking the warrant), Mr. Santisuk Kosiarpnanant is still being a majority by holding the Company's shares at 56.71% of total paid-up capital after issuing new shares. Mr. Santisuk Kosiarpnanant remains his ability to control almost all of resolutions in the shareholders' meeting including committee appointment or other resolution requesting that require a majority of the shareholders' meeting.

However, in order to make the Company's operation to be transparent and in balance of power, the Company restructured the organization by the skillful personnel and clearly determined the scope of operation and authorities to committees and executive officers. There was an appointment to 4 independent directors which are 3 audit committees to audit, be in balance of power and consider any approved transactions before bringing to the shareholders' meeting. Moreover, the Company has determined the measure to those who may have a conflict and such concerned person will not be able to vote. The Company has appointed Internal Audit Department by employing outside and independent expertise and reported directly to Audit Committees. Main duties are supervise internal control system to meet the Company's requirements and to ensure transparency and balance of power to the shareholders.

#### **3.2 Risk on Secondary Market for stock broking**

As these newly issued shares to public is the offer before getting an approval of paid-up capital to be registered in The Market for Alternative Investment (mai), an investor may face risk of liquidity and it may not produce expected future return. If the securities are unable be listed in mai Stock Exchange, there will not be a secondary market for the Company's ordinary shares.

However, the Company has requested the Company's ordinary shares to be listed securities in mai Stock Exchange which is currently under consideration. Anyhow, Globlex Securities Co., Ltd as a financial advisor has considered the Company's qualifications and found that the Company is qualified to be listed in mai Stock Exchange as the Stock Exchange of Thailand's regulations of applying to list its ordinary shares, disclosure of information, securities report and delisting of securities, 2015 (Effective 16 May 2015) except the qualification of free float which the Company requires at least 300 minority shareholders and totaling not less than 25% shareholding of paid-up capital. A financial advisor estimated that after this capital increase, the Company will be qualified in free float regulation.

**1.2.4 Risk of effect from stock price from warrants which is issued to committees and employees to buy ordinary shares in lower price than the offer of newly issued ordinary shares to the public**

The shareholders meeting No. 2/2018 held on 22 June 2018 had the resolution approval on warrant proposal offering the Company's ordinary shares ("Warrants") and they are non-transferable to executive officers or employees, totaling 30,000,000 warrants, offering for sale with a par value of 0 Baht and the vesting period is 5 years after the date of issuing and offering the warrants. One warrant is convertible to one ordinary share at the IPO price or equal to 1.95 Baht per share (except any adjustment on regulations or conditions applied). Investors then has risk on effect of EPS Dilution and Control Dilution they get less profits and have less ownership which is equal to 5.17%, calculated from total shares after first sale to public and the warrants offering for sale totally to the Company and subsidiary's employees or equally 580,000,000 shares

Those warrants offering to executive officers and the Company and subsidiary's employees apply the conditions after 2 years from the date of warrants offered and sold. Warrant holders are entitled to first exercise not exceeding 10% of total warrants which each personnel gets the allocation from the Company. In every year after the date of first warrant, warrant holders can exercise not exceeding 20%, 30% and 100% of total warrants which each personnel gets the allocation from the Company respectively and this period specification helps protect increase capital in the earlier stage when the Company's shares are allowed to exercise in mai Stock Exchange. If the warrant holder apply the entire convertible right, there will converted to 30,000,000 ordinary shares which is equal to 5.17% of total shares after this first offer to public and the warrant exercise of all executive officers and the Company and subsidiary's employees (See details of warrant in attached document 6, Employee Stock Ownership Plan (ESOP)).



## Risk Management

### Risk Management Policy

Sonic Interfreight Public Company Limited focuses on Good Corporate Governance by applying the risk management procedure from The Committee of Sponsoring Organization of the Trade way Commission (COSO) over the Company. All executive officers and employees realize the responsibility to follow risk management policy to control risk and ensure the acceptable level and the Company's operation meets the objective.

- (1) All departments have the responsibilities to prepare risk assessment matrix, determine Key Risk Indicators (KPIs) including preparing risk relating report as the risk management procedure of the Company.
- (2) Indicating and controlling risk of impact on objective will be prepared systematically to ensure the acceptable risk level.
- (3) Consideration on which risk is acceptable i.e. in case that risk has high cost on risk management and may not worth the result or not worth for expenses on risk management plan or protection or out of control risk which comes from uncontrollable external factors must be approved by the Company's committees.
- (4) When employee found and perceives risk that may have an effect on the Company, employee must report risk to concerned section for next execution.
- (5) Abiding by risk management policy must be strict and continual under control of Management.
- (6) Risk management must be applied in all employee levels systematically and continuously and risk management procedure must be standardized in all over the company.
- (7) Risk management assessment must be monitored and ensure to review and develop regularly and adding risk management into one of normal operation.



## Corporate Governance

The Company realizes the importance of Good Corporate Governance as believes that Good Corporate Governance shows efficient, transparent and accountable management which helps build confidence and reliance to shareholders, investors, stakeholders and relating parties and it conduces to the Company's value adding and long-term sustainable growth. The Company is operating continuously to support Good Corporate Governance and aim the Committees and Management to improve and follow Corporate Governance according with International standard by bringing Good Corporate Governance which set by the Stock Exchange of Thailand to be principle of Company's Good Corporate Governance and determine the follow up to improve the principle to be related with guideline from the Stock Exchange of Thailand which may be changed in the future as of the appropriation and in accordance with changed situation. There are regulations which cover 5 sections as follows;

### Section 1 Right of Shareholders

The Company is aware and give precedence to basic rights of shareholders as an investor in stock and company's owner such as right in buy, sell, transfer their holding properties, right to receive Company's profit shares, rights to receive adequate information, rights in shareholders meeting attendance; vote in election or impeach Directors, appoint the financial auditor, approve any important and influential business transactions and any issues effect to Company such as dividend allocation, memorandum and Company's regulations determination or correction, capital increase or decrease and special transaction approve, etc.

The Company realizes and gives precedence to rights of shareholders. Accordingly, The Company has the obligation to support and facilitate in exercising rights of shareholders as follows;

- 1) Inform date, time place and agenda by providing explanation and reason in each agenda or resolution as request in Annual and Extraordinary General Meeting of Shareholders Invitation Letter or in any documents attached agenda and avoids any actions that limit shareholders opportunity to learn Company's information.
- 2) Facilitate shareholders to exercise their rights to attend the meeting and vote properly and avoid any actions that limit shareholders opportunity to attend the meeting, for example, For shareholders meeting, the Company will select the venue where is convenience to travel and will attach location map in meeting invitation letter as well as selecting appropriate date and time and provide adequate meeting duration hours.

- 3) Before the date of shareholders meeting, the Company will allow shareholders to submit opinions, suggestions or any inquiries prior to the meeting date by clearly setting the rule of inquiry submission and inform shareholders with shareholders invitation letter. The Company will publish mentioned principle on the Company's website.
- 4) Support shareholders to use proxy right which is allowed to determine the direction of voting and nominate at least 1 independent committee as an alternative of giving proxy of shareholders.
- 5) In the shareholders meeting, the chairman will manage the meeting in a timely manner and the Company will allow shareholders to share their opinions, suggestions or ask a question in each agenda independently before determining by vote in any agendas.
- 6) Encourage all committees to attend the shareholders meeting to answer the question in the meeting.
- 7) Provide a resolution in the shareholders meeting in each matter in case there are many matters in each agenda such as Agenda for the appointment of directors.
- 8) The Company will encourage using ballots in any important agendas such as connected transactions, acquisitions or dispositions, etc. to ensure transparency and accountability in vote counting.
- 9) The Company will assign independent personnel to count votes in each agenda.
- 10) After the date of shareholders meeting, the Company will prepare a minute correctly and completely in main point including take a minute of necessary inquiries, opinions and suggestions to shareholders for the review. Furthermore, the Company will publish vote counting result as well as a minute of the shareholders' meeting on the Company's website for next consideration.
- 11) The Company will send copy of a minute of the shareholders' meeting to the Stock Exchange of Thailand a minute of the shareholders' meeting within 14 days after the date of meeting.



## Section 2 Equitable Treatment

The Company gives precedence to equal treat to all shareholders including minority shareholders and foreign shareholders as the guideline to protect the rights from any discriminatory actions and build confidence in the investment with the Company. Hence there has been determined good corporate governance to behave to shareholders as follows;

- 1) The Company allows shareholders to propose meeting agenda, nominate directorship candidates and submit inquiries prior to the meeting date. Subsequently, proposing meeting agenda or nominating directorship candidates must be in the line with laws and the Company's regulations as well as determined principles and should be published on the Company's website.
- 2) The Company allows a proxy for shareholders who are unable to attend the meeting and set guidelines of voting to third parties or the Company's independent committees to be proxies to attend the meeting by specifying name, profile, and work experience of all independent committees to be considered one person to be proxy of shareholders.
- 3) The Company will not introduce any additional agendas or change any important information without prior notice.
- 4) The Board of Directors encourages to vote by using ballots in every agendas as well as individual appointment for transparency and accountability.
- 5) The Company sets ethics of the Company's internal information and the securities trading to protect against the directors, management and employees abusing internal information to do so for personal gains or other persons' gains. The Company will inform the guidelines and policies to everyone in the organization and monitor the results regularly.
- 6) Directors and Executives have a duty to report their security holdings and changes in their holdings in accordance with the Securities and Exchange Commission Act and report to the Board of Directors every time of stick trading.

### Section 3 Role of Stakeholders

The Company realizes all the Company's stakeholders should be treated by the Company as the rights required by law or co-agreement by considering the relationship and good cooperation for financial stability and organization stability. The good corporate governance is as follows;

- 1) The Company determined the ethics to stakeholders such as shareholders, customers, employees, partners and creditors, competitors, social and environment by announcing to directors, executives and all employees to be aware and perform strictly as well as set the discipline when not follow the code of conduct. Stakeholder regulations are as follows;

Shareholder : The Company will operate business with transparency and efficiency in order to create value to business sustainably, aim to make great overall operation and sustainable growth for the maximum benefits to shareholders in long term as well as ensure transparent and reliable disclosure to shareholders.

Employee : The Company will treat all employees equally, fairly and ensure appropriate compensation. Besides, the company also constantly gives precedence to personnel's skill, ability and potential development such as providing training class and seminar to all employees and trying to build motivation to skillful employees so that they will remain in the Company and continue develop the organization. Moreover, the Company has set the guidelines of anti-corruption as well as implanting all employees to follow laws and concerned regulations such as internal data restriction, etc.

Partner : The Company has procedure in selecting partner by allowing partners to compete on the same and fair basis then select partners under fairness and rule of assessment and selection. Besides, the Company also has made a contract properly and fairly to all partners, created tracing system to ensure the condition of contract well-following and protected corruption or misbehavior in all steps of selection procedures. The Company buys product from partner along with trade condition as well as follow the contract strictly.

Customer : The Company is responsible for customers by maintaining quality and standard of products and service as well as responding customers need completely and inclusively in order to emphasize long term customer satisfaction. Moreover, the Company considers customer's safety and hygiene on product consumption and Company service,

correct and complete product and service information providing as well as providing channel for customers to contact or share feedback of improper product or service so that the Company will protect and solve the product and service problem quickly along with protect customers privacy and ensure not bringing for own or others' benefit improperly.

Creditor : The Company will follow the condition on contract to creditor including principal repayment, interest payment and other collateral protection under concerned contract.

Competitor : The Company behaves in accordance with good competition under morality and law as well as supports and encourages competition policy freely and fairly.

Social and Public : The Company pays attention and gives priority to safety of social, environment and concerned people's life quality and support employees to be conscious and responsible for environment and social as well as ensure that employees abide by law and regulations strictly. In addition, the Company made an effort to take part in other activities which concern environment preservation and protection as well as promote the culture of the Company's local area.

- 2) The Company determined whistleblower rights protection to the Board of Directors in the issues of law violation financial report accuracy, and impaired internal control system or ethics abuse to the Board of Directors and audit committee directly.
- 3) The Company announced that Directors, Executives and employees acknowledge significant internal information may have an effect on change of stock price and the Company's stock trading must be suspended for 7 days prior to the day of overall operation announcement or any internal information public disclosure.



## Section 4 Information Disclosure and Transparency

The Company recognizes the importance of disclosing its important information on a correctness, completeness, adequacy, consistency and timely basis in order that stakeholders will use for decision making. The Company has set the strict guidelines for Information Disclosure and Transparency as follows;

- 1) The Board of Directors or assigned person discloses information in accordance with the requirement via the Stock Exchange channel both information of periodic reports such as Financial Statement Form 56-1 and Annual Report Form 56-2 and non-periodic reports such as acquisition/disposition of assets, connected transactions, joint ventures start/termination, capital increase/decrease, new security issuing, treasury stock, dividend/non-dividend paying, etc. as well as disclose information via Company's website on a complete, consistent, quick and timely basis.
- 2) The Board of Directors reports result of corporate governance via Annual Report Form 56-1 and Annual Report Form 56-2.
- 3) The Board of Directors and Management submit Property Interest Report and Concerned Parties Interest Report under section 89/14 of the Securities Act and the Stock Exchange of Thailand 2008 and send to Company Secretary Office.
- 4) The Board of Directors submits the report of the Board of Directors regarding the responsibility to Financial Statements, shown along with the auditor's report and provides the audit committee's corporate governance report in Annual Report.
- 5) The Board of Directors determines to disclose name lists, roles of the Board of Directors and specific Directors, number of meeting time and number of Directors attendance in each year in Annual Report.
- 6) The Board of Directors determines to disclose each remuneration type on each person as well as details of Management remuneration in Annual Report Form 56-1 and in Annual Report Form 56-2.

- 7) The Board of Directors determines to establish Secretary Office in order to disclose information as the Stock Exchange of Thailand's regulation along with provide business basic information, business operation guidelines and Company's future direction to people, shareholders, institutional investors, analysts and concerned government sector under fairness and morality.
- 8) The Board of Directors determines to have Investor Relations to always deliver communication of information between Company, stakeholders and public.
- 9) The Board of Directors encourages the Company to make the Management Discussion and Analysis or MD&A in order to be along with financial statement disclosure in every quarter. Accordingly, it is to ensure that investors will be informed and more realize in the change of financial status and overall operation aside from only numeric data in financial statement.
- 10) The Board of Directors discloses auditor's fees and other services provided by the auditors.

## Section 5 Responsibilities of the Board of Directors

The Board of Directors as representatives of shareholders has the duties and responsibilities to oversee the Company's business operation under laws, objectives and Company's regulations by setting vision, mission, policy, target and business plan under professionalism and mainly morality in business operation. Main guideline points of Responsibilities of the Board of Directors are

### 1. Structure of the Board of Directors

- 1.1 Structure of the Board of Directors consists of members who are various equipped with knowledge, expertise, honesty, morality in business operation. The Board of Directors discloses policy of this structure of the Board of Directors as well as term position of each Director in the Annual Report.
- 1.2 The Board of Directors is composed of at least 5 directors but less than 10 directors. The number of directors at least one third or 3 directors of total number of directors must be an independent director in order to create appropriate balance in the consideration and voting matters. Consequently, all independent directors have the required qualifications as in Securities and Exchange Commission, Regulations of the Stock Exchange of Thailand as well as criteria, restriction and other related laws.

1.3 The Board of Directors has term of office not more than 3 years by concerned law. An independent director should hold term of office not exceed 9 consecutive years unless the Board of Directors considers that the person deserve to be an independent director. In addition, Directors and Management can hold positions of Directors or Management in affiliates or other companies but must be under regulations of The Securities and Exchange Commission, the Stock Exchange of Thailand, other concerned criteria, regulations and laws by notifying in the Board of Director's meeting. However, each director can hold position of director in not more than 5 registered companies.

1.4 The Board of Directors is a representative of overall shareholders, not a representative of one shareholders group.

1.5 The Board of Directors sets the policy of non-independent director proportionally on a fairness of Controlling Shareholders' capital.

1.6 Ensure the committee's appointment is in the line with the Company's regulation and applicable laws while upholding transparency and clear in committee's recruitment and to pass the process of Nomination and Remuneration Committee. Consideration must consist of sufficient each person's educational background and work experience for benefit of decision making to the Board of Directors and shareholders.

As a regulation of the Company, in every Annual General Meeting, Directors must quit the position at least one third. If number of directors is unable to divide by three, number of resign must be nearest to one third. Directors who have to quit the position in their first year and second year after the company registration, there must be a drawing to select only one director. For the next years, the Directors who hold longest position will leave the position and may still be re-election.

1.7 The Board of Directors considers clear segregation of responsibilities in corporate governance and daily management. Chairman and Managing Director are elected from the Board of Directors. Chairman and Managing Director is considered a different person for the clear of roles and responsibilities to establish policies, oversee work and manage the operation. Accordingly, the Company clearly separates the roles and responsibilities between the Board and Management to hold the balance of operation power. The Board's duty is to establish policies and oversee Management's work at the policy level. Management's duty is to



administer the Company's operations in accordance with the established policies. The Chairman is not involved in daily management but supports and gives advice of business operation via Managing Director consistently while Managing Director is responsible for the Company's management under the established authority framework from the Board of Directors.

1.8 The Board of Directors determined that the Directors can hold the position in maximum 5 registered companies by considering work efficiency deliberately to ensure the Directors can still devote their time on the responsibilities adequately.

1.9 The Board of Directors set the policy of holding position in other companies as the established Company's regulations that the Directors are unable to run a business or hold shares in ordinary partnership or general partner in limited partnership or being directors of limited company or public limited company which operate the same business condition and being a the Company's competitor except there is notification in the shareholders meeting before the appointment resolution.

Besides, the Board of Directors does not have any policies to send Management to be a director in other companies out of the Group. In case that Executive Directors will hold a Director position in other company, there must be approval from the Board of Directors except for holding a position of Director in the non-profit organization. Accordingly, holding a position must not conflict with business concerned laws or regulations and must not use the Company's position to refer and encourage external business.

1.10 The Board of Directors appointed Company Secretary who is qualified with appropriate experience, has duties and responsibilities as Securities and Exchange Act, has the duties to counsel in law and other rules which the Board should be aware, performs duty to oversee the Board's activities including coordinates with other functions to ensure that the resolutions of the Board is implemented. Company Secretary Qualifications and Experiences are disclosed in Annual Report and published on the Company's website.

1.11 The Board of Directors support and encourage the Company Secretary to enhance the ability continually by joining training and developing knowledge in law, accounting or Company Secretary's duties.

## 2. Sub-Committees

2.1 The Company has appointed sub-committees which consist of 1) Audit Committee as the regulations of The Securities and Exchange Commission and the Stock Exchange of Thailand 2) Nomination and Remuneration Committee and 3) Executive Board of Directors to carry out specific duties and bring up issues to the Board of Director for approval or acknowledgement.

2.2 Sub-committee has right as established in each sub-committee authority. The Committee Chairman is not the chairman or a member in any sub-committees to ensure an exact independence of sub-committee's responsibility.

## 3. Roles, Duties and Responsibilities of Committee

### 3.1 Duties and Responsibilities of Committee

The Board of Directors is responsible for shareholders regarding the Company's business operation and has duties to set the policy and direction of the Company's operation as well as oversee management in the line with targets, objectives, vision, strategy and business direction for long term business benefits to shareholders under the law framework and ethics of business operation. In the meantime, all groups of stakeholders' interest must be considered. Details are spelled out in the Charter of the Board of Directors.

### 3.2 Good Corporate Governance Policy

The Company has established the written policy of Good Corporate Governance to be presented in the Board of Director's meeting for approval. Corporate Governance Guide was published as an objective of being guideline to Committee, Executives and employees. Consequently, the Company will review the policy yearly.

### 3.3 Code of Conduct

The Board of Directors adhere the right and fair business operation by setting the policy to establish written Code of Conduct in order to utilize and disperse to Committee, Executives and employees, realize the moral standard in business operation and be a practical guideline, disclose the intention to operate business with fairness, morality and responsibility to stakeholders, consider social and environment through joining the training and other

internal communications. These ethics reflect value and guideline that all employees perform themselves and carry out their works under code of ethics. The Company announces and informs all employees to acknowledge and follow strictly. The Committees have traced and ensured to follow those ethics seriously.

### 3.4 Conflict of Interests

The Board of Directors has reviewed conflict of interests cautiously. Consideration on transactions with potential to cause conflict of interest has clear guideline and in the best interests of the Company. The Committee has established the ethics of conflict of interests, the policy which not allow Committees, Executives and employees as well as related parties to seek for their own benefits that in conflict with the Company's benefits. The Committee should avoid any actions that related to cause conflict of interests. Any person who is in related parties, stakeholders or related transaction has to inform the Company regarding related transactions and these persons are not involved in the transaction decision.

Audit Committee will present the Board of Directors related transactions and conflict of interests which are carefully reviewed the appropriation. In addition, the Company strictly follows the regulations of Securities and Exchange Commission and the Stock Exchange of Thailand in the issue of pricing and other conditions with any parties who may have conflict of interest as if making transactions with third party.

Accordingly, the Board of Directors will oversee and ensure to follow the regulations which related to procedure and information disclosure of transactions with potential to cause conflict of interest. Information disclosure is published in Financial Statement, Annual Report and in Annual Report Form 56-1.

### 3.5 Internal Controls

The Board of Directors recognizes the importance of corporate governance and internal control of both management level and efficient operation level. Internal control is an important strategy which builds the confidence to operation department to help decreasing business risk and help business operating efficiently. Resource allocation is appropriate and it brings Company operations to achieve their goals. Internal control helps protecting assets of leakage, loss or from any corruptions, ensuring the correct and trustworthy financial



report, ensuring personnel abide by laws and concerned regulations and protecting shareholders' investment fund. Therefore, the Company has established written internal controls policy to control and protect the Company's assets efficiently and provided budget plan and feasibility study before the investment decision. There is an internal control system which responsible by the department head to ensure the great system standard, protect any adverse events that may cause damage to the Company, develop personnel to be engaged with these regulations as well as applicable laws and be ready to be assessed and audited all the time.

The Board of Directors has assigned Audit Committee to response and review the suitability and efficiency of internal control system which provided by Management and also has created and reviewed control system in operation, financial report procedure, rules, regulations and policy adherence, operation conduct as well as risk management and given priority to alarms and irregularities.

The Company hires outside personnel which is independent to balance and perform the duty of internal system controller to review and ensure the sufficient internal control system. An Internal Controller will report directly to Audit Committee. The Company will regularly follow up the assessment to ensure the effective system. An internal control assessment and necessary system should be reviewed at least once a year and revealed in the Company's Annual Report.

### 3.6 Risk Management Policy

The Company will provide and review the risk management policy to decrease an effect to the Company appropriately. Risk Management Committee will consider the policy both external and internal risk management to cover and comply with business's strategy and direction and report to the Board of Director for approval.

### 3.7 Whistleblowing Channel

The Committee has provided the clear guidelines to all stakeholders who would like to report clues via website or direct to the Company by report to independent Committee or Audit Committee to review the details as the procedure and continue report to the Board of Director.

#### 4. Board Meeting

- 4.1 The Board of Director's meetings requires at least half of the total number of members to be present. In case the Chairman is absent or unable to perform duty, the Vice Chairman will act as Chairman of the meeting (if any). If there is no Vice Chairman or unable to perform, the members present will elect one among them to preside over the meeting.
- 4.2 Decisions in the Board of Director's meetings are reached by a majority vote. One director has one vote except Directors who have conflict of interest in any agenda are not entitled to vote on that agenda. In case of tied votes, Chairman will have a casting vote.
- 4.3 The Board of Director's meeting is held at least once every 3 months. The Chairman sends the notice to the directors. In necessary cases, 4 or more directors have the right to request a meeting and the meeting date must be set within 14 days from the date of request.
- 4.4 The Chairman or assigned director from Chairman is a person who set the date, time and place of the Board of Director's meeting. The place of meeting can be other places apart from the Company head office area or it can be nearby province. If the Chairman or assigned director has not set the meeting place, the Company's head office will be held for the meeting.
- 4.5 The Chairman or assigned director will send the meeting notice by registered mail or deliver directly to directors or representatives by giving specific date, time, place and meeting agenda not less than 7 days prior to the date of meeting or faster than that.

#### 5. Directors' Self-Performance Evaluation

- 5.1 The directors and sub-committees have to do Self Assessment at least once a year in order to consider the problems for the resolution.
- 5.2 The Company reveals the rules, procedures and result of assessment as an overall in the Annual Report.

##### Rating definition

score	The evaluation results
80 – 100	Excellent
79 – 70	good
69 – 60	medium
59 – 0	must improve

Details of rating score;

Items	Number of items (sub-items)	Scores
1. Structure and qualifications of Directors in following items are appropriate and cause an efficient work.	9	36
2. The Board of Directors' Meeting proceeds following items to ensure the Directors perform their duties in the Meeting efficiently.	6	24
3. Directors' roles, duties and responsibilities give importance to consider, review and follow the following items adequately.	12	48
4. Others	2	8
<b>Total</b>	<b>29</b>	<b>116</b>

Average calculation (%) of total scores assessed \* 100/116

3. Assessment of sub-committees

- Assessor : Chairman of the Board of Director
- Scoring of this assessment is to ensure the assessor is able to compare assessment result in each item or compare assessment in each year. Meaning of scoring are as follows;

0	=	Strongly disagree or not operate in that issues
1	=	Disagree or slightly operate in that issues
2	=	Agree or moderately operate in that issues
3	=	Moderately agree or well operate in that issues
4	=	Strongly agree or excellently operate in that issues

Details of rating score;

Items	Number of items (sub-items)	Scores
1. Structure and qualifications of Directors in following items are appropriate and cause an efficient work.	7	28
2. Sub-committees' Meeting proceeds following items to ensure the Directors perform their duties in the Meeting efficiently.	6	24
3. Sub-committees' roles, duties and responsibilities give importance to consider, review and follow the following items adequately.	23	92
<b>Total</b>	<b>36</b>	<b>144</b>

Average calculation (%) of total scores assessed \* 100/114

Accordingly, this assessment will be evaluated approximately in November of every year and applied as the base of consideration and comparison in next year and/or also being able to assess the appropriate remuneration.

Subsequently, the Board of Directors' Meeting No.7/2018 on 13 November 2018 has summarized scores as follows;

#### Details and Average Scores of Assessment

##### 1. Chief Executive Officer

Assessment Items	Sub-items in Assessment	Scores
1. Leadership Skill	6	24
2. Strategic Planning Skill	6	24
3. Operational Strategy Skill	6	24
4. Financial Management Skill and Financial Accomplishment	6	24
5. Internal Relationship	6	24
6. External Relationship	5	20
7. Human Resource Management and Relationship with Employees	6	24
8. Succession Plan Management	3	12
9. Product Knowledge and Service Development	4	16
10. Personal Qualification	6	24
<b>Total</b>	<b>54</b>	<b>216</b>
<b>Total Scores (%)</b>	<b>-</b>	<b>100</b>
<b>Average (%)</b>	<b>95.59 Excellent</b>	



## 6. Remuneration

6.1 Remuneration of Directors is related to experiences, scope of duties, accountability and responsibility including benefits that the Company will receive from each director. The Board of Director has set the obvious policies and rules of remuneration of directors and asked for approval from the shareholders meeting every year by considering from transparency and accountability as well as proper level, comparable with similar industry and adequate to persuade and maintain qualified directors. Moreover, wider scope of responsibilities is considered for assigned directors in sub-committee such as Audit Committee, etc.

6.2 Remuneration of Managing Director and Executive should be along with regulations and policy the Board of Director and/or Nomination and Remuneration Committee and/or Executive Committee has determined. For the most out of the Company, remuneration as salary bonus

and compensation is at an appropriate level and related to each Executive's performance. Executive who has more duties and responsibilities will receive more and appropriate remuneration as well as being same rate with business competitor to maintain quality management. Nevertheless, the Company and shareholders' benefit must be considered.

6.3 Nomination and Remuneration Committee evaluates Managing Director every year for remuneration consideration by using agreed norm with Managing Director as concrete criteria including financial performance, long term strategy objective performance and Executive Development. Committee will consider the assessment and the Chairman will inform the notification of result to all directors.

## 7. Director and Executive Development

7.1 Directors support and facilitate to have training and provide knowledge to concerned person in corporate governance, committee, Audit Committee, Executive and Company Secretary to ensure continuous improvement.

7.2 Every time of new director's appointment, Management Division will provide necessary documents and information as well as providing business introduction and business operation guideline to new director.

7.3 Directors determine Managing Director to report development plan and follow up on a regular basis. Managing Director and Chief Executive are well prepared to hand on their jobs when unable to perform their duties.

7.4 Directors provide Executive Development Program. Managing Director reports yearly regarding the annual overall operation and consider simultaneously when considering succession plan.

## **Directors Structure**

### **Board of Directors**

The Board of Directors consists of Expert Directors with knowledge, abilities and experiences in Management Level from many organizations and able to utilizes their knowledge for setting business direction efficiently as well as causing the maximum benefit to the Company and shareholders. Directors play an important role in setting policy and overall operation as well as playing a role to monitor, review, oversee management operation and evaluate the Company's overall operation to be established plan.

At the present time, the Company consists of 7 directors; 3 Executives and 4 non-Executives which are inclusive of 3 Audit Committees. This committee structure will help balance the vote in any agenda. Besides, the Board of Director has appointed sub-committees in order to support corporate governance as follows;

#### **Directors Organization**

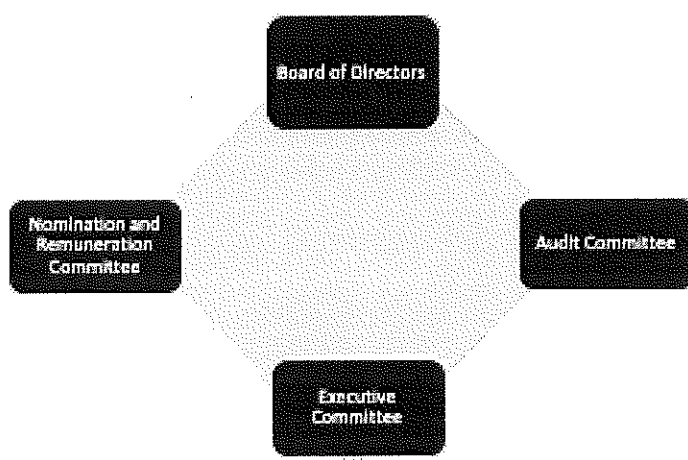
- 1) The Board of Directors does not need to be the Company's shareholder.
- 2) The Board of Directors consists of at least 5 Directors and not less than half of total Directors must reside in the Kingdom of Thailand.
- 3) The Board of Directors consists of at least one third Independent Committee of total number of directors but not less than 3 committees.
- 4) The Board of Directors selects one director to be a Chairman. In case The Board of Directors considered as deemed appropriate, they are able to select one director or more to be Vice Chairman. Vice Chairman has duties as established regulations which Chairman assigns.

### Scope of Duties of the Board of Directors

- 1) Oversee the Company's operations to ensure that they are in line with the applicable laws, the Company's articles of association, and the resolution of the shareholders' meeting while upholding "Best Practice for Directors of Listed Companies" as determined by the Stock Exchange of Thailand.
- 2) Prepare the shareholders' meeting as the Annual General Meeting within 4 months after the end of the fiscal period.
- 3) Ensure to have Balance Sheet and Profit and Loss Statement at the end of fiscal period which are proved by auditor and present to the shareholders' meeting in the Annual General Meeting for consideration and approval.
- 4) Set the Company's vision, mission, goals, guidelines, policies, business plans and budget. Oversee the Company's management to ensure adherence to the established policies. However, the issues which required by law that the Company should receive votes in the shareholders' meeting such as increasing or decreasing capitals, issuing debentures, sale or transfer of all or part of company to others or buy or receive transfer all company to be under company, editing memorandums or regulations, etc., the Board of Directors must approve before the procedure.
- 5) Monitor the Management's operation and ensure to be in line with established plan and budget continuously. Review the policies, plans and budgets regularly.
- 6) Oversee the Company to be in accordance with applicable laws of Securities and Exchange, Notification of the Stock Exchange of Thailand such as related transactions, Acquisition and Disposition of assets, other applicable laws, etc.
- 7) Consider and set the management structure. Appoint the Executive Board of Directors, Chairman of the Executive Board of Directors, other sub-committees and Chief Executive Officer. Set the scope of duties and responsibilities of the Executive Board of Directors, Chairman of the Executive Board of Directors, other sub-committees and Chief Executive Officer.
- 8) Provide Annual Report of the Board of Directors and response to prepare and reveal financial statement to show financial status and overall operation in the past year. Present to the shareholders' meeting for consideration and approval.

- 9) Assign one director or more or other person to perform on behalf of the Board of Directors which is under control of the Board of Directors or give proxy to those people and ensure they have proper right as the Board of Directors in a timely manner. The Board of Directors may cancel, abrogate, change or edit the authorization when deems appropriate. Accordingly, giving an authorization must not be in line that allow those people to be able to consider and approve related transactions between themselves and stakeholders or may cause any conflicts with Company or subsidiaries in other ways as announced in the Notification of the Capital Market Supervisory Board and/or Stock Exchange of Thailand and/or other concerned notifications except transactions which approved due to policies and regulations that the Board of Directors has considered and approved.
- 10) Appoint Company Secretary to have responsibilities in other operations to ensure the Company or the Board of Directors' benefit such as preparing the Board of Directors' registration, invitation letter of the Board of Directors' meeting, invitation letter of the shareholders' meeting, etc.

#### Sub-Committees



#### (1) Audit Committee

##### (A) Structure

- 1) Audit Committee must be the Company's Independent Committee.
- 2) Audit Committee must be appointed by the Board of Directors.
- 3) Audit Committee must consist of at least 3 Independent Committees which are knowledgeable with adequate experiences.
- 4) At least 1 Audit Committee must be adequate knowledgeable and experienced in finance or accounting to review the financial statement's accountability.
- 5) Audit Committee can hold the position of Audit Committee not more than 5 listed companies.
- 6) The Board of Directors elects one Audit Committee to be the Chairman of Audit Committee.



**(B) Duties and Responsibilities of Audit Committee****1) The Charter of Audit Committee**

- 1) Prepare the Charter of Audit Committee; Responsibilities of Audit Committee.
- 2) Content in the Charter of Audit Committee must be clear and indicate the meaning, definition as well as duties of Audit Committee.
- 3) Review the Charter of Audit Committee to be updated and related to the Company's operation and ensure that it is able to utilize efficiently at least once a year.

**2) Financial Report**

Oversee the Company and ensure the disclosure of Financial Report to be accurate, complete, adequate, reliable and timely by cooperating with Financial Auditor and concerned Management who response in the Financial Report both quarterly and annually.

**3) Related Transactions and Conflict of Interests**

- 1) Consider related transactions and conflict of interests to be in line with laws and regulations of the Stock Exchange of Thailand to ensure those transactions are reasonable and in the best interests of the Company.
- 2) Review the disclosure in case that related transactions or any transactions may cause conflict of interests to be accurate and complete.

**4) Internal Control**

- 1) Review the Company's internal control to be appropriate and effective.
- 2) Consider the audit report and suggestion from financial auditor and internal control division. Report to Management for resolution as well as follow up the result from that suggestion.

**5) Internal Audit**

- 1) Review the Company's internal audit to be independent and with effective internal audit system.
- 2) Review activities and internal audit division's structure and approve the Charter of Internal Audit.
- 3) Consider the appointment, transfer, remove or layoff including setting and evaluating annual performance of Internal Audit Supervisor to ensure independence of this division.
- 4) Review internal audit plan with Internal Audit Supervisor especially in any plans concerned internal control system and financial management.
- 5) Consider and monitor budget and manpower of Internal Audit Division and bring up to Management for approval.

- 6) Consider audit plan and scope of audit of the Company's internal auditor and financial auditor as well as internal audit advisor (if any) and ensure to have good relationship and not overlapping.

#### 6) Financial Audit

- 1) Consider, select, nominate, propose remuneration to Financial Auditor and ensure the get independent financial auditor by considering trustworthiness, resource sufficiency, audit volume of that audit organization and experiences of assigned personnel to audit the Company's finance including reviewing overall operation in the past years and considering terminate a financial auditor. Accordingly, Audit Committee will present all opinions to the Board of Directors for next consideration.
- 2) Review scope and method of auditing and consider reasons to adjust auditing plan (in case there is an adjustment afterwards).
- 3) Advise Financial Auditor to review or verify any transactions which are considered that they are necessary and important during auditing the Company or subsidiaries' financial statement.
- 4) Review the Financial Audit Report, present to Management for resolutions and monitor the operation afterwards.
- 5) Consider adequacy and effectiveness in cooperation between Financial Auditor and Internal Auditor.
- 6) Acknowledge the Financial Audit Report without delay when there are any suspicious behaviors that the Chairman of Executive Board of Directors or any persons concerned the Company's operation committed an offence as Section 281/2 Paragraph 2 Act 305, 306, 308, 309, 310, 311, 312 or 313 of Act and process the investigation immediately as well as reporting primary investigation report to The Securities and Exchange Commission and Financial Auditor within 30 days from the date of incident report.

#### 7) Laws and concerned regulations

- 1) Review the Company's compliance with Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and all other applicable legislation.

#### 8) Report of Audit Committee

- 1) Audit Committee must report the overall operation to the Board of Directors' meeting for acknowledgement and consider the report at least once per quarter.

- 2) Prepare the results of annual overall operation by showing the established transactions by the Stock Exchange of Thailand and must be signed by the Chairman of Audit Committee as well as preparing disclosure and being disclosed in the Company's Annual Report.
- 3) During performing duties of Audit Committee, if there are any inquiries or any of following matters which may have a significant impact on the Company's financial position and results of operations, the Audit Committee must report to the Board of Director for resolution within the time that the Audit Committee deems appropriate.

(3.1) Conflict of interests

(3.2) Corruption, irregularities or any significant errors in the internal control system

(3.3) Failure to comply with acts, regulations of the Stock Exchange of Thailand or other laws relevant to the Company's business.

- 4) If the Board of Director or Management do not process any resolutions on transactions or any actions in accordance with (3.1), (3.2) and (3.3) above within the time that the Audit Committee deems appropriate, any one of Audit Commit may be able to report transactions or any actions in accordance with (3.1), (3.2) and (3.3) to The Securities and Exchange Commission or the Stock Exchange.

#### 9) Good Corporate Governance

- 1) Review and ensure the Company has consistent good corporate governance development procedure. Give guidelines and necessary advices for improvement.
- 2) Give priority and support the Company to set the good corporate governance to be an agenda in the Board of Directors' meeting and the shareholders' meeting.
- 3) Oversee the Chairman of Audit Committee to receive the copy of interest according to Section 89/14 of Act from Company Secretary within 7 business days from the date of report.

#### 10) Risk Management

- 1) Review the Company's risk management to be standardized with efficiency and effectiveness.
- 2) Coordinate with Risk Management Committee and Management to consider, discuss and report the Company's risk management progress.

#### 11) Anti-Corruption

Review the Company's business operation according to anti-corruption policies, financial statement, internal control system and internal auditing to ensure all operations in each division is effective, abide by law, related to regulations, moral and ethic. If there is any inquiries of transactions any actions which have significant impact to the Company's financial position and results of operation including corruption, the Audit Committee must

report to the Board of Directors for improvement within the time that the Audit Committee deems appropriate.

#### 12) Other responsibilities

- 1) Other duties assigned by the Board of Directors with deems appropriate from the Audit Committee. Audit Committee has responsibilities to the Board of Directors as duty and responsibility assigned from the Board of Directors. While entire activities and responsibilities of the Company to external people still under responsibility of entire Board of Directors.
- 2) Have duties as required by the regulations of the Stock Exchange.
- 3) Oversee the whistle blowing procedure in case employees or any stakeholders have inquiries or found any suspicious actions of violation, breaking the laws, rules, regulations, ethics or corporate governance policies. Ensure the independent investigation to the whistle blower and appropriate monitoring.
- 4) Oversee special investigation as necessary.

### (1) Nomination and Remuneration Committee

#### (A) Structure

- 1) Nomination and Remuneration Committee is appointed by the Board of Directors and composed of at least 3 members, comprising of more than half of the independent directors.
- 2) Independent Director holds position of Chairman of Nomination and Remuneration Committee.

#### (B) Duties and Responsibilities of Nomination and Remuneration Committee

##### 1) Nomination

- (1) Establish the rules and policies on nomination of directors and sub-committees. Consider the appropriation in numbers, structure and director organization which is in accordance with size, type and business complication. Set the directors' qualifications to present to the Board of Directors and/or ask for approval in the shareholders' meeting.
- (2) Recruit, select and offer the qualified candidates to replace Directors who have completed their terms and/or for open positions and/or new appointment.
- (3) Perform other tasks as assigned by the Board of Directors.



- (4) Review and summarize the succession plan for executive management positions yearly and report to the Board of Directors.

## 2) Remuneration

- (1) Set the rules of remuneration determination of the Board of Directors and subcommittees. Present to the Board of Directors and/or ask for approval in the shareholders' meeting.
- (2) Consider necessary and reasonable remuneration in the form of money and other forms of compensation of the Board of Directors and sub-committees individually. Remuneration of the Board of Directors and sub-committees is considered from duties, responsibilities, performance and comparing with similar industry in other companies and benefits which may receive from directors. Review and present to the shareholders' meeting for approval.
- (3) Responsible for the Board of Directors, give advice, answer the questions regarding remuneration in the shareholders' meeting.
- (4) Report policies, rules/reasons of remuneration determination of directors and sub-committees as required by the Stock Exchange of Thailand which published in the Company's Annual Report and Form 56-1.
- (5) Perform other tasks assigned by Management regarding remuneration determination. Other divisions must report or present information and concerned documents to Nomination and Remuneration Committee to support the operation and ensure the accomplishment.

## (2) Executive Board of Directors

### (A) Structure

- 1) Executive Board of Directors consists of directors and/or the Company's management at total of not less than 2 members.
- 2) The Board of Directors appoints one of Executive Board of Directors to be Chairman of Executive Board of Directors.
- 3) Executive Board of Directors can appoint one employee to be Secretary of Executive Board of Directors to support operations regarding the meeting arrangement, agenda preparation, document sending and minute of meeting matters.

**(B) Duties and Responsibilities of Executive Board of Directors**

- 1) Oversee and manage the Company's business in accordance with the laws, objectives, regulations of the shareholders' meeting, regulations of the Annual General Meeting under honesty, carefulness to the Company's benefit. Hold the Executive Board of Directors' meeting at least once a month.
- 2) Consider matters before being presented to the Board of Directors for approval and accordingly.
  - (A) Policies, objectives, the Company's Annual Plan
  - (B) The Company's Annual Financial Budget
  - (C) Guidelines, Policies, and Investment Goals to be operational framework for Management's Operation
  - (D) Wage Rate Structure, Employee Welfare as a reasonable compensation to employees
- 3) Perform other tasks as assigned by the Board of Directors.
- 4) Authorize and approve to open deposit account and manage deposit account of domestic and oversea bank under appropriate consideration among overall financial management.
- 5) Authorize following matters under the specific scope as following details;
  - (A) Control and set the Company's investment management guidelines within scope that assigned by the Board of Directors and required by laws.
  - (B) Announce rules, regulations, announcements and memos to ensure the operation is in the line with policies and the best interest of the Company and to maintain the discipline in the organization.

**(3) Risk Management Committee**

**(A) Structure**

- 1) Risk Management Committee is appointed by the Board of Directors.
- 2) Risk Management Committee consists of the Board of Directors and/or the Company's Management with total at least 3 members. Risk Management Committee appoints one member to be Chairman of Risk Management Committee.

- 3) Chairman of Risk Management Committee appoints one member to be Secretary of Risk Management Committee.
- 4) Risk Management Committee holds tenures which last 3 years each term. Risk Management Committee who completed their terms may still be re-nominated for re-election.
- 5) Besides completing the terms, Risk Management Committee will last remaining the term when pass away, resign, lack of qualifications or due to any reasons that not holding tenure of the Board of Directors or the Company's employees (as the case may be).
- 6) In case when position of Risk Management Committee becomes vacant due to reasons other than retirement by rotation, Risk Management Committee appoints one person who is qualified as mentioned above to hold a tenure which last remaining time of the tenure of the Director whom they replace.

**(B) Duties and Responsibilities of Risk Management Committee**

- 1) Establish a risk management policy framework and other risk management strategy which are related to business operation properly and efficiently.
- 2) Set a risk management plan and procedure throughout the organization to be guidelines in overall operations.
- 3) Set the budget or type of business according to the risk. Bring up to the Board of Directors for approval to be operational criteria on each risk category.
- 4) Oversee and ensure the measures are well communicated and employees follow those measures.
- 5) Provide the assessment and analysis of damage which may cause systematically and continuously to ensure that the risk explore are covered all procedures of business operations.
- 6) Support and develop risk management for entire organization.
- 7) Perform other tasks assigned by the Board of Directors which cover all concerned operations with other important risks to the Company.

#### 4) Corporate Governance Committee

##### (A) Structure

- 1) Corporate Governance Committee is appointed by the Board of Directors and comprising of at least 3 members.
- 2) Corporate Governance Committee holds tenures which last 3 years each term. Corporate Governance Committee who completed their terms may still be re-nominated for re-election.
- 3) In case when position of Corporate Governance Committee becomes vacant due to reasons other than retirement by rotation as 2.2 that is dismissal of being directors or employees, resign or impeachment by the Board of Directors, the Board of Directors will appoint a qualified person to be Corporate Governance Committee to ensure the complete number of members as required by the Charter. Mentioned person who is appointed will hold a tenure which last remaining time of the tenure of the Director whom he/she replaces.

##### (B) Duties and Responsibilities of Corporate Governance Committee

- 1) Consider, set the guidelines, suggest, and propose policies / regulations of business ethics and morality as in accordance with good corporate governance. Present to the Board of Directors and Management to be the standardized organization's regulations and right guidelines.
- 2) Oversee, supervise, assess and review the policies, good corporate governance and business ethics for development and implementation of good corporate governance to International Standard.
- 3) Perform other tasks assigned by the Board of Directors.

#### 11.1 Nomination of Directors and Management

##### Board of Directors Appointment

Selecting candidates to be the Company's committee will consider from qualifications as Section 68, Public Limited Companies Act, B.E. 2535 and concerned Notifications of the Stock Exchange of Thailand. Besides, The Committee selects candidates taking into account their competence, expertise in various fields which will affect good business operation with their advices, opinions from direct experience, leadership, vision, integrity, ethics transparent work experience and ability to voice their



opinions independently. Then, all name lists will be presented in the shareholders' meeting for appointment consideration.

- 1) Nomination and Remuneration Committee recruits and present name of qualified person as required by the Charter to hold the position of the Board of Directors. Name will be presented in the Board of Directors' meeting for approval in the next shareholders' meeting.
- 2) The Shareholders' meeting appoints the Board of Directors. However, the appointment of the vacant position due to reasons other than retirement by rotation must be done by Nomination and Remuneration Committee by selecting qualified person as required by the Charter and presenting to the Board of Directors' meeting for approval except that tenure of those directors are less than 2 months. Accordingly, appointed directors will hold a tenure which last remaining time of the tenure of the Director whom they replace.
- 3) At every annual shareholders' meeting, one third of the total directors will be retire from their positions. If the number of directors cannot be divided by three, the directors will retire by the number nearest to one third of the total directors. Directors who are retired by rotation may be re-elected. Directors who required to retire at the first year and the second year after registration, drawing lots will be provided. In subsequent years, the directors who have been in the longest term will retire. Besides the above retirement, the Board of Directors may dismiss from the position with following reasons;
  - 1) Pass Away
  - 2) Resign
  - 3) Lack of qualifications which required by the Charter or having prohibited characteristics according to law
  - 4) The shareholders' meeting voted the position dismissal with votes not less than three quarter (3/4) of total shareholders who attended the meeting, have the right to vote and hold shares total not less than half of total shares holding by shareholders who attended the meeting and have the right to vote.
  - 5) A court order

Any directors may resign from their positions by submitting a letter of resignation to the Company. The resignation will be deemed effective from the date on which the letter of resignation is received by the Company.

### Independent Directors Appointment

The Board of Directors and Nomination and Remuneration Committee will coordinate considering basic qualifications and disqualifications of persons who will hold the position of Independent Directors as in accordance with Public Limited Companies Act, applicable laws of the Stock Exchange, Notifications of the Capital Market Supervisory Board as well as announcements, regulations and concerned rules, consider from highly competent candidates' past work experience and bring up to the Board of Directors and the shareholders' meeting for appointment consideration. The number of independent directors will not be less than 3 directors and each independent qualification will accord with the Notification of the Securities and Exchange Commission No. Tor Jor 39/2559, Application for Approval and Granting of Approval for Offering of Newly Issued Shares as follows;

- 1) Hold share not more than 1% of total shares with voting rights of the Company, its parent company, subsidiary, associate company, major shareholder or the controlling person. Accordingly, any shares held by related person with independent director will be included.
- 2) Neither being nor used to be Executive Director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company subsidiary, associate company, same level subsidiary, major shareholder or controlling person unless the foregoing status has ended not less than 2 years prior to the date of filling an application with the Stock Exchange of Thailand. Such prohibited characteristics will exclude the case where the independent directors used to be a government official or advisor of a government agency which is major shareholder or controlling person of the applicant;
- 3) Not being a person related by blood or legal registration as father, mother, spouse, sibling and child as well as spouse of child, executive, major shareholder, controlling person or nominated person to be director, executive or controlling person of the Company or its subsidiary.
- 4) Not having or having had a business relationship with the applicant, its parent company, subsidiary, associate company, major shareholder or controlling persons in a manner that may interfere with independent discretion, which includes not being or having been a significant shareholder or the controlling person of any person having a business relationship with the applicant, its parent company, subsidiary, associate company, major shareholder or controlling person, unless such foregoing relationships have ended

for at least 2 years prior to the date of filing the application with the Stock Exchange Of Thailand.

The business relationship under Paragraph 1 shall include normal business transactions, rental or lease of real estate, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loan, guarantee, providing assets as collateral, and any other similar actions, which result in the applicant or the counterparty being subject to indebtedness payable to the other party in an amount starting from three percent of the net tangible assets of the applicant or from 20 Million Baht or more, whichever amount is lower. In this regard, the calculation of such indebtedness shall be in accordance with the method for calculating the value of related party transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Execution of Related Party Transactions, mutatis mutandis. In any case, the consideration of such indebtedness shall include the indebtedness incurred during the period of 1 year to the date of establishing the business relationship with the related person.

- 5) Not being or having been an auditor of the applicant, its parent company, subsidiary, associate company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the audit firm which employs the auditor of the applicant, its parent company, subsidiary, associate company, majority shareholder, or controlling person, unless the foregoing relationship has ended for not less than 2 years prior to the date of filing the application with the Stock Exchange of Thailand.
- 6) Not being or having been a provider of professional services, which includes serving as a legal advisor or financial advisor being paid with a service fee of more than two million baht per year by the applicant, its parent company, subsidiary, associated company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of such provider of professional services, unless the foregoing relationship has ended for not less than 2 years prior to the date of filing the application with the Stock Exchange of Thailand.
- 7) Not being a director who is appointed as the representative of directors of the applicant, major shareholder, or shareholder who is a connected person of a majority shareholder.

- 8) Not undertaking any business of the same nature and in significant competition with the business of the applicant or its subsidiary, or not being a significant partner in a partnership, or an executive director, employee, staff, advisor earning regular monthly salary, or holding more than 1% of the voting shares of another company that undertakes a business of the same nature and in significant competition with the business of the applicant or its subsidiary.
- 9) Not having any other characteristics that cause the inability to express independent opinions on the business operation of the applicant.

#### Audit Committee Appointment

- 1) Nomination and Remuneration Committee recruits and presents qualified person as required by the Charter to hold the position of Audit Committee. Name will be presented in the Board of Directors' meeting for the consideration.
- 2) Audit Committee has 3 years of each term from the date of appointment.
- 3) Audit Committee who completed their tenure may be re-elected but not an automatically extension.
- 4) Audit Committee may resign from the position at any time before the tenure by informing and submitting a letter of resignation with reasons to the Company. The Company will send copy of a letter of resignation to the Stock Exchange of Thailand as well as delivering to The Securities and Exchange Commission.
- 5) In case when position of Audit Committee becomes vacant due to reasons other than retirement by rotation, the Board of Directors will appoint a qualified person to be Audit Committee to ensure the complete number of members. A person who is appointed will hold a tenure which last remaining time of the tenure of the Director whom he/she replaces.
- 6) Audit Committee may dismiss from position when
  - (A) Termination
  - (B) Complete the tenure
  - (C) Lack of qualifications of Audit Committee
  - (D) Pass Away
  - (E) Resign
  - (F) Be Impeached
  - (G) Serve a term of imprisonment or any legitimate order of imprisonment except offenses committed by negligence or misdemeanor



- (H) Be an incompetent person or a quasi-incompetent person
  - (I) Be a bankrupt
- 7) If there are less than 3 Audit Committees, the Company should hasten the new committee appointment instantly or at least within 3 months from the date of incomplete audit committees to ensure the operations continuity of the Audit Committees which is related to regulations of maintaining the listing status on the Stock Exchange of Thailand.

#### **Supervisory of Subsidiaries and Associate Companies' Business Operation**

The Company will invest as the policy that the Board of Directors approved. Investment in subsidiaries or associate companies in case of approval, the Company will supervise by sending the Company's representative which is director to be a representative in subsidiary or associate company at least as proportion of the Company's shareholding and follow the regulations of the Stock Exchange of Thailand which regarding related transactions or acquisition and disposition of assets strictly. In the event that may have a significant impact to the Company, the Board of Directors' meeting must approve the transactions.

#### **Internal Information Usage Policy**

The company realized the importance of internal information control to be in line with good corporate governance, adhere with good governance, honesty in business operation and to ensure that an investor in the Company's assets receive reliable information equally and in time. The Company has set the internal information regulations and securities trading regulations of Executive Board of Directors and employees to be in accordance with applicable assets laws and focus on business transparency which can be summarized as follows;

1. Directors, Executives and the Company's employees who receive internal information, must not be the Company's financial information or any internal information that has impacts on the change of securities price which is not disclosed to public or the Stock Exchange of Thailand for purchase or sell the Company's securities which may be personal gain and others gains by avoid or refrain doing so during 30 days prior to the public disclosure and at least 2 business days after the disclosure to the public.

2. The Company has duties to disclose information of important business operation to public thoroughly by media and the method which is required and set by the Stock Exchange of Thailand and the Company's information disclosure policy and through other media of Investor Relations and Public Relations to ensure the information reach all investor group in good time and equally.
3. The Company has strict discipline of computer and information security protection to ensure that information is secure and not disclosed. Accordingly, the Company has limited to access internal information which is not disclosed to public but only to concerned person such as Finance and Accounting Officer, Investor Relations Officer and Corporate Governance Officer.

If there are any actions which violate the above rules and disciplines, the Company will apply the disciplinary actions as deems appropriate such as verbal warning, written warning, salary reduction, suspension, termination without compensation or legal action.

### **Audit Fees**

The Company and subsidiaries' financial statement were audited and reviewed by Miss Nopanuch Apichatsatien, Certified Public Accountant No. 5266, PricewaterhouseCoopers ABAS Ltd. Audit fees of 2017 and 2018 were total 2.60 Million Baht and 2.79 Million Baht (Total Audit Service Fee).

## Good Corporate Governance Code (8 Principles)

Securities and Exchange Commission has recently announced Good Corporate Governance Code to be principle for the Board of Director of the registered company to develop the corporate governance for the company's long-term turnover, reliability for shareholders and others for the sustainable value creation and to fulfill the expectations of business sector, investors as well as Capital Market and overall social.

The Board of Directors sees its importance of creating and announcing the Good Corporate Governance Code to the Company to be guideline in business operation in all concerned sections. Those 8 principles including guidelines in each principle are adapted as appropriateness with business context. 8 principles are as follows;

Principle 1 Establish Clear Leadership Role and Responsibilities of the Board

Principle 2 Define Objectives that Promote Sustainable Value Creation

Principle 3 Strengthen Board Effectiveness

Principle 4 Ensure Effective CEO and People Management

Principle 5 Nurture Innovation and Responsible Business

Principle 6 Strengthen Effective Risk Management and Internal Control

Principle 7 Ensure Disclosure and Financial Integrity

Principle 8 Ensure Engagement and Communication with Shareholders

### Good Governance

Principle 1	Establish Clear Leadership Role and Responsibilities of the Board
Principle 1.1	The Board of Directors should understand its leadership role and realize its responsibilities in overseeing the company and ensure the good governance, including:
Guidelines	<ol style="list-style-type: none"> <li>1) Define objectives</li> <li>2) Determine strategies, operation policy as well as allocating necessary resource to achieve the objectives and targets</li> <li>3) Monitor, evaluate and report on performance</li> </ol>

Principle 1.2	The Board of Directors should exercise its leadership role and pursue the following governance outcomes;
Guidelines	<ol style="list-style-type: none"> <li>1) Competitiveness and performance with long-term perspective</li> <li>2) Ethical and responsible business</li> <li>3) Good corporate citizenship</li> <li>4) Corporate resilience</li> </ol>
Principle 1.3	The Board of Directors should oversee all directors and executives perform their duty with care and loyalty and ensure the company to operate business in accordance with laws, rules and the Shareholder's Meeting Resolution.
Guidelines	<ol style="list-style-type: none"> <li>1) The Company must abide by law, rules and other regulations related to Securities and Exchange Act B.E.2535 (1992).</li> <li>2) The Board of Directors must oversee the Company to have adequate systems and ensure that the company operation complies with applicable law, rules, the Shareholder's Meeting resolution as well as policy or specified matters with necessary approved procedure such as investment, related transaction, related party transaction, acquisition or disposal of assets and dividend payment, etc.</li> </ol>
Principle 1.4	The Board of Directors should understand scopes and responsibilities of the Board and set the scope of duty assignment and responsibilities to Managing Director and Management clearly as well as monitoring Managing Director and Management's performance of assigned duties.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board of Directors should make charter or Board charter which indicates roles and responsibilities of the Board as a reference when performing duty and the Board should review the charter regularly at least once a year as well as always reviewing roles and responsibilities division among the Board, Managing Director and Management to be in accordance with the organization vision.</li> <li>2) The Board of Directors should understand scopes and responsibilities itself and provide written direction of authority to Management. However, the assignment does not release duty of responsibility of the Board. The Board of Directors still needs to monitor Management to perform duties as assigned.  Accordingly, the scopes of duties of the Board of Directors, Managing Director and Management are divided to principles as follows; <ul style="list-style-type: none"> <li>➤ <u>Matters which the Board should have primary responsibility</u> <ol style="list-style-type: none"> <li>a) Defining objectives and business model</li> <li>b) Developing culture of compliance, ethical conduct and lead by example</li> <li>c) Overseeing structure and practice of the Board of Directors for achieving the company's objectives</li> </ol> </li> </ul> </li> </ol>



	<ul style="list-style-type: none"> <li>d) Ensuring suitable selection, remuneration, development and assessment of CEO</li> <li>e) Ensuring appropriate compensation that attracts the personnel</li> <li>➤ <u>Matters which is involving shared responsibility with Management</u> <ul style="list-style-type: none"> <li>a) Setting and reviewing strategies, targets and annual plan</li> <li>b) Ensuring appropriateness of risk management system and internal control</li> <li>c) Defining Management's responsibilities</li> <li>d) Setting scopes of resource allocation, development and budgets such as policies, human resource development plan and IT policy</li> <li>e) Monitoring and evaluating performance</li> <li>f) Ensuring financial disclosure and financial statement to be reliable</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>➤ <u>Matters which should not get involved with</u> <ul style="list-style-type: none"> <li>a) Executing the activities to be under strategies, policies and plans that the Board of Directors approved (The Board of Directors shall allow Management to response and make decision on purchasing, procurement, staffing, etc. that conduct and operations are in compliance with the company's policies and monitoring without intervention except when necessary.</li> <li>b) Getting involved in prohibited matters such as any transaction approval which the Board of Director may have interest, etc.</li> </ul> </li> </ul>
<u>Principle 2</u>	Define Objectives that Promote Sustainable Value Creation
Principle 2.1	The Board of Director should define objectives that promote sustainable value creation to the company, stakeholders and overall social.
Guidelines	<ul style="list-style-type: none"> <li>1) The Board of Director should ensure that the company has clearly and properly defined objectives which are able to support the company's business model and communicate to all concerned to drive to the same direction in the form of the company's vision and values or principles and purposes or others.</li> <li>2) When accomplishing objectives or main targets, the Board of Directors shod set the business model which is sustainable value creation to the company, stakeholders and overall social by considering factors as follows; <ul style="list-style-type: none"> <li>a) Environment and changes of other factors including the appropriate use of innovation and technology</li> <li>b) Customers and stakeholders' need</li> <li>c) Readiness, proficiency, competitiveness of the company</li> </ul> </li> <li>3) The company's values should have part of reflect characteristics of good corporate governance such as accountability, integrity, transparency, due consideration of social and</li> </ul>

	<p>environmental responsibilities, etc.</p> <p>4) The Board of Director should promote communication and reinforce the company's objectives and main targets to reflect in decision making and operation of all levels staffs until it became corporate culture.</p>
Principle 2.2	<p>The board of Directors should ensure that the company's annual and medium-term objectives, goals, strategies, and plans are consistent with the long-term objectives, while utilizing innovation and technology effectively.</p>
Guidelines	<ol style="list-style-type: none"> <li>1) The board of Directors should ensure that the company's strategies and annual plan are in accordance with the company's main objectives while considering the business environment, opportunities, and the company's acceptable risk. The board of Directors should support to review objectives, goals and strategies in medium-term 3-5 years to ensure the strategies and annual plan are annually reviewed its long-term effect and updated as appropriate.</li> <li>2) The Board of Director should ensure that there is environment, factors, and risk analysis in the strategy and annual plan which may impact concerned stakeholders in the value chain including other factors which may influence the company's achievement. The company should ensure that a mechanism for stakeholders engagement is in place as follows; <ol style="list-style-type: none"> <li>a) Clearly define practices and procedures of communication channel between stakeholders and the company to ensure that enable the company to access and receive information or stakeholders' need in each group.</li> <li>b) Clearly identify related stakeholder both internal and external as individual, groups, and organizations such as employees, investors, customers, business partners, communities, society, environment, government sector and regulator.</li> <li>c) Identify matters and expectations of stakeholders for analysis, prioritizing and considering the impact which will cause the company and stakeholders.</li> </ol> <p>Accordingly, to select important matter to be value creation with stakeholders.</p> </li> <li>3) When developing strategies, the Board of Director should promote innovation creation and use of innovation and technology to enhance competitiveness, respond to stakeholders and remain under social and environmental responsibilities.</li> <li>4) When considering the company's targets which consider appropriateness of business environment and the company's potential, the Board of Director should set the targets both financial and non-financial. Besides, the company should ensure the targets will not lead to illegal or unethical conduct.</li> <li>5) The Board of Director should oversee and ensure to have objectives and targets communication in the strategies and plans throughout the organization.</li> <li>6) The Board of Director should oversee and ensure appropriate resource allocation and</li> </ol>

	monitor the implementation of the company's strategies and annual plans which may assign the person to be responsible to this matter.
<u>Principle 3</u>	Strengthen Board Effectiveness
Principle 3.1	The Board of Directors should be responsible for determining and reviewing the Board structure, in terms of size, composition, and the proportion of independent directors so as to ensure its leadership role in achieving the company's objectives.
Guidelines	<p>1) The Board of Directors should ensure the Board consists of directors with various qualifications, skills, experiences, abilities, character traits as well as gender and age which are necessary for achieving the company's objectives and main targets. The Board of Directors should establish a skills matrix to ensure that the Board is overall with appropriate qualifications and able to understand and respond the stakeholders' need. Besides, there must be at least 1 non-executive director who is experienced in business or in main industry of the company.</p> <p>2) The Board of Directors should consider the appropriate number of directors. Director should consist of no less than 5 members and no more than 12 members to ensure the efficient operation.</p> <p>3) The Board of Directors should balance the proportion between executive directors and non-executive directors properly by;</p> <p style="padding-left: 40px;">a) Majority of the Board of Directors should be non-executive directors who are able to give opinions independently on management's operation.</p> <p style="padding-left: 40px;">b) Number and qualifications of the independent non-executive directors should be in line with Securities and Exchange Commission and the Stock Exchange of Thailand. The Board of Directors should oversee the independent director to be able to work with all directors efficiently and give opinion independently.</p> <p>4) The Board of Directors should disclose the diversity of policies, information of director including age, gender, education, experience, shareholding proportion, years of director and director position in other listed companies in the annual report and on the company's website.</p>
Principle 3.2	The Board of Directors should select an appropriate person as the chairman and ensure that the Board composition serves the best interest of the company, enabling the Board to make its decisions as a result of exercising independent judgment.
Guidelines	<p>1) Chairman of the Board of Directors should be an independent director.</p> <p>2) Chairman and CEO have different roles and responsibilities. The Board of Directors should clearly set authorities and roles of Chairman and CEO to ensure there will be no unlimited power and ensure power balance. Chairman position and CEO position should be separated.</p>

	<p>3) Chairman is responsible for leading the Board of Directors. Duties of Chairman are as follows;</p> <ul style="list-style-type: none"> <li>a) Overseeing, monitoring and ensuring that the Board performs duties efficiently and achieve the organization's objectives.</li> <li>b) Ensuring that all directors take part in the company's ethical culture support and good corporate governance.</li> <li>c) Setting the Board Meeting agenda by discussing with CEO and ensuring the necessary matters are including in the agenda.</li> <li>d) Allocating time sufficiently for Management to propose the issues and for directors to debate necessary matters thoroughly. Encouraging directors to exercise their independent judgment.</li> <li>e) Promoting good relationship between executive directors and non-executive directors and between the Board of Directors and Management.</li> </ul> <p>4) In the event that Chairman and CEO are not clearly separated, i.e., Chairman and CEO is the same person, Chairman is not an independent director, Chairman and CEO are family members or Chairman is a member of Management Team or has been assigned a management role. The Board of Directors should ensure the power balance between the Board of Directors and Management by considering;</p> <ul style="list-style-type: none"> <li>a) The Board of Directors consists of independent director more than half or</li> <li>b) Appointing one independent director to participate in considering the Board Meeting's agenda</li> </ul> <p>5) The Board of Directors should establish the policy that the tenure of an independent director should not exceed 9 years consecutively from the date of appointment. In the event that an independent director shall continue the tenure, the Board of Directors should consider and review as deemed necessary.</p> <p>6) The Board of Director should appoint sub-committees to ensure important matters, specific matters are reviewed thoroughly and ensure to screen information and to propose action for approval.</p> <p>7) The Board of Director should disclose the roles and responsibilities of the Board and sub-committees, the number of meetings and the number of directors attending the meetings in the previous year and all sub-committees performance.</p>
Principle 3.3	The Board of Directors should ensure and oversee the selection and nomination of directors is



	transparent and clear in order to have qualified directors which are in accordance with established policy.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board of Directors should establish Nomination Committee. Majority of its members and Chairman should be independent directors.</li> <li>2) Nomination Committee should set the meeting for considering criteria and nomination process to ensure that the qualified directors are with proper knowledge, skills and the profiles meet the requirements and give opinions to the Board before proposing to the Shareholders' Meeting for appointment. Besides, shareholders should receive adequate information regarding candidates for their consideration.</li> <li>3) Nomination Committee should review rules and nomination process to suggest to the Board before nominating directors who completed their terms. In the event that Nomination Committee proposes the same director, that director's performance should be considered.</li> <li>4) In the event that the Board of Directors has appointed any person to be the advisor to the Nomination Committee, relevant information about that consultant should be disclosed in the annual report, including information about independence and conflict of interest.</li> </ol>
Principle 3.4	When proposing remuneration of director to the Shareholders' Meeting for approval, the Board of Directors should consider the structure and remuneration are appropriate with responsibilities and attractive directors to lead the company to reach the targets both in short and long term targets.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board of Directors should establish Remuneration Committee. Majority of its members and Chairman are independent directors to consider and review the policies of remuneration.</li> <li>2) The remuneration of the board should be consistent with the company's strategies and long-term objectives, and reflect the experience, obligations, scope of work, accountability and responsibilities, and contribution of each director. Directors who have additional roles and responsibilities, such as a member of a committee, should be entitled to additional remuneration, comparable to industry practice.</li> <li>3) Shareholders must approve the Board of Directors' remuneration structure, including level and pay components (both financial and non-financial compensation). The Board of Directors should consider the appropriateness of each pay component, both in terms of fixed rates (such as retainer fee and meeting attendance fee) and remuneration paid according to the company's overall operation (such as bonus and rewards). The remuneration should reflect the values that the company creates for shareholders taking a long-term perspective on company performance, and the pay level should not be too high so as to avoid the Board excessively focusing on the company's short-term results.</li> <li>4) The Board of Directors should disclose the policies and rules of remuneration which reflect</li> </ol>

	<p>duties and responsibilities of each member as well as the pay component and level of compensation. The disclosed remuneration should include each director's remuneration from being director at the subsidiaries.</p> <p>5) In the event that the Board of Director appoints any person to be advisor to the Remuneration Committee, that advisor's information should be disclosed in the annual report as well as independent information or non-conflict of interest information.</p>
Principle 3.5	The Board of Director should ensure that all directors have responsibilities and allocate their time sufficiently.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board of Director should ensure that there is a mechanism to support directors to understand their roles and responsibilities.</li> <li>2) The Board of Director set the policy to directors of holding position in other companies by considering performance of directors who hold multiple positions in many companies. To ensure that director can dedicate their time in performing duties adequately, number of listed companies is set to be not exceeding 5 listed companies. The effectiveness of duty performing may decrease significantly when director hold too many seats in the listed companies.</li> <li>3) The Board of Director should ensure to report and disclose the holding positions of directors in other companies.</li> <li>4) In the event that the Board of Directors hold director of executive position or have interest both directly and indirectly in other companies or be able to use opportunities or the company's information for personal gains, the Board of Directors should ensure that the company has adequate measure and report shareholders as appropriate.</li> <li>5) Each director should attend not less than 75% of all board meetings in any whole financial reporting year.</li> </ol>
Principle 3.6	The Board of Directors should ensure that the company's governance framework and policies extend to and are accepted by subsidiaries and other businesses in which it has a significant investment as appropriate.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board of Directors should consider and set governance policies to its subsidiaries including; <ol style="list-style-type: none"> <li>a) Authority to appoint subsidiary directors, executives, or controlling persons. The Board of Director should have the authority to appoint except when those companies are small operating companies which is operating arms of the company, the Board of Director may delegate this authority to CEO.</li> <li>b) Duties and responsibilities of representative of those companies in a) to oversee the company representatives ensure the practice is in accordance with subsidiaries'</li> </ol> </li> </ol>

	<p>policies. If the subsidiary has investors other than the company, the Board of Directors should require the company's appointed representatives to perform their best roles for the subsidiaries' interest and to be in accordance with policies of the company.</p> <p>c) Internal Control of subsidiaries which should be appropriate and concise adequately and all transactions are in line with laws and concerned rules.</p> <p>d) The integrity and timely disclosure of the material information of the subsidiary, including its financial information, related party transactions, acquisition and disposition of assets and other important transactions, capital increases or decreases and termination of subsidiary, etc.</p> <p>2) For businesses that the company has or plans to hold a significant investment in (such as between 20 percent and 50 percent of shares with voting rights), other than subsidiaries, the board should ensure that shareholder agreements or other agreements are in place to enable the company's performance monitoring and participation in the businesses' management, including for approval of significant transactions and decisions. This is to ensure that the company has sufficient, accurate, and timely information for the preparation of its financial statements that conform with relevant standards.</p>
Principle 3.7	The Board of Directors should conduct a formal annual performance evaluation of the Board, its committees, and each individual director. The evaluation results should be used to strengthen the effectiveness of the Board.
Guidelines	<p>1) The Board of Directors and sub-committees should evaluate performance at least once a year to encourage the Board to consider and improve for further development. Standard should be set to be used in comparison with performance significantly.</p> <p>2) The annual assessment of the performance of the board and committees as a whole and on an individual director level should be based on self-evaluation, or alternatively, on cross-evaluation together with self-evaluation. The criteria, process, and results of the evaluation should be disclosed in the annual report.</p> <p>3) The company should appoint an external consultant to assist in setting guidelines and providing recommendations for a board assessment at least once every three years. This information should be disclosed in the annual report.</p> <p>4) The evaluation results should be used for ensuring that the directors collectively possess the right combination of knowledge, skills, and experience.</p>
Principle 3.8	The Board of Directors should ensure that the Board and each individual director understand their roles and responsibilities, the nature of the business, the company's operations, relevant law as

	well as always supporting all directors in learning and refreshing their skills and knowledge necessary to perform their directors' roles.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board of Directors should ensure that newly appointed directors receive suggestion and useful information to perform duties including understanding in objectives, main target, vision, mission, corporate value and the nature of business and the company's operation.</li> <li>2) The Board of Directors should oversee directors to attend training and developing class to improve their knowledge continuously.</li> <li>3) The Board of Directors should understand laws, rules, standards, risks and business environment as well as receiving updated information.</li> <li>4) The Board of Directors should always disclose training report and knowledge development of the Board in the annual report.</li> </ol>
Principle 3.9	The Board of Directors should ensure that it can perform its duties effectively and have access to accurate, relevant and timely information. The board should appoint a company secretary with necessary qualifications, knowledge, skills, and experience to support the Board in performing its duties.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board of Directors should set the meeting schedule and meeting agenda in advance to ensure directors will be able to manage their time and attend the meeting.</li> <li>2) The number of the Board Meetings should be appropriate to the obligations and responsibilities of the board and nature of the business, but the board should meet at least 4 times per financial year. If the Board Meetings are not held monthly, the Board should receive a report on the company's performance for the months in which the Board does not hold a board meeting, so that it can monitor management and company performance continuously and promptly.</li> <li>3) The Board of Directors should have a mechanism that allows each board member and management to propose the inclusion of relevant items on the meeting agenda.</li> <li>4) Meeting Documents should be sent to directors at least 7 days prior to the date of meeting.</li> <li>5) The Board of Directors should encourage the CEO to invite key executives to attend the Board Meetings to present details on the agenda items related to matters that they are directly responsible for, and to allow the Board to gain familiarity with key executives and assist succession planning.</li> <li>6) The Board of Directors should have access to accurate, relevant, timely and clear information required for their respective roles from the chief executive officer, company secretary, or designated executive. If necessary to discharge their responsibilities, the board may seek independent professional advice at the company's expense.</li> <li>7) Non-executive directors should be able to meet, as necessary, among themselves without</li> </ol>

	<p>the management team to debate their concerns and report the outcome of their meeting to the company's chief executive officer.</p> <p>8) The Board of Directors should appoint a company secretary with the necessary qualifications, knowledge, skills, and experience for performing his/her duties, including providing advice on corporate governance, legal, regulatory and administrative requirements, preparing board meetings and other important documents, supporting board meetings, and coordinating the implementation of board resolutions. The board should disclose the qualifications and experience of the company secretary in its annual report and on the company's website.</p> <p>9) The company secretary should receive ongoing training and education relevant to performing his/her duties. The company secretary is also encouraged to enroll on a company secretary certified program.</p>
<u>Principle 4</u>	Ensure Effective CEO and People Management
Principle 4.1	The Board of Directors should ensure that a proper mechanism is in place for the nomination and development of the chief executive officer and key executives to ensure that they possess the knowledge, skills, experience, and characteristics necessary for the company to achieve its objectives.
Guidelines	<p>a) The Board of Directors should establish, or assign the nomination committee to establish, the criteria and procedures for nomination and appointment of the chief executive officer.</p> <p>b) The Board of Directors should ensure that the chief executive officer appoints knowledgeable, skilled, and experienced key executives. The board or the nomination committee together with the chief executive officer should establish the criteria and procedures for nomination and appointment of key executives.</p> <p>c) To ensure business continuity, the board should ensure that development and succession plans for the chief executive officer and key executives are in place. The board should annually request reporting on the implementation of the development and succession plans from the chief executive officer.</p> <p>d) The Board of Directors should promote continuous development and education of the chief executive officer and key executives that is relevant to their roles.</p> <p>e) The Board of Directors should establish set clear policies and guidelines for the chief executive officer and key executives serving or wishing to serve as a director in other</p>



	companies. The policies should set out permissible appointments and the permissible number of companies in which they are allowed to simultaneously serve as a director.
Principle 4.2	The Board of Directors should ensure an appropriate compensation structure and performance assessment.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board should ensure that the compensation structure rewards individual performance, incentivizes the chief executive officer, key executives, employees and staff at all levels to act in support of the company's objectives and values, and fosters long-term commitment by aligning incentives with future company performance through: <ol style="list-style-type: none"> <li>a) appropriate combination of salary and other short-term compensation such as bonus, and long-term compensation such as employee stock ownership plan participation,</li> <li>b) ensure that the individual total compensation takes into account industry standards and company performance</li> <li>c) determine and communicate performance evaluation criteria.</li> </ol> </li> <li>2) Non-executive directors are responsible for setting the remuneration and assessment for CEO as follows; <ol style="list-style-type: none"> <li>a) ensure that the chief executive officer's performance evaluation is based on pre-determined criteria that have been communicated to the chief executive officer in advance. The performance evaluation criteria should incentivise the chief executive officer to perform his/ her duties in support of the company's objectives, values, and long-term sustainable value creation,</li> <li>b) perform or delegate to the remuneration committee, the annual performance evaluation of CEO. The chairman or a designated senior director should communicate the results including development areas of the performance evaluation to CEO.</li> <li>c) approve annual compensation of CEO, consider the performance of CEO and other relevant factors.</li> </ol> </li> <li>3) The Board of Directors should approve the rules and factors of assessment and compensation structure and ensure that CEO assesses performance of executives in accordance with the rule.</li> <li>4) The Board of Directors should oversee to have rules and factors of the organization assessment.</li> </ol>
Principle 4.3	The Board of Directors should understand its responsibilities in the context of the company's shareholder structure and relationships which may impact the company's management and operation.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board of Directors should understand the company's shareholder structure and</li> </ol>

	<p>relationships which is including written and non-written family agreements, shareholder agreements, or group company policies and may impact on the management control.</p> <p>2) The Board of Directors should oversee and ensure that the agreement as 4.3.1 will not be an obstacle to the Board of Directors' performing duties such as succession planning.</p> <p>3) The Board of Directors should oversee that information is properly disclosed as agreements that have an impact on the company's control.</p>
Principle 4.4	The Board of Directors should monitor and oversee human resource management and development to ensure the suitable number of personnel, knowledge, skill and motivation.
Guidelines	<p>1) The Board of Director should ensure that the company is properly staffed and that human resources management is in line with the company's objectives and furthers sustainable value creation. All employees and staff must receive fair treatment.</p> <p>2) The Board of Directors should ensure that the company establishes a provident fund or other mechanisms to oversee employees saving for their retirement as well as supporting to have training and development program for employees that promotes financial literacy and educates employees and staff on life path investments that are suitable for their age and risk level or ensure to have policy.</p>
Principle 5	Nurture Innovation and Responsible Business
Principle 5.1	The Board of Directors should give importance and support innovation creation that causes business value together with benefits for its customers, other stakeholders, society, and responsible for social and environment.
Guidelines	<p>1) The Board of Director should give importance in corporate culture creation to support the innovation and oversee management to review the strategy, operational development plan and performance monitoring.</p> <p>2) The Board of Directors should support innovation creation that enhances long-term value creation for the business in a changing environment. Such innovation may include designing innovative business models, products and services, promoting research, improving production and operation processes and collaborating with partners.</p>
Principle 5.2	The Board of Directors should monitor and oversee management to operate business with social and environment responsibilities and in the line with operational plan to ensure that all sections in the organization operate in accordance with objectives, main target and the company's strategy plan.
Guidelines	<p>1) The Board of Directors should encourage the mechanism to ensure that company's operations with ethics reflect the responsibility of environmental and social standards and ensure that appropriate company-wide policies and procedures are implemented to further</p>

the company's objectives, goals and strategies in support of sustainable value creation. Policies and procedures for running the business fairly and respecting and adhering to stakeholders' rights should at least cover the matters as follows;

- a) Responsibilities to employee and workers by adhering with applicable law and relevant standard with fairness and respect human right including fair remuneration and other compensations, proper welfare which is not less than or more than applicable law, health care and workplace safety, training, potential development and other skills development.
- b) Responsibilities to customers by adhering with applicable law and relevant standard with health care and workplace safety, fairness, information privacy, after sales service throughout product, customer satisfaction following to improve products and services as well as advertising, sales conduct must be with responsibilities and not misleading or take any advantages for the customers' misunderstanding.
- c) Responsibilities to business partners by engaging in and expecting fair procurement and contracting, including fair contract or agreement conditions, developing potential and enhancing production and service standards in line with applicable law and standards, and expecting and supervising business partners to respect human rights, social and environmental responsibilities and the workers fairly including monitoring and evaluating that business partners operates business sustainably.
- d) Responsibilities to the community by applying business knowledge and experience to develop and follow up on the success of projects that can concretely add value to the community while respecting community interests.
- e) Responsibilities to the environment by preventing, reducing and managing negative impact on the environment from all aspects of the company's operation including in the raw material use, energy use, water use, renewable resources use, rehabilitating the diversity of biology, waste management, and greenhouse gas emissions, etc.
- f) Fair competition by operating business with transparency and not creating unfair advantages in competition.
- g) Anti- corruption by ensuring that the company complies with applicable anti corruption law and relevant standards. The company should have and announce policies of anti corruption s to the public with participation in private sector anti-corruption initiatives and certification programs. The Board should encourage the company to collaborate with other companies and business partners to establish and announces anti corruption policy as well as participation in networks.

	<ul style="list-style-type: none"> <li>5) The Board of Directors can assign Audit Committee to consider and screen 6.1.1-6.1.4 as deemed appropriate to business before proposing to the Board for approval.</li> <li>6) The Board of Directors should always monitor and assess the effective of risk management.</li> <li>7) The Board of Directors should oversee the business is in line with applicable laws and relevant standards both domestic and international</li> <li>8) In the event that the company has subsidiaries or other business that the company invested significantly such as holding share proportion with eligible vote from 20% – 50%, the Board of Director should bring assessment result of internal control and risk management to be part of consideration as specified in concerned 6.1.1-6.1.7.</li> </ul>
Principle 6.2	The Board of Directors shall establish an audit committee that can act effectively and independently.
Guidelines	<ul style="list-style-type: none"> <li>1) The Board of Directors should establish Audit Committee at least 3 members and all directors must be independent directors with qualifications and roles under the requirements of Securities and Exchange Commission and the Stock Exchange of Thailand.</li> <li>2) The Board of Directors should set written scope of duty of Audit Committee with following duties; <ul style="list-style-type: none"> <li>a) Review the financial statement for accuracy and completeness</li> <li>b) Review the internal control system and internal audit system to be appropriate and effective</li> <li>c) Review the company to be in accordance with applicable laws and relevant standards.</li> <li>d) Consider independence of internal control auditor and approve the appointment, transfer, and termination head of internal audit or other department concerned internal audit.</li> <li>e) Consider, select, nominate independent person to be financial auditor and review that auditor's remuneration and hold a meeting with financial auditor without the management at least once a year.</li> <li>f) Review related transactions or transactions which may have conflict of interests to ensure that it is in accordance with applicable laws and those transactions are reasonable and are in its best interest to the company.</li> <li>g) Review accuracy of reference documents and self-assessment regarding anti-corruption under the Collective Action Coalition Against Corruption.</li> </ul> </li> <li>3) The Board of Director should ensure that the company provides mechanism to Audit Committee to access important information as assigned such as having access for Audit Committee to be able to ask related person to provide information, discussion with financial auditor or finding opinion independently from the advisors from other professions</li> </ul>

Principle 6.5	The Board of Directors should establish a mechanism for handling complaints and whistleblowing.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board of Directors should oversee that there is mechanism and procedures to record, monitor, follow up and report, complaint of stakeholders and ensure to provide complaint channel which is convenience with more than one channel including on the company's website or the annual report.</li> <li>2) The Board of Directors should ensure that the company has a clear whistleblowing policy, including designated whistleblowing channels for reporting of suspected wrongdoing, such as through the company's website, e-mail, designated independent directors or the audit committee. The board should ensure proper and effective handling of whistleblowing complaints, including the investigation, any remedial action, and reporting to the board.</li> <li>3) The Board of Directors should ensure that whistleblowers are protected from retaliation as a result of their good faith whistleblowing activities.</li> </ol>
Principle 7	Ensure Disclosure and Financial Integrity
Principle 7.1	The Board of Directors must ensure the accuracy of the company's financial reporting system in a timely manner and accurate disclosure of all material information with applicable requirements.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board of Directors should ensure the concerned personnel with financial statement and disclosure have knowledge, skill and proper experience with duties and responsibilities and adequate resources. Those personnels are CFO, accountant, internal auditor, company secretary and Investor Relations.</li> <li>2) When approving information disclosures, the Board should consider all relevant factors, including for periodic financial disclosures as follows; <ol style="list-style-type: none"> <li>a) Assessment result of the adequacy of the internal control system</li> <li>b) Financial auditor's opinion and observations in internal control system from financial auditor as well as any other observations via other channels (if any)</li> <li>c) Audit Committee's opinion</li> <li>d) Relevance with the company's objectives, targets, strategy and policy.</li> </ol> </li> <li>3) The Board of Directors should ensure that information disclosures including financial statements, annual reports and Form 56-1 reflect the company's financial status and performance accurately and fairly. In addition, the Board should promote the inclusion of the Management Discussion and Analysis (MD&amp;A) in order to provide to investors more complete and accurate information of the company financial status, performance in quarterly financial reports besides only numbers in the financial statement.</li> <li>4)" For disclosures related to any individual director, that director should ensure the accuracy and completeness of the information disclosed by the company, including of shareholders' information and any shareholders' agreement.</li> </ol>



	<p>2) The Board of Directors should ensure the creation of an Investor Relations function responsible for regular, effective and fair communication with shareholders and external parties. The company's designated Investor Relations contact should be suitable for the role and have a thorough understanding of the nature of the company business and its objectives and values. Examples of suitable Investor Relations contacts are CEO, CFO, and Investor Relations manager, etc.</p> <p>3) The Board of Directors should ensure that management sets clear directions for and supports the Investor Relations function such as through a code of conduct and clearly defines the roles and responsibilities of the Investor Relations function so as to ensure communication between the company the financial community and other stakeholders is efficient.</p>
Principle 7.6	The Board of Directors should ensure the effective use by the company of information technology in disseminating information.
Guidelines	1) In addition to the company's mandatory periodic and non-periodic disclosure of information pursuant to applicable requirements, the board should consider regularly disclosing relevant information in both Thai and in English through other channels, such as the company's website.
<u>Principle 8</u>	Ensure Engagement and Communication with Shareholders
Principle 8.1	The Board of Directors should ensure that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters.
Guidelines	<p>1) The Board of Directors should ensure that important matter both required by law and matters which may have an affect the business operation passed the consideration and/or approval of shareholders. Those important matters should be included in agenda of the shareholders' meeting.</p> <p>2) The Board of Directors should support participation of shareholders as follow;</p> <p>1) Setting rules that allow minority shareholders to propose agenda items for the shareholders' meeting. The Board of Directors should consider and include proposed item to be in the agenda. If the Board of Directors refused the proposal of the shareholders, reasons must be informed in the shareholders' meeting.</p> <p>2) Setting rules that allow minority shareholders to nominate name of director candidate.</p> <p>Accordingly, the Board of Directors should ensure that there is measure of disclosure inform in advance to the shareholders.</p> <p>3) The Board of Directors should ensure the shareholders' invitation letter is accurate, complete and adequate for shareholders to exercising their rights</p> <p>4) The Board of Directors should ensure that the shareholders' invitation letter with related</p>

	<p>documents are sent and published on the company's website at least 28 days prior to the date of meeting.</p> <p>5) The Board of Directors should allow shareholders to submit the questions prior to the meeting by setting rules of submitting question and the rules must also be published on the company's website.</p> <p>6) The shareholders' invitation letter with related documents should be fully translated in English and published at the same with as Thai.</p>
Principle 8.2	The Board of Directors should ensure that the shareholders' meetings are held as scheduled and conducted properly with transparency and efficiency and ensure shareholders to exercise their rights
Guidelines	<p>1) The Board of Directors should set date, time and meeting venue by considering the convenience of shareholders such as appropriate and adequate time to debate, convenient meeting location, etc.</p> <p>2) The Board of Directors should not allow any actions which limit opportunity of meeting attendance or prerequisites prevent attendance by or place an undue burden on shareholders, including as a result of identification requirements that exceed applicable legal and regulatory requirements.</p> <p>3) The Board of Directors should promote bringing technology in the shareholders' meeting including the registration, vote counting and result to ensure the meeting process is fast, correct and accurate.</p> <p>4) The chairman of the board is the chairman of the shareholders' meeting with responsibility for compliance with applicable legal requirements and the company's articles of association, allocating sufficient time for consideration and debate of agenda items, and providing opportunity to all shareholders who wish to share their opinions or ask questions related to the company.</p> <p>5) To ensure the right of shareholders to participate in the company's decision-making process in relation to significant corporate matters by participating and voting at shareholder's meetings on the basis of sufficient notice and information, directors who are shareholder should not be allowed to add items to the meeting agenda that have not been duly notified in advance.</p> <p>6) All directors and relevant executives should attend the meeting to answer questions from shareholders on the related matters.</p> <p>7) Before the start of the meeting, the attending shareholders should be informed of the number and the proportion of shareholders and shares represented at the meeting in person and through proxies, the meeting method, and the voting and vote counting methods.</p> <p>8) There should not be any bundling of several items into the same resolution. For example,</p>

	<p>the appointment of each director should be voted on and recorded as separate resolution.</p> <p>9) The Board of Directors should promote the use of ballots for voting on resolutions proposed at the shareholders' meeting and designate an independent party to count or to audit the voting results for each resolution in the meeting, and to disclose such voting results at the meeting by identifying the number of "approved", "disapproved" and "abstained" votes. The voting results for each proposed resolution should be included in the minutes of the meeting.</p>
Principle 8.3	The Board of Directors should ensure accurate, timely and complete disclosure of shareholder resolutions and preparation of the minutes of the shareholders' meetings.
Guidelines	<ol style="list-style-type: none"> <li>1) The Board of Directors should ensure the company discloses resolution of the shareholders' meeting with voting result within next business day through the Stock Exchange of Thailand channel and on the company's website.</li> <li>2) The Board of Directors should ensure that the minutes of the meeting submitted to the Stock Exchange of Thailand within 14 days after the date of shareholders' meeting.</li> <li>3) The Board of Directors should ensure that the minutes of the shareholders' meeting is prepared with following details; <ol style="list-style-type: none"> <li>a) Name lists of attendance of directors, executives and the proportion of directors</li> <li>b) Voting and vote counting method, meeting resolutions and voting results (approved, disapproved, abstained) of each agenda.</li> <li>c) Questions and answers in the meeting including name – surname of persons asking and answering.</li> </ol> </li> </ol>

## Internal Control and Risk Management

At the Audit Committee Meeting No. 6/2017 on 7 November 2017, all 3 Independent Committees attended the meeting and resolved to appoint Pattarakiat Audit and Consulting Co., Ltd. to be the Company and subsidiaries' internal control auditor. Mr. Chairaj Pattarakiatpong, Managing Director and Head of Internal Control, was assigned to be the Internal Auditor due to his suitability, independence and 19-year internal auditing experience as well as the certification of Certified Public Accountant (CPA) and Certified Internal Auditor (CIA) The Institute of Internal Auditors (IIA) – USA (1st Class of 1998 and he was 1 of total 5 first certified persons in Thailand) and Chain of Command (as the Charter of Internal Audit) 1. The Internal Audit Office belongs to Audit Committee, Director of The Internal Audit Office is the Top Executive of The Internal Audit Office which is unable to assign others to control or oversee. 2. Audit Committee considers the approval of appointment, transfer, impeachment, remuneration and compensation of Director of Internal Control as the Company's policies, budgets and regulations. In 2018, the Company has processed as follows;

- The Company has overseen the Charter of Internal Audit
  - The Company has indicated risk factors, assessed risk and managed risk properly.
- Information of Financial Statement, Management and Operation were prepared reliably and in timely manner.
- The Company's business operation and other operations were in accordance with policies, regulations and applicable laws.
  - The Company has provided resources and assets efficiently and preservation has been well controlled sufficiently.
  - The Company's resources and assets were used efficiently, cost-effective and not cause any corruptions.
  - The Company has assessed correctness, accountability and sufficiency of systems and information system as well as information security system to ensure strict, appropriate and efficient internal control.
  - The Company has observed or reviewed assigned jobs from the Company's Committee, Audit Committee, Executive Committee or Managing Director to find failures in operation and any corruption issues.
  - The Company has operates and achieved the planned projects and objectives.
  - The Company has improved quality continuously in all control procedures and activities. If independence was affected both in fact and by obvious behaviors, Internal Auditor must disclose the details of impact and report directly to the Company's Audit Committee.

Accordingly, Risk Assessment Report is the risk indicator that shows the impact of Company's operation including;

1. Impact from economic and financial condition
2. Management Attitude
3. Human Resources
4. Personnel Dependence
5. Customer Satisfaction
6. Operation is not according to established plan or operation procedure.
7. Government Policy
8. Quality of Internal Control System
9. Assessment from other institutes
10. Acceptance of Internal Control System Audit
11. Risk of debtor's arrears
12. Risk of compliance and applicable laws
13. Management and readiness of information system
14. Interruption of business operation
15. Unclear and improper communication channel management

The Company has an opinion that Internal Control and Risk Management are appropriate and direct report to Audit Committee and Chief Executive Officer is appropriate, adequate and consistent. Moreover, the Charter of Internal Audit which signed by Chairman of Audit Committee and Chief Executive Officer indicates mission, chain of command, scope of operations, duties and responsibilities, audit authority, professional operational standard, personnel development, audit operation and auditing report. Accordingly, the Company believes that the appointment of Pattarakiat Audit and Consulting Co., Ltd. which reports to Audit Committee and Chief Executive Officer will be a vital mechanism of internal control and internal audit as well as having monitoring system to enhance and improve the errors found from audit and ensure to increase efficiency and effectiveness. Besides, it is to decrease the risk of business operation.

The Company Committee has an opinion that the Company has adequate, appropriate and independent internal control system and be in the line with The Assessment of Adequacy of Internal Control of The Securities and Exchange Commission. Herewith The Assessment as below forms;



## Assessment of Adequacy of Internal Control System

### Control Environment

#### 1. The Company shows consistency in value of integrity and morality.

Questions	Yes	No
<p>1.1 Committees and Executives set the guidelines and commitments are on the principle of honesty and ethics in covered operations.</p> <p>1.1.1 Daily duties and making decisions in various matters</p> <p>1.1.2 Dealing with partners, customers and outsiders</p>	✓	
<p>1.2 Provide written regulations to Executives and employees with honesty and covered ethics.</p> <p>1.2.1 Provide appropriate Code of Conduct to Executives and employees.</p> <p>1.2.2 Provide regulations not allow Executives and employees perform themselves in the way that may cause conflict of interest to the organization including anti-corruption which may cause organization damage<sup>1</sup>.</p> <p>1.2.3 Provide appropriate penalty when there are any violations from above regulations.</p> <p>1.2.4 Provide communication and inform above regulations and penalties to Executives and employees such as including in New Employees Orientation, providing annual sign sheet for employee acknowledgement and broadcasting Code of Conduct.</p>	✓	
<p>1.3 Provide monitoring procedure and Code of Conduct Compliance Assessment</p> <p>1.3.1 Monitoring and Assessing by Internal Control Division or Compliance Unit</p> <p>1.3.2 Self-Assessment by Executives and employees</p> <p>1.3.3 Assessment by Independent Expert from outside organization</p>	✓	
<p>1.4 Provide immediate action when there are any violations on regulations which concern honesty and ethics.</p> <p>1.4.1 Provide process that can detect violations within reasonable time.</p> <p>1.4.2 Provide process that is able to punish or take action with violation appropriately and in a timely manner.</p>	✓	

<sup>1</sup> The Company should set the Internal Control as the anti-corruption measure which suits the Company's risk.

2. Committee is independent from Executives, performs duty of oversight and develops the internal control operation.

Questions	Yes	No
2.1 Set the roles and duties of Committee apart from Executives by clearly reserve the right and authority of Committee.	✓	
2.2 The Committee oversees and ensures to set clear and accountable business operation goals to be the operation guidelines for Executives and employees.	✓	
2.3 The Committee oversees the Company to set the roles and duties of Committee and Executives as in accordance with laws and the Charter which cover important roles of Audit Committee, Financial Auditor, Internal Auditor and a responsible person to Financial Statement.	✓	
2.4 The Committee has knowledge of the Company's business and beneficial expertise to the Company or able to give advice on specific matters.	✓	
2.5 The Committee consists of Independent Committee who is knowledgeable, accountable and truly independent such as being not in a business relationship with the Company, not in any other relationships which may influence on discretion and performs duty independently and properly.	✓	
2.6 The Committee oversees Internal Control Development and Compliance which cover Control Environment Establishment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.	✓	

3. Executive Division provided the report line structure, authority determination and appropriate responsibilities to ensure the Organization achieve the objectives under the oversight of Committee.

Questions	Yes	No
3.1 High-Level Executives set the organization structure which supports the objective achievement by considering the suitability both in business and law as well as providing efficient internal control such as duty separation in an important section which cause the balance check, providing internal control which belongs to Audit Committee and providing clear report line, etc.	✓	
3.2 High-Level Executives set the Company's report line by considering the appropriateness of authority, responsibility and communication.	✓	

4. The Organization shows intention of motivation in personnel development and knowledgeable personnel maintaining.

Questions	Yes	No
4.1 The Company has policies and method to recruit, develop and maintain the knowledgeable personnel. The Company has consistent procedure to oversee policy and compliance.	✓	
4.2 The Company has procedure of assessing operation, giving motivation or awards to personnel with good performance, handling with personnel who do not achieve the targets as well as the communication these procedures to Executives and employees.	✓	
4.3 The Company has solution procedure or keeps up with lacking of knowledgeable personnel appropriately and in time.	✓	
4.4 The Company has procedure to recruit, develop and maintain Executives and all employees such as providing monitoring system and training.	✓	
4.5 The Company provided plan and important succession plan.	✓	

5. The Organization determined the personnel to have duties and responsibilities of internal control and ensure to achieve the objectives.

Questions	Yes	No
5.1 The Committee and Executives have compulsory procedure and communication to all personnel to have responsibilities in internal control and provided the operation resolution when needed.	✓	
5.2 The Committee and Executives set the Key Performance Indicator, way to create motivation, giving awards appropriately by considering Code of Conduct Compliance and the Company's short-term and long-term objectives.	✓	
5.3 The Committee and Executives assessed the motivation and giving awards continuously by focusing on connection with accomplishment of internal control compliance.	✓	
5.4 The Committee and Executives considered not putting too much pressure on each personnel when performing duties.	✓	

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### Risk Assessment

6. The Organization set the objectives clearly and adequately to be able to indicate and assess risks which concern the Organization's objective achievement.

Questions	Yes	No
6.1 The Company is able to comply with regular certified accounting standard and suit the business at the present time. The Company is able to show that the financial statement is concrete and complete. The Company's right and obligation can be disclosed correctly, with proper value and complete,	✓	
6.2 The Company set the main point of financial statement by considering the necessary factors i.e. financial statement user, statement size and business trend.	✓	
6.3 The Company's financial statement truly reflects the Company's activities operations.	✓	
6.4 The Committee or Risk Management Committee approved and communicated Risk Management Policy to Executives and all employees to ensure their acknowledgement and compliance until it became the corporate culture.	✓	

7. The Organization indicated and analyzed all types of risk which may impact the objective achievement throughout the Organization.

Questions	Yes	No
7.1 The Company indicated all types of risk which may impact the business operation both in organization level, business section, department and other duties.	✓	
7.2 The Company analyzed all types of risk which may affect from both internal and external factors including risk on strategy, operation, compliance report and information technology.	✓	
7.3 All Executives level participates in risk management.	✓	
7.4 The Company assessed an importance of risk by considering both risk opportunity and impact.	✓	
7.5 The Company has measure and operational plan to manage risk which may be risk acceptance, risk reduction, risk avoidance or risk sharing.	✓	

8. The Organization considered corruption opportunities in Risk Assessment of the Organization's objective achievement.

Questions	Yes	No
8.1 The Company assessed corruption opportunities which cover all kinds of corruptions such as false financial report, asset damage, corruption, management override of internal controls, changing important information in the report, error acquisition or disposition of assets, etc.	✓	
8.2 The Company reviewed the operation's objectives deliberately by considering the possibility of established goals, reasonability of motivation or compensation to employees and ensure that it is not the kind of support misbehavior such as not setting too high sales target until it causes a motivation of setting their sales target, etc.	✓	
8.3 Audit Committee considered and inquired Executives regarding the opportunity of corruption and measure that the Company has operated to prevent or solve the corruption.	✓	
8.4 The Company communicated to all employees to ensure their acknowledgement and established policy and regulation compliance.	✓	

9. The Organization can indicate and assess changes which may impact internal control system.

Questions	Yes	No
9.1 The Company assessed changes of external factors which may impact business operation, internal control and financial statement as well as setting response measure to change adequately.	✓	
9.2 The Company assessed changes of business model which may have impact to business operation, internal control and financial statement as well as setting response measure to change adequately.	✓	
9.3 The Company assessed changes of Head of Organization which may have impact to business operation, internal control and financial statement as well as setting response measure to change adequately.	✓	



## Control Activities

10. The Organization has control measures which help decreasing risk of objective non-accomplishment to be in acceptable level.

Questions	Yes	No
10.1 The Company's control measures are appropriate with risk and organization identity such as environment, work complication, work description, scope of operation and other characteristic.	✓	
<p>10.2 The Company has written internal control measures which cover many procedures properly i.e. measures and regulations of financial transactions, purchasing, regular management as well as scope determination, authority and approval order of each Executive level which is clear and strict to ensure the corruption protection such as limiting financial amount and approval authority of each Executive level, process of investment approval, purchasing process and method of seller selection, information and details of purchasing decision recording, process of issuing materials or other tools, etc. Process is as follows;</p> <p>10.2.1 Data collection of Major Shareholders, Directors, Executives, related persons to those persons and connected persons or transactions which may have conflict of interest and always ensures the updated data.</p> <p>10.2.2 In case the Company approved a transaction or made a contract with related person in long-term binding such as sale contract, loan or guarantee, the Company monitored to ensure that they comply with agreed condition throughout the contract period such as following punctual reimbursement or reviewing as contract appropriateness, etc.</p>	✓	
10.3 The Company set the various and appropriate internal controls i.e. manual and automated or preventing control and monitor.	✓	
10.4 The Company set the internal control on all levels of organization i.e. all in Company group, business section, department or operation.	✓	
<p>10.5 The Company completely separated these 3 work fields for cross check process that is</p> <p>(1) Approval Authority</p> <p>(2) Accounting Transaction and Information Recording Authority and</p>	✓	

11. The Organization selected and developed Control Activities by technology to help supporting the objective achievement.

Questions	Yes	No
11.1 The Company should set the relationship between using information technology in work operation and regular control of information system.	✓	
11.2 The Company should set the proper control of infrastructure in technology system.	✓	
11.3 The Company should set the proper safety control in technology system.	✓	
11.4 The Company should set the proper control of acquisition process, development and technology system maintenance.	✓	

12. The Organization provided Control Activities through policies which determined expectation and operational procedure to ensure the established policies conduce to the practicable operation.

Questions	Yes	No
12.1 The Company has strict policies to monitor the transactions of Major Shareholders, Directors, Executives, those related persons to pass the established processes such as the Company's regulations, the Stock Exchange of Thailand's criteria, the office's criteria, etc. to prevent finding opportunity or bringing the Company's interest to be personal gains.	✓	
12.2 The Company has policies to allow the transaction approval with person who has no interest in that transaction.	✓	
12.3 The Company has policies to consider transaction approval for the Company's best interest and consider as if it is transaction with outsiders (at arms' length basis).	✓	
12.4 The Company has monitoring procedure of the Company and subsidiaries' operation including setting guidelines to person who was appointed to be Committee or Executive in the Company or subsidiaries. <i>(If the Company has no investment in subsidiaries or associate companies, please skip this question.)</i>	✓	
12.5 The Company set roles and responsibilities of Policies and Procedures Compliance by Executives and employees.	✓	
12.6 Policies and Procedures Compliance are utilized at the appropriate time by personnel with ability as well as coverage of failure resolution in working operation.	✓	
12.7 The Company always reviews appropriate policies and compliance.	✓	

## Information &amp; Communication

13. The Organization has concerned and quality information to support the established internal control operation.

Questions	Yes	No
13.1 The Company set the essential data in operation both from internal and external which has quality and concern work.	✓	
13.2 The Company considers cost, expected benefit as well as quantity and correctness of data.	✓	
13.3 The Company operates to ensure the Committee has adequate and important data for decision making. Example of important data is Details of proposing issue to consider, reasons, impact to the Company and other alternatives.	✓	
13.4 The Company operates to ensure the Committee receives an invitation to a meeting or supporting documents which specific necessary and adequate information for consideration before the meeting at least within minimum duration required by law.	✓	
13.5 The Company operates to ensure the minutes of Committee Meeting consist of proper details to be able to check back suitability of each committee performance such as recording committee inquiries, opinions or notice of committee in considering issue, opinions of committee who disagreed with the proposal and reasons, etc.	✓	
13.6 The Company operates as follows; 13.6.1 File and classify important documents completely. 13.6.2 In case of receiving report of Financial Auditor or Internal Auditor that errors of Internal Control was found, the Company took actions and solved the problems completely.	✓	

14. The Organization communicates internal data including objectives and responsibilities of vital internal control which is necessary to support a smooth planned internal control.

Questions	Yes	No
14.1 The Company has effective internal data communication and appropriate communication channel to support internal control.	✓	
14.2 The Company always reports important information to the Board of Directors and the Board of Directors can reach information source which is necessary for operation or review other issues as needed such as defining person to be center of communication besides information from Executives, contact information from financial auditor, internal auditor, holding a meeting between Board and Executives as requested by Committee, holding meeting activities between Board and Executives apart from the Board of Directors' meeting, etc.	✓	
14.3 The Company provided special or confidential communication channel for any persons in the Company to be able to report clues or call the whistle-blower hotline regarding defalcation or corruption in the Company securely.	✓	

15. The Organization communicates with outside agencies regarding the issues which may impact internal control.

Questions	Yes	No
15.1 The Company has information communication procedure with external stakeholders efficiently and has appropriate communication channel for support internal control such as providing staffs or Investor Relations Department, Whistle-blowing Center, etc.	✓	
15.2 The Company provided special or confidential communication channel for any persons in the Company to be able to report clues or call the whistle-blower hotline regarding defalcation or corruption in the Company securely.	✓	

### Monitoring Activities

16. The Organization monitors and assesses internal control to ensure the complete and appropriate operation.

Questions	Yes	No
16.1 The Company provided monitoring procedure of business ethics compliance and prohibitions of Executives and employees which may cause conflict of interest such as determining each section to monitor the compliance and report the commander, etc.	✓	
16.2 The Company provided compliance audit as established internal control system by providing self-assessment and/or independent assessment by Internal Auditor.	✓	
16.3 Monitoring frequency and assessment are appropriate with changes of the Company.	✓	
16.4 Monitor and assess the internal control system by experts.	✓	
16.5 The Company set the guidelines of how to report internal audit results to Audit Committee.	✓	
16.6 The Company supports Internal Auditor to perform duties as International Standards for the Professional Practice of Internal Auditing, IIA.	✓	

17. The Organization assesses and communicates errors of internal control in time to responsible person including High-Level Executives and Committee appropriately.

Questions	Yes	No
17.1 The Company assesses, communicates errors of internal control and takes action for resolutions immediately when overall operations was significantly different than established targets.	✓	
<p>17.2 The Company's report measures are as follows;</p> <p>17.2.1 Executive Department must report the Board of Directors immediately when there is incident or suspicion of critical corruption, law violation or other misbehaviors which may significantly impact the Company's reputation and financial position.</p> <p>17.2.2 Report vital errors with resolution guidelines (even though the procedure has started) to the Board of Directors / Audit Committee for consideration within a timely manner.</p> <p>17.2.3 Report the progress of errors improvement which is significant main point to the Board of Directors / Audit Committee.</p>	✓	



# Code of Conduct

## Section1 Definition and Glossary

### Definition of Morality and Ethic

Morality is behavior used to be principle of conduct which is basically from religion or custom of each society.

Ethic is a model of proper conduct which shows morality and code of conduct in profession which the company expects all employees to comply for the company and their own reputation and honor maintaining.

### Glossary

Company	means	Sonic Interfreight Public Company Limited.
Stakeholder	means	Executive Director, employee, stakeholder and related person which may cause conflict of interest both directly and indirectly and conduce towards the Company's benefit transfer
Executive	means	Chief Executive Officer / Managing Director / Manager and first 4 Executives from Managing Director
Security	means	Ordinary shares, warrants or transferable securities in the present time and in the future
Related Person	means	Close relative which means person having blood relation, spouse, father, mother or adopter who adopts relatives or adopted child as well as spouse of relatives and child) Controlling person as follows; - A juristic which person or juristic proxy or representative hold share more than 25% of total voting rights whether directly or indirectly. - A juristic which person or juristic proxy or representative has controlling authority to appoint and impeach Directors from half of total Directors. - A juristic which person or juristic proxy or representative is a Director.
Competitor	means	A person or a company engaged in same industry which offers similar or same product or service.
Partner	means	Supplier who provides goods and service to the Company
Internal Information	means	Information which is undisclosed to public and being vital information which has impact to stock price.

## Section 2 Morality and other Business Ethics

### **2.1 Stakeholding and Conflict of Interest**

- Avoid any actions which may have conflict of interest to the Company even from communication with related commercial person such as partner, competitor or from opportunity or information from being employee to use as personal gains and in the term of running business which competes with the Company or other works apart from the Company's assignment which impact the Company's responsibilities and duties.
- Prohibit the Company's employees who have interest approve any transactions on behalf of the Company to prevent any conflict of interests which may happen and in the event of dealing business with the Company all in personal, family or on behalf of any juristic person which employees have authority, employees must disclose interest to the Company before doing transactions.
- The Board of Directors and Executives must carefully consider conflict of interest of related transactions between the Company and person or juristic person which may have conflict of interest with honesty, reasons and independence under scope of good ethics by considering the Company's best interest.
- Executive Directors must report related transactions and management of the Company or subsidiaries.

### **2.2 Securities Trading and Internal Information Usage**

- Executive Directors and employees at all levels are prohibited to use the Company's inside information which has significant main point and not disclosed to public for their personal or other gains until reaching 24 hours after the public discloser.
- Employees at all levels must keep confidential and not disclose the customers and commercial information. The Company employees must not disclose customer's secret both to employees and non-related external party except required by law and be a disclosure for suing objective or the Board of Directors made written approval.
- Executive Directors, employees and related person are prohibited to disclose or transmit the Company's information or secret to non-related person including family, relatives, friends, etc.
- Information disclosure must be by Executives or authorized employees. Regular employees do not have duties on information disclosure. In the event of information disclosure inquiries, employees will advise the questioner to ask the responsible person to ensure correct information and being in one direction.
- Not give advice or suggestion of the Company's securities trading except being concerned issues which assigned by the Company.

- Directors, Executive and employees in the Company who have knowledge of inside information are prohibited to buy or sell securities until reaching 1 month after the public disclosure of financial statement both quarterly and annually or information which have impact to public stock price and after 2 business days after the disclosure of the Company's financial statement and information to concerned department.
- Executive Directors, Managers and employees in Accounting and Finance Department must make trading report within 2 business days to Company Secretary when there are securities trading to ensure further concerned compliance.
- Executive Directors, Managers and employees in Accounting and Finance Department must report their securities holding and related person in accordance with the Securities and Exchange Commission Act every quarter to Company Secretary.

### 2.3 Customers Treatment

- Service customers under moral condition and be on a moral remuneration basis for both sides.
- The Company's employees must dedicate and intent to improve quality of service in accordance with application regulations, with reasonable price and up-to-date.
- Comply with contract or other agreements strictly. In the event of unable to comply with one of agreements, the employees must hasten to inform partners and/or creditors in advance for co-consideration and finding resolutions.
- Keep customers' secret except when customers agree to disclose by written or applicable laws including not bringing customers' data for personal gains and others.

### 2.4 Competitor Treatment

- Directors, Executives, Managers and employees conduct under rules of good competition.
- Not engage in dishonest or inappropriate search for competitors' inside information or trade secrets.
- Not destroy competitors' reputation by calumny or attack without reasonable information.

### 2.5 Procurement and Partner Treatment

- There must be transparent and fair process in procurement procedure and for its best interest to the Company.
- The Company's employees must process procurement and provide service by considering the need, worthiness, cost and quality. Employees must provide information to partners fairly and correctly, not conceal, have bias or being discrimination to partners.
- In event of contact partners, employees must keep documents and evidence of negotiation, draft contract, agreement and compliance as evidences within a time required by law.

- Not ask, receive or pay any dishonest interest in trading with partners.
- Comply with agreement strictly. In the event of unable to comply with agreements or partners are unable to follow the contracts or any other reasons that unable to comply with contracts, the employees must inform commander immediately for consideration and finding further resolutions.

## 2.6 Shareholder Treatment

- Perform duties with honesty, carefulness, prudence and fairness to major and minor shareholders for their overall best benefits along with making decision under profession measures.
- Set the Dividend Payment Policy appropriately to shareholders. Dividend Payment may vary as depending on overall operation, financial position and investment plan of the Company.
- Establish the Board of Directors and Sub-Committees to approve the business direction, business plan and annual budget by considering the Company's best interest, shareholders and stakeholders.
- Announce and explain actual status of the Company, turnover, financial position, accounting and other reports consistently and completely as the principle of concerned departments.
- Shareholders and stakeholders can report or complain conflict of interest which may impact the Company to Directors through Company Secretary to gather and screen the primary facts to and present to the Board of Directors or Sub-Committees.

## 2.7 Creditor Treatment

- Treat creditors with fairness. Not ask, receive or pay any dishonest interest in trading with creditors.
- Follow agreed conditions strictly. In the event of unable to comply with one of agreements, the employees must hasten to inform creditors in advance for co-consideration and finding resolutions.

## 2.8 Corporate Social Responsibility (CSR)

- Response, adhere and support responsibility to social, education, religion, art and culture as well as local custom where in the area of the Company location.
- Carry out the activities to create social, community and environment to make the community in the Company location a better life quality both processing by the Company and coordinate with government and community.
- Give priority to accident prevention, waste emissions control of partner in the Company's industrial estate to be in acceptable standard level and in accordance with regulations of concerned departments.

- The Company cultivates conscious of social and environment responsibility within the Company and partners as well as using resource, materials or other equipments efficiently.

## **2.9 Respect for Human Rights and Fair Treatment of Workers**

- Give importance to environment in workplace and ensure life safety and employees' properties and adhere the labor law strictly.
- Not support labor unfair practice, child labor and illegal alien labor.
- Give importance to principle of human rights to all employees at all levels
- The Company will recruit and hire personnel to position with morality by considering each position's qualifications, educational competence, experiences and other specifications which are necessary for jobs, treat all employees equally without discrimination in term of gender, age, nationality, religion, education or any other status not directly related to their work performance.
- Appointment, transfer, giving award and punishment are with honesty and on a basis of knowledge, competence and suitability of each employee.
- The Company will keep employees' personal data such as biography, family profile, health profile, work experience, etc. Disclosure or employees' personal data transfer are able to do only when that employee approved.
- Give remuneration fairly and appropriate with duties and responsibilities.
- Hold an orientation and hand employee handbook to all new employees. Ensure they acknowledged and understood benefits they will get as a fair employment and adherence to labor law strictly.
- Focus on development and provide training to Directors, Executives and employees continuously to increase potential in their work performance and support employees' career progress.
- Establish provident fund to employees to encourage employees to save money in long term for their own and family when resign, retire, disabled or pass away.

## **2.10 Giving or Receiving Gifts**

- Executives and employees will not ask or consent to receive money, gifts or any other interest from the Company's business related person.
- Executives and employees may receive or give gifts which must not affect to any business decision making of receivers.
- In case there is necessary incident to receive gifts or other properties which cost more than 3,000 Baht, employees must report commander respectively.



- Giving or receiving gifts are able to do when it is with transparency, in public or disclosable.
- Executives and employees can hold a business reception for guests for the Company's business interest as approval authority of the Company's employees and avoid an excessive reception from business related person or future partners.

#### **2.11 Information Technology and Communication Usage**

- The Company has policies to support and only use devices, programs with legal copyright.
- Employees must not use the Company's computer to publish improper information in term of morality, custom, tradition or legal violation.
- In the event that the Company's employees ask commander for approval to allow external officer use the Company's information, an employee who ask for authorization must control usage and response in damage which may cause the Company.
- The Company has the right to check, search, monitor, investigate and control information usage of the Company's employees to ensure safety of information system.

#### **2.12 Non-Infringement of Intellectual Property**

- Any works came from duties performing is considered the Company's intellectual property.
- The Company has policies not to perform any actions of infringement of intellectual property whether copyright, patent, trademark, trade secret and other intellectual property according to the law.

#### **2.13 Assets of Company Usage and Care**

- The Company's employees have duties and responsibilities to take care of assets both tangible and intangible not to damage, lost and use assets efficiently. Employees must learn and understand method of usage and safety suggestion of assets, utilize for its best benefit and not bring the Company's assets for personal gains or others.
- All of Company's employees strictly avoid the confidential information disclosure or utilization.
- All of Company's employees must control confidential information properly.

#### **2.14 Ethics Management and Treatment**

- All of Company's employees must comply with ethics strictly, If violations or any actions against the Company's ethics are found, the Company will punish as the offence in each case.
- Executives and commander must be a role model, comply with ethics, inspect and encourage controlees to follow the established ethics.

- In the event of exception request, employees and Directors must get a written approval from the Board of Directors.
- All of Company's employees must sign the acknowledgment when becoming employees and when there are some changes.

## 2.15 Anti-Corruption

- Provide training to employee to ensure the knowledge of the Company's Anti-Corruption policies and regulations.
- Support and cooperate with government sector, private sector, corporate governance sector and all sectors of Thai social for reducing corruption and upgrading country development.
- Prohibit Directors, Executives and employees to accept all kinds of corruption both direct and indirect such as receiving gifts, giving gifts, holding a reception, money collection, donation money and other interests from business related person.

Consequently, the Company has provided channel to stakeholders to report clues, give suggestions, complain in term of corruption or any actions which are not in accordance with the Company's regulations to the Board of Directors directly by sending mail to below address.

## Section 3 Morality Management and Business Ethics

### 3.1 Management for Acknowledgement of Executives and Employees

To ensure Executives and Employees acknowledged moral regulations and business ethics, all of Company's employees sign and certify the acknowledgement of content of the Company's morality and business ethics.

All new employees must sign the form to affirm that they have read moral regulations and business ethics for the Company's business operation and they accepted to comply with regulations of ethics. Accordingly, employees are unable to excuse the unread or unsigned the form in order not to comply.

These morality and ethics in business operation will be regularly improved to ensure that it is updated with changed principles. Consequently, if there is any addition or cancellation of any ethics, must report the Board of Directors.

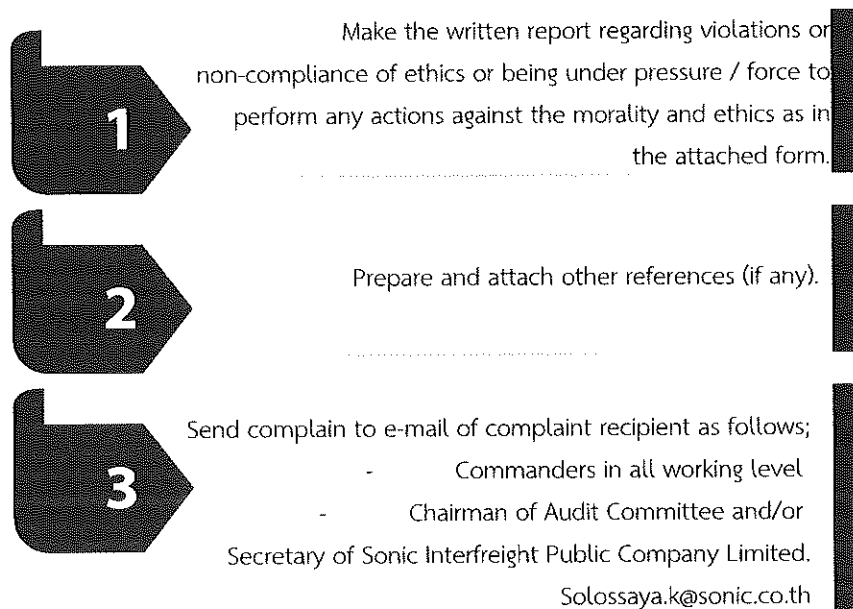
### 3.2 Actions which are within the scope of morality and business ethics violations.

1. Not comply with moral regulations and business ethics.
2. Advise, encourage or support others not to comply with ethics.
3. Ignore when violations of the ethics are found in the event of acknowledge or should acknowledge as it is related or under own responsibilities.
4. Not cooperate or obstruct truth investigation which claimed the violations or non-compliance.

### 3.3 Principles when violations or non-compliance of morality and ethics are found

The Company's Directors, Executives and all employees must give importance to morality and business ethics. In the event of violations are found, the Company's employees must report the non-conduct of morality and business ethics. In the event of violations or non-compliance of ethics or being forced to conduct any actions against the morality and ethics are found, employees can send complaints as following process;

#### Process and Step of Report



### 3.4 Management of violations or non-compliance of morality and ethics report

#### *Fact Gathering*

A complaint recipient must process and summarize primary result within 45 days from the date of receiving report.

#### *Information Scrutinization*

A complaint recipient will present issues to a representative of Executives who takes part in the consideration including;

1. A representative from Manage Level upwards in the section of complaint and must be a person with no conflict of interest or any benefits with complainant.
2. A representative from Human Resources Executive
3. Company Secretary or Head of Internal Control

#### *Action Measures to stop violations or non-compliance of morality and ethics*

A Representative who attended the consideration will set the action measures to stop violations or non-compliance of Morality and Ethics and relieve damage to affected person by considering trouble and damage by giving the report the operation results to the top commander of affected person and to the Top Executive.

### 3.5 Disciplinary Action

The Company will consider and set the discipline which is appropriate with character and situation of each category of ethics violation. Level of discipline will be different depending on seriousness of fault.

In the event of light or first violation, the Company will issue a warning letter by the person in topic 3.4 will summarize result and penalty to Chief Executive Officer / Managing Director for approval.

In the event of serious violation, the violator may be punished with serious penalties as follows;

- Suspension without salary
- Layoff
- Take legal action both civil and criminal

A representative from Executive Department who attended the consideration will summarize the result and penalty to Chief Executive Officer / Managing Director for approval.

**3.6 Protection Measure to reporter, complainant or cooperate person in violations or non-compliance of morality and ethics report**

1. The Company will keep data and body of to reporter, complainant or cooperate person in violations or non-compliance of morality and ethics as confidential.
2. The Company will disclose information as much as necessary by considering safety and damage of reporter regarding information source or related person.
3. An injured person will get relief by appropriate and fair procedure.

## Anti-Corruption Policy

The Company operates business by giving importance in anti-corruption and in adherence with morality, ethics, transparent management and responsibility to all stakeholders. Accordingly, the Company set the Code of Conduct to Directors, Executives and employees in business ethics and employee ethics which is part of “Corporate Governance” of the Company. Corruption means “Conduct or non-conduct in duty position or using power of position improperly, violation of law, morality, rules or policies of the Company to seek the benefit wrongfully in all types such as asking, receiving, offering or giving properties including other interests to government officer or other business related person, etc.”

Besides, the Company set the policies of anti-corruption as a guideline to conduct as follows;

- Directors, Executives and employees will not perform or support corruption in whatever and will comply with anti-corruption measures strictly.
- Directors, Executives and employees have duties to comply with good corporate governance and anti-corruption. The Board of Directors assigned Executives Department to communicate the anti-corruption measures and compliance.
- Create corporate culture with honesty and adhere to fairness.
- Provide training to employees in the organization to encourage the employees to perform duties with honesty and be ready to bring regulations and ethics of good corporate governance to be principle of work operation strictly in the entire organization.
- The Company provided Human Resources Management Procedure which reflects the adherence to anti-corruption measures such as recruitment, training, performance assessment, remuneration and promotion.
- The Company provided internal control to ensure that internal control system helps the Company to achieve the established targets including auditing operation in all sections to be in line with regulations, rules, help finding faults or weak points, giving advice of work operation development to be efficient and effective as good corporate governance.
- Cooperate with government sector in determining all sections which are partners of contract with government sector to disclose Submission of Income Statement to The Office of the National Counter Corruption Commission (NACC).
- Assign Company Secretary and Head of Internal Control to be person who response to generate good corporate governance.



## Corporate Social Responsibilities: CSR



The Company aims to develop business to grow sustainably along with Social Responsibility and to ensure the Company's business development in sustainable. The Committee set the Corporate Social Responsibility or CSR to operate business under good corporate governance and adhere with morality along with environment care and social responsibility consciousness by considering inside and outside stakeholders from the shareholders, employees, customers, community as well as wide social. According, it is for sustainable business development.

### Scope of Social Responsibilities Operation Guidelines

Business operation is under good corporate governance and adheres with morality along with environment care and social responsibility consciousness by considering inside and outside stakeholders from the shareholders, employees, customers, community as well as wide social. According, it is for sustainable business development. The Company's Social Responsibilities Guidelines cover as follows;

1. Fair Business Conduct
2. Anti - Corruption
3. Fair Labor Practice
4. Consumer Responsibility
5. Social and Environment Responsibility

## 1. Fair Business Conduct

The Company and subsidiaries give importance to business operation which is in accordance with honest and fair trading competition frame under the law and the Company and subsidiaries' business ethics and hold agreement of competition with fairness when receiving fair return for both sides. Business operation with partner must not bring damage to the Company and subsidiaries' reputation or against the law. Business Operation Guidelines are as follows;

- Not ask or accept to get assets or other interests which are beyond trade agreement or trade condition.
- Aim to build relationship, good corporation and product development with partners to strengthen capacity and efficiency in long-term business cooperation.
- Ensure confidential information of partners, not use them for personal gains or other concerns improperly.
- The Company and subsidiaries will not support any intellectual property infringement, support Executives and employees to use resource and the Company's assets efficiently, use products and services with copyright and not support products or any action with intellectual property infringement.
- The Company and subsidiaries resist unfair competition and will not participate in these misbehaviors such as price fixing collusion and sale price fixing for competitor elimination. The Company's pricing is from market situation, demand as well as other concerned costs, on the other hand, it is pricing by cost and other expenses to ensure competitiveness. The Company's purchasing policy is with regulations, supply process, clear operational procedure to ensure fairness.
- The Company and subsidiaries set the complaint channel when receiving unfairness at the Company and website of the Company, etc.

## 2. Anti-Corruption

The Company and subsidiaries operates business with transparency and in adherence with correctness by providing Anti-Corruption Guidelines as well as supporting activities which encourage and cultivate Executives and employees to abide the laws and applicable rules and regulations, not support the dishonest achievement. The Company's committee has Anti-Corruption Policy which is in line with laws and guidelines are as follows;

- Build consciousness, value, attitude to employees to follow rules and regulations with honesty as the Company's Code of Conduct.
- Provide efficient and effective internal control system, auditing system and appropriate balance of power in order to prevent dishonest behavior or any concerns with corruptions.
- Prohibit Directors, Executives and employees perform any actions which are demand or accept assets or other interests for personal gains or others that indicating to persuasion to perform or refrain from duties improperly or any actions which may cause the Company's lost fair benefits.
- Prohibit Directors, Executives and employees give or offer assets or any other interests to outsiders to persuade those people to perform or refrain any actions which are against the laws or responsibilities.





### 3. Fair Labor Practice

The Company and subsidiaries has policies to treat all employees with fairness without any conditions that cause the Company and subsidiaries to treat employees unequally to ensure fairness to all employees. The Company has employee care with throughout fairness (as regulations of the Company's operation) as follows;

1. The Company and subsidiaries will take care of remuneration for all employees properly and fairly without any asking.
2. The Company and subsidiaries will ensure there are no discriminations and treat employees equally.
3. In case when employees complain, the Company and subsidiaries will provide complain process and procedure clearly and the Company will seek the solutions as soonest with fairness to eliminate problems and ensure it is within frame and will not widely expanded.

Since the Company gives precedence and realizes in equality with its guidelines to all employees with fairness, not discrimination and in accordance with Code of Conduct to be operational guidelines for all employees, the Company considers guidelines in Code of Conduct is part of "Employee Rules and Regulations" which all employees must follow. Consequently, the Company has explained the Business Ethics to all employees for acknowledgement on the first day of working and also emphasized the details in employee training program.

### 4. Consumer Responsibility

The Company and subsidiaries give importance to stakeholders in business supply chain such as shareholders, customers, partners and business competitor. The Company announced its Code of Conduct to be operational guidelines for Consumer Responsibilities as follows;

- Deliver products and provide service with quality and ensure it meets customers' expectation with fair price.
- Provide correct, adequate and up-to-date information to customers to ensure they acknowledge the products and service without an exaggeration which causes the misunderstanding to those products' quality or service.
- Contact customers politely, efficiently and with trustworthiness. Provide complain channel procedure to customers regarding products' quality and safety.
- Ensure customers' information are treated as confidential and not used for personal gains or other concerned improperly.
- The Company and subsidiaries provide marketing communication channels such as product details communication through sales staff or other channels via the Company's website, etc.



## 5. Social and Environment Responsibility

The Company and subsidiaries set policy to encourage and provide knowledge of social and environment to employees in all level to be guidelines in community, social and environment development and responsibility as well as abiding by applicable laws and other environment concerned regulations in business operation by providing evaluating and monitoring the operation or environmental impacts continuously.

- 1) Set the clear procedure of waste management from the operation.
- 2) Oversee environment around the project area to limit the impact from the Company and subsidiaries' operation.
- 3) Cooperate in community development around the Company's projects

### Operation and Report Preparation

#### 1. Corporate Social Responsibility Committee

Corporate Social Responsibility Committee will be appointed by The Board of Directors and consist of at least 3 members but not more than 8 members. Corporate Social Responsibility Committee will select 1 member to be Chairman of Corporate Social Responsibility Committee.





**Project 2 100,000 Trees Planting Volunteer Project**  
The Company gives importance to forest that is vital resource of the country in term of economic, social and environmental. In addition, it affects industry development and economy in wide area. Accordingly, this project not only helps decreasing carbon dioxide but also remaining nature and environment since the Company operates business that use vehicles to transport goods, causing carbon dioxide emissions. This project gives an opportunity to customers to be participated that is

“When customer uses SONIC Transport Service,  
1 booking will join donating 1 young plant”





### Project 3 Don't Drink Drunk Project

The Company cooperates with Don't Drink Drunk Foundation by publicizing through message sticker on the Company's trucks that service throughout the country. It is support and public relations without any service charge.





## 2. Operation Plan Determination and Operation Result Report

Corporate Social Responsibility Committee will create Social Responsibility Plan, present Executive Committee annually and set the operating budget in each year by considering social responsibility framework along with appropriateness with business operation, financial status and business profits as well as preparing operation result and present to Executive Committee at least once a year.



## Activities for Social and Environment (After Process)

The Company set guidelines to organize activities by establishing the activities policy for overall social and environment benefits to ensure the business operates under transparent operational philosophy, considers benefits of related people from the upstream to the downstream sustainably and gives importance to social responsibility with environment care.

### 1. Organization

Improve skills, ability and work competence as well as cultivating consciousness of social and environment support and anti – corruption.

### 2. Partners, Direct and Indirect Beneficiary

Operate business with transparency and accountability. Plan clear framework and build confidence in the Company's growth sustainably.

### 3. Community and Nation

Support and encourage activities which benefit to social by cooperating with government and private sector in community social development and focusing on cultivating community people's consciousness to take care each other both safety in life and health and cultivating to be honest.

The Company set 4 projects of activities for social and environment which are quality of life development in community of Tambon Bangplee and Bangkaew, the communities near Kingkaew Distribution Center. The Company supported providing knowledge of safety in traveling, rehabilitation of patients in community and health development. At present, the Company has consulted with head of community to acknowledge problems and cooperate with community in finding solutions for those problems.

## Environment

The Company aims to create values in the organization to ensure environmental consciousness by giving precedence to the partner company's employees, people in community and country with details as follows;

### 1. Organization

As the Company is Logistics Service Provider, it is undeniable that the Company has to take part with creating more pollution. Therefore, the Company foresees its importance of pollution reduction attempt by issuing the policies as follows;

- Monitor and abide the applicable environmental laws
- Give importance to transport vehicles maintenance by using only vehicles with exhaust gas control as EURO4 Standard.
- Give importance to knowledge development with employees to ensure environmental consciousness and efficient resource usage regardless of environmental activities, environmental training encouragement.
- Improve inside and outside areas of the Company to be Green Company.

## 2. Partners, Direct and Indirect Beneficiary

The Company has clear policies against the environmental misbehaviors such as not allowing oversize transportation as required by law, not allowing partners to provide service with inoperative vehicles, not dealing with partners that the operation causes pollution and not dealing with whomever against the environmental development participation.

## 3. Community and Nation

The Company encourages and support government and private sectors to drive the beneficial projects of environmental development.

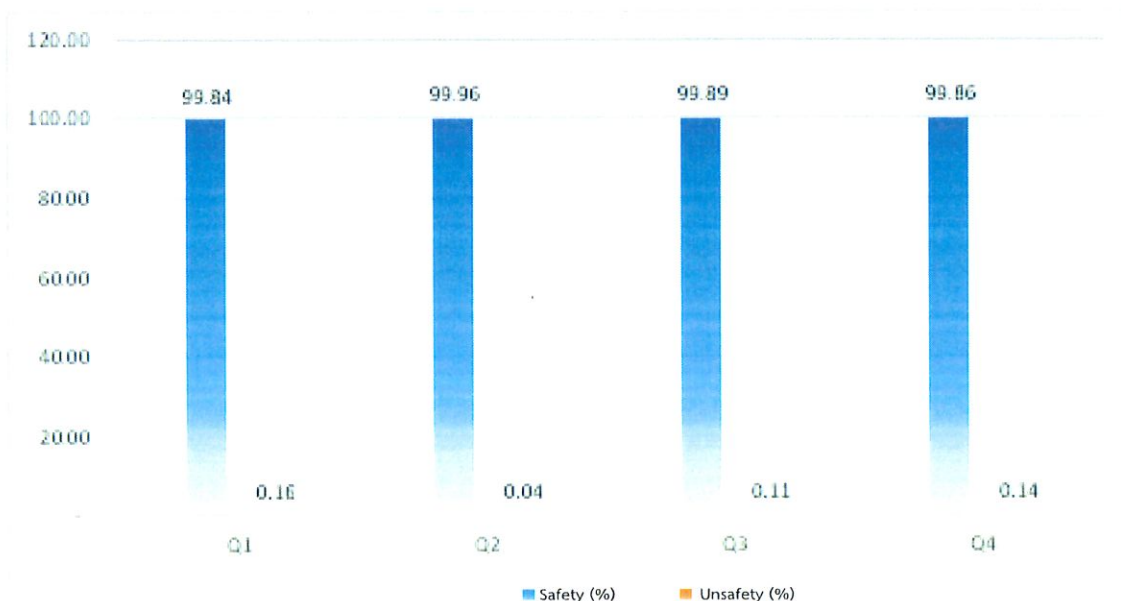
### Business Operation which affects social responsibility

- None -

### Safety Statistics 2018

From the previous year's operation, there was safety statistics at 30,473 times which is equal to 99.89% and unsafety statistics was at 35 times which is equal to 0.11%. Accordingly, it showed that unsafety statistics from work operation was much less when comparing with safety statistics. Below further details shows safety statistics separated by quarter in 2018 as follows;

	Number of Containers (trips)	Number of Safety (times)	Number of Accidents (times)	Safety (%)	Unsafty (%)
Q1	8,008	7,995	13	99.84	0.16
Q2	7,041	7,038	3	99.96	0.04
Q3	7,491	7,483	8	99.89	0.11
Q4	7,968	7,957	11	99.86	0.14
Total	30,508	30,473	35	99.89	0.11



## Legal Dispute

On 31 December 2018, the Company did not have legal dispute which may have an effect to the Company's assets which is over 5% of shareholders.

## Information of Directors, Executives and Controlling Persons

Information of the Company's Executives, Controlling Persons and Company Secretary as of 31 December 2018.

Order	Name - Surname / Position	Age	Education / Training Experience	Proportion of Shares Held (%)	Family Relationship with Executives	Work Experience in the past 5 years	
						Duration	Position  Name of Institute / Company / Type of Business
1	Assoc. Prof. Dr. Wanchai Rattana Wong /  Chairman and Independent Director	55	- Ph.D., Manufacturing, Swinburne University of Technology Melbourne Australia - Master of Computer Integrated Manufacturing, Swinburne University of Technology Melbourne Australia - Master of Science in Physics, Srinakharinwirot University (Prasannit) - Bachelor of Science in Physics, Srinakharinwirot University (Bangsan) - Certificate of Director Certification Program (DCP), Class of 201/2015 - Certificate of Director Accreditation Program (DAP), Class of 110/2014 - Certificate of Advanced Audit Committee Program (AACP), Class of 16/2014	0.00	None	2015 – Present	Chairman  Sonic Interfreight Public Company Limited / Logistics
						2017 – Present	Director  LRDI (Thailand) Company Limited/ Electronic Research and Development
						2016 – Present	Audit Committee, Nomination and Remuneration Committee, and Corporate Governance Committee  PTG Energy Public Company Limited / Retail, Wholesale and Oil Transportation Service Provider
						2016 – Present	Senior Vice President for Organization Potential Development  University of The Thai Chamber of Commerce / Educational Institution
						2014 – Present	Corporate Governance Committee and Independent Director  PTG Energy Public Company Limited / Retail, Wholesale and Oil Transportation



Order	Name - Surname / Position	Age	Education / Training Experience	Proportion of Shares Held (%)	Family Relationship with Executives	Work Experience in the past 5 years		
						Duration	Position	Name of Institute / Company / Type of Business
						2018-Present	Board of Director	Service Provider Bangkok Mass Transit Authority
						2012 - 2015	Dean of Faculty of Engineering and Director of Logistics Research Center	University of The Thai Chamber of Commerce / Educational Institution
						2011 - Present	Director	New Frontier Consultants Ltd. / Advisory in commerce, industry and educational institute.
						2017 - Present	Director of Logistics Research and Development Institute	University of The Thai Chamber of Commerce / Educational Institution

Order	Name – Surname / Position	Age	Education / Training Experience	Proportion of Shares Held (%)	Family Relationship with Executives	Work Experience in the past 5 years		
						Duration	Position	Name of Institute / Company / Type of Business
2	Assoc. Prof. Kalyaporn Pan-ma-ying /  Chairman of Audit Committee/ Nomination and Remuneration Committee / Independent Director	65	<ul style="list-style-type: none"> <li>- Master of Business Administration, National Institute of Development Administration</li> <li>- Bachelor of Accounting, Bangkok University</li> <li>- Certificate of Director Accreditation Program (DAP), Class of 28/2004</li> <li>- Certificate of Audit Committee Program (ACP), Class of 13/2006</li> <li>- Certificate of Certificate Visiting Colleague Program, University of Hawaii at Manao, USA</li> <li>- Certificate of Top University Executive Program (Class of 8) Ministry of University Affairs</li> </ul>	0.00	None	2015 – Present	Chairman of Audit Committee	Sonic Interfreight Public Company Limited / Logistics
						2017 – Present	Vice President	Sripatum University / Education
						2016 – Present	Director	President Automobile Industries Company Limited / Auto Air Conditioning Part Industry
						2009 – Present	Independent Director, Chairman of Audit Committee, Nomination and Remuneration Committee and Chairman of Risk Management Committee	Chow Steel Industries Public Company Limited / Steel Industry
						2004 – Present	Finance Committee and Treasurer	Thailand Ethanol Biodiesel Club / Foundation
						2002 – Present	Internal Control Auditor	Office of the Higher Education Commission / Education

Order	Name – Surname / Position	Age	Education / Training Experience	Proportion of Shares Held (%)	Family Relationship with Executives	Work Experience in the past 5 years		
						Duration	Position	Name of Institute / Company / Type of Business
2	Assoc. Prof. Kalyaporn Pan-ma-remg /  Chairman of Audit Committee/ Nomination and Remuneration Committee / Independent Director	65	<ul style="list-style-type: none"> <li>- Master of Business Administration, National Institute of Development Administration</li> <li>- Bachelor of Accounting, Bangkok University</li> <li>- Certificate of Director Accreditation Program (DAP), Class of 28/2004</li> <li>- Certificate of Audit Committee Program (ACP), Class of 13/2006</li> <li>- Certificate of Certificate Visiting Colleague Program, University of Hawaii at Manao, USA</li> <li>- Certificate of Top University Executive Program (Class of 8) Ministry of University Affairs</li> </ul>	0.00	None	2015 – Present	Chairman of Audit Committee	Sonic Interfreight Public Company Limited / Logistics
						2017 – Present	Vice President	Sripatum University / Education
						2016 – Present	Director	President Automobile Industries Company Limited / Auto Air Conditioning Part Industry
						2009 – Present	Independent Director, Chairman of Audit Committee, Nomination and Remuneration Committee and Chairman of Risk Management Committee	Chow Steel Industries Public Company Limited / Steel Industry
						2004 – Present	Finance Committee and Treasurer	Thailand Ethanol Biodiesel Club / Foundation
						2002 – Present	Internal Control Auditor	Office of the Higher Education Commission / Education

Order	Name – Surname / Position	Age	Education / Training Experience	Proportion of Shares Held (%)	Family Relationship with Executives	Work Experience in the past 5 years		
						Duration	Position	Name of Institute / Company / Type of Business
			Sripatum University - Certificate of Director Accreditation Program (IDAP), Class of 78/2009			2016 – Present	Director	President Automobile Industries Company Limited / Auto Air Conditioning Part Industry
						2015 – Present	Director	Triple T Consult Company Limited / Legal Consultant
						2012 – Present	Director	K and Partner Company Limited / Lawyer and Business Consultant
						2009 – Present	Director	Chow Steel Industries Public Company Limited / Steel Industry
						2018 – Present	Director	Slamnuwat Company Limited / Real Estate

Order	Name – Surname / Position	Age	Education / Training Experience	Proportion of Shares Held (%)	Family Relationship with Executives	Work Experience in the past 5 years		
						Duration	Position	Name of Institute / Company / Type of Business
5	Dr. Santisuk Kosiarpanant / Director, Chief Executive Officer, Nomination and Remuneration Committee	56	<ul style="list-style-type: none"> <li>- Ph.D., Logistics, University of The Thai Chamber of Commerce</li> <li>- Master of Business Administration (Marketing), Kasetsart University</li> <li>- Bachelor of Business Administration (Marketing), Assumption University</li> <li>- Certificate of Director Accreditation Program (DAP) Class of 131 / 2016</li> <li>- Certificate of Brand KU # 2 Marketing, Faculty of Business Administration, Kasetsart University</li> <li>- Certificate of Strategic CFO in Capital Markets # 5, The Stock Exchange of Thailand</li> <li>- Certificate of TheStorybySPU Class of 2, Sripatum University</li> <li>- Certificate of Public Economic Management for Executives, Class of 17, King Prajadhipok's Institute</li> </ul>	56.71	None	1995 – Present	Director and Chief Executive Officer, Nomination and Remuneration Committee	Sonic Interfreight Public Company Limited / Logistics
						2017 – Present	Director	SK Inter Property Company Limited / Trading and Rental Property
						2015 – Present	Director	Grandlink Logistics Company Limited / Logistics
						2013 – Present	Director	The Design Inter Property Company Limited / Property Development and Trading



Order	Name - Surname / Position	Age	Education / Training Experience	Proportion of Shares Held (%)	Family Relationship with Executives	Work Experience in the past 5 years		
						Duration	Position	Name of Institute / Company / Type of Business
6	Mr. Vuttichai Suriyavorawong / Director	61	- Vocational Certificate, Bangkok Business College	0.00	None	1999 – Present	Director	Sonic Interfreight Public Company Limited / Logistics
			- Certificate of Director Accreditation Program (DAP), Class of 142/2017			1995 – 1999	General Manager	Solex Express Company Limited / Logistics
						1990-1995	Marketing Manager	Formula Shipping Company Limited / Logistics
						1988-1990	Marketing	Profreight International Company Limited / Logistics
7	Mr. Ranut Lieolertsakulchai / Director	46	- Bachelor of Arts in Mass Communication, Ramkhamhaeng University	4.28	None	2016 – Present	Director	Sonic Interfreight Public Company Limited / Logistics
			- Certificate of Director Accreditation Program (DAP), Class of 131 /2016 - Customs Specialist No.1490 - Executive Micro MBA			2012 – 2015	General Manager	G.L.E. Logistics (Thailand) Company Limited / International Transport

Order	Name – Surname / Position	Age	Education / Training Experience	Proportion of Shares Held (%)	Family Relationship with Executives	Work Experience in the past 5 years		
						Duration	Position	Name of Institute / Company / Type of Business
			in Action 4.02018 - Certificate of Finance for Non-Finance Program, Class of 3 - Certificate of Operation Supply Chain Management - Certificate of Occupational Standards and Logistics Professional Standard, Class of 4					
8	Ms.Saowaluk Ninwaew / Executive	47	- Master of CEO MBA Program in Logistics, University of The Thai Chamber of Commerce - Bachelor of Business Administration (Marketing), Siam University	0.00	None	2015 – Present	Deputy General Manager	Sonic Interfreight Public Company Limited / Logistics
						2010 – 2015	General Manager of Marketing	Genesis Logistics Company Limited / Logistics
9	Mr. Patiphan Plengchawee / Executive	39	- Bachelor of Science (Printing Technology and Communication), Rajamangala University of Technology Thanyaburi	0.77	None	2017 – Present	Deputy General Manager	Sonic Interfreight Public Company Limited / Logistics

Order	Name – Surname / Position	Age	Education / Training Experience	Proportion of Shares Held (%)	Family Relationship with Executives	Work Experience in the past 5 years		
						Duration	Position	Name of Institute / Company / Type of Business
						2016 - 2017	Marketing Manager	Sonic Interfreight Public Company Limited / Logistics
						2010 – 2015	Branch Manager	Genesis Logistics Company Limited / Logistics
						2006 - 2015	Sales Manager	Genesis Logistics Company Limited / Logistics
10	Mr. Panuwat Prathumsri / Executive	41	<ul style="list-style-type: none"> <li>- Master of Business Administration ( Logistics and Supply Chain Management), Sripatum University</li> <li>- Master of Business Administration, Ramkhamhaeng University</li> <li>- Bachelor of Economics (Business Economics), Sripatum University</li> <li>- Certificate of Customs Specialize, Customs Department</li> <li>- Certificate of Freight Forwarder Business, ITBS</li> </ul>	0.00	None	2009 – Present	Transport Manager	Sonic Interfreight Public Company Limited / Logistics
11	Ms. Kanokwan Pritburana / Chief Financial Officer	42	<ul style="list-style-type: none"> <li>- Master of Science (Accounting Information System), Chulalongkorn University</li> <li>- Bachelor of Business Administration</li> </ul>	0.00	None	2017 – Present	Chief Financial Officer	Sonic Interfreight Public Company Limited / Logistics

Order	Name – Surname / Position	Age	Education / Training Experience	Proportion of Shares Held (%)	Family Relationship with Executives	Work Experience in the past 5 years		
						Duration	Position	Name of Institute / Company / Type of Business
			(Accounting), Ramkhamhaeng University Certificate of CFO's Orientation Course for New IPOs, Thailand Securities Institute, the Stock Exchange of Thailand			2016 – 2017	Accounting and Finance Manager	Sonic Interfreight Public Company Limited / Logistics
						2013 - 2016	Assistant Director of Accounting and Finance	Rama 3 Honda Cars Company Limited / Car Dealer and Service
						2010 - 2013	ERP and Accounting Integrator	Almacom (Thailand) Limited / Business Information Technology System Installation and Consultant
12	Ms. Ratchanee Hormsuwan / Accountant	46	- Bachelor of Business Administration (Accounting), Suan Dusit University			2018 – Present	Accountant	Sonic Interfreight Public Company Limited / Logistics
						2009 – 2017	Chief Accountant	Sonic Interfreight Public Company Limited / Logistics

Order	Name – Surname / Position	Age	Education / Training Experience	Proportion of Shares Held (%)	Family Relationship with Executives	Work Experience in the past 5 years		
						Duration	Position	Name of Institute / Company / Type of Business
13	Mrs. Solossaya Khemsuk Company Secretary	43	<ul style="list-style-type: none"> <li>- Master of Business Administration Program in General Management, Saint John's University</li> <li>- Bachelor of Business Administration, Program in General Management, Saint John's University</li> <li>- Certificate of Company Secretary Program (CSP), Class of 10/2005 and 63/2015</li> <li>- Advance for Corporate Secretaries Program, Class of 2 /2018, Thai Listed Companied Association</li> </ul>	0.11	None	2018 – Present	Company Secretary	Star Money Company Limited / Financial Business
						2017 – Present	Company Secretary	Sonic Interfreight Public Company Limited / Logistics
						2013 – Present	Secretary to Committee / Compliance	McTRIC Public Company Limited / Contractor Business



## **Board of Directors' Responsibility for Financial Statement**

### **Board of Directors' Responsibility for Financial Statement**

The Board of Directors of Sonic Interfreight Public Company Limited realizes the duties and responsibilities as a Director of registered company to response the Company and subsidiaries financial statement. The financial statement was prepared under the Generally Accepted Accounting Principles by considering proper accounting policy and ensures to always practice with careful discretion and reasonable principle. Necessary information disclosure is complete and adequate in notes to financial statement as well as explanation and analysis, financial position and overall operation of the Company and subsidiary for its best interest to shareholders and general investors. Accordingly, the financial statement was audited and commented without condition by Independent Certified Public Accountant.

The Board of Directors provided good corporate governance as well as providing and remaining risk management system and internal control to ensure correct, complete, in time and adequate accounting information entry as well as protecting corruption or abnormal operation significantly. The Board of Directors appointed Audit Committee which consists of Independent Directors who oversee and review the financial statement to be reliable and correct as well as evaluate internal control system and internal auditing to be efficient. An opinion of Audit Committee regarding this matter is shown on Audit Committee Report on this Annual Report.

The Board of Directors has an opinion that the Company's internal control system is effective which is in the satisfied level and being able to build confidence to the Company's financial statement as of fiscal year on 31 December 2018.

Assoc. Prof. Dr. Wanchai Rattanawong  
Chairman of the Board of Directors

# Financial Positions and Operating Performance

## Key Financial Information

### Statements of Financial Position

Item	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	30.45	5.58%	55.56	9.58%	246.24	29.24%
Short-term investments	8.20	1.50%	1.04	0.18%	1.15	0.14%
Trade and other receivables, net	136.37	24.98%	158.93	27.41%	203.28	24.14%
Other current assets	0.98	0.18%	0.92	0.16%	1.06	0.13%
<b>Total current assets</b>	<b>176.00</b>	<b>32.24%</b>	<b>216.45</b>	<b>37.33%</b>	<b>451.73</b>	<b>53.65%</b>
<b>Non-current assets</b>						
Restricted deposits at financial institutions	0.10	0.02%	0.10	0.02%	0.00	0.00%
Investment in associate	9.70	1.78%	3.32	0.57%	3.28	0.39%
Other long-term investments, net	0.15	0.03%	0.15	0.03%	0.15	0.02%
Property, plant and equipment, net	343.65	62.95%	344.04	59.34%	369.62	43.89%
Intangible assets, net	0.98	0.18%	0.86	0.15%	0.74	0.09%
Deferred tax assets	2.29	0.42%	2.86	0.49%	1.65	0.20%
Other non-current assets	13.06	2.38%	12.03	2.07%	14.94	1.76%
<b>Total non-current assets</b>	<b>369.93</b>	<b>67.76%</b>	<b>363.36</b>	<b>62.67%</b>	<b>390.38</b>	<b>46.35%</b>
<b>Total assets</b>	<b>545.93</b>	<b>100.00%</b>	<b>579.81</b>	<b>100.00%</b>	<b>842.11</b>	<b>100.00%</b>

Item	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Liabilities and equity</b>						
<b>Current liabilities</b>						
Short-term borrowings from financial institutions	5.00	0.92%	87.60	15.11%	60.00	7.12%
Trade and other payables	55.31	10.13%	54.32	9.37%	78.91	9.37%
Current portion of finance lease liabilities	13.47	2.47%	16.15	2.78%	16.37	1.94%
Current portion of long-term borrowings from financial institutions	14.44	2.65%	12.99	2.24%	10.77	1.28%
Accrued income tax	2.08	0.38%	2.59	0.45%	0.36	0.04%
Other current liabilities	11.13	2.04%	10.78	1.86%	16.24	1.93%
<b>Total current liabilities</b>	<b>101.43</b>	<b>18.59%</b>	<b>184.43</b>	<b>31.81%</b>	<b>182.65</b>	<b>21.68%</b>
<b>Non-current liabilities</b>						
Long-term borrowings from financial institutions	48.61	8.90%	41.86	7.22%	31.17	3.70%
Finance lease liabilities	81.57	14.94%	77.62	13.39%	59.22	7.03%
Employee benefit obligations	4.37	0.80%	5.28	0.90%	5.85	0.69%
Deferred tax liabilities	0.00	0.00%	0.00	0.00%	0.06	0.01%
Other non-current liabilities	5.02	0.92%	3.45	0.60%	2.33	0.28%
<b>Total non-current liabilities</b>	<b>139.57</b>	<b>25.56%</b>	<b>128.21</b>	<b>22.11%</b>	<b>98.63</b>	<b>11.71%</b>
<b>Total liabilities</b>	<b>241.00</b>	<b>44.15%</b>	<b>312.64</b>	<b>53.92%</b>	<b>281.28</b>	<b>33.39%</b>

Item	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Equity</b>						
Share capital						
Authorised share capital	<u>70.00</u>		<u>290.00</u>		<u>290.00</u>	
Issued and paid-up share capital	70.00	12.82%	200.00	34.49%	275.00	32.66%
Share premium	0.00	0.00%	0.00	0.00%	208.14	24.72%
Share-based payment reserve	0.00	0.00%	0.00	0.00%	1.02	0.12%
Retained earnings						
Appropriated - legal reserve	1.93	0.35%	7.17	1.24%	8.84	1.05%
Unappropriated	172.45	31.59%	3.92	0.68%	10.83	1.29%
Other components of equity	53.21	9.75%	52.31	9.02%	52.31	6.21%
Equity attributable to the parent	297.59	54.51%	263.4	45.43%	556.14	66.05%
Non-controlling interests	7.34	1.34%	3.77	0.65%	4.69	0.56%
<b>Total equity</b>	304.93	55.85%	267.17	46.08%	560.83	66.61%
<b>Total liabilities and equity</b>	545.93	100.00%	579.81	100.00%	842.11	100.00%

## Statements of Comprehensive Income

Item	Consolidated financial statements					
	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from services	844.85	100.00%	964.30	100.00%	1,152.41	100.00%
Cost of services	(653.87)	(77.39%)	(760.99)	(78.92%)	(922.37)	(80.04%)
<b>Gross profit</b>	190.98	22.61%	203.31	21.08%	230.03	19.96%
Other income	1.06	0.13%	2.43	0.25%	2.85	0.25%
Selling expenses	(56.94)	(6.74%)	(50.40)	(5.23%)	(62.91)	(5.46%)
Administrative expenses	(79.12)	(9.36%)	(82.18)	(8.52%)	(99.27)	(8.61%)
Finance costs	(6.80)	(0.80%)	(8.15)	(0.85%)	(11.26)	(0.98%)
Share of profit (loss) from associate	3.17	0.38%	(4.43)	(0.46%)	0.86	0.07%
<b>Profit before income tax</b>	52.35	6.20%	60.58	6.28%	60.30	5.23%
Income tax expense	(10.10)	(1.20%)	(12.66)	(1.31%)	(11.90)	(1.03%)
<b>Net profit for the year</b>	42.25	5.00%	47.92	4.97%	48.40	4.20%



Item	Consolidated financial statements					
	2016		2017		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Other comprehensive income:</b>						
Items that will not be reclassified to profit or loss						
Remeasurements of employee benefit obligations, net of tax	1.57	0.19%	0.00	0.00%	0.73	0.06%
Share of other comprehensive income of associate accounted for using the equity method, net of tax	0.90	0.11%	0.00	0.00%	0.00	0.00%
Total items that will not be reclassified to profit or loss	2.47	0.30%	0.00	0.00%	0.73	0.06%
<b>Other comprehensive income for the year, net of tax</b>	2.47	0.30%	0.00	0.00%	0.73	0.06%
<b>Total comprehensive income for the year</b>	44.72	5.30%	47.92	4.97%	49.13	4.26%
<b>Profit for the year attributable to:</b>						
Owners of the parent	40.41	4.78%	45.83	4.75%	46.63	4.05%
Non-controlling interests	1.84	0.22%	2.09	0.22%	1.77	0.15%
	42.25	5.00%	47.92	4.97%	48.4	4.20%
<b>Total comprehensive income for the year</b>						
!!"##\$%&'#"&()!#*+						
Owners of the parent	42.81	5.07%	45.83	4.75%	47.33	4.11%
Non-controlling interests	1.91	0.23%	2.09	0.22%	1.81	0.15%
	44.72	5.30%	47.92	4.97%	49.13	4.26%
<b>Earnings per share</b>						
<b>attributable to owners of the parent</b>						
Weighted average number of ordinary shares (Million Shares)/1	140.00		157.81		430.41	
Basic earnings per share (Baht per share)	0.29		0.29		0.11	

Remark: /1 During 2018, company split par value of the ordinary share from 100 baht per share to 0.50 per share.

**Statements of Cash Flows**

Item	Consolidated financial statements		
	2016	2017	2018
	Million Baht	Million Baht	Million Baht
<b>Cash flows from operating activities</b>			
Profit before income tax	52.35	60.58	60.30
<b>Adjustments for</b>			
Depreciation and amortisation charge	20.33	26.21	19.72
Doubtful debts and bad debts	0.79	2.20	1.14
Impairment expense for investment in associate	-	-	0.89
Share of (profit) loss from associate	(3.17)	4.43	(0.86)
Gain on disposal of equipment and intangible assets	(0.50)	(1.47)	(1.60)
Loss from building and equipment and intangible assets written-off	-	0.36	0.09
Share-based payment expense	-	-	1.02
Employee benefit expense	0.83	0.91	1.48
Unrealised (gain) loss from exchange rate	(0.04)	0.20	0.02
Amortised deferred financing fee	-	0.02	0.02
Interest expenses	6.80	8.13	11.23
Interest income	(0.20)	(0.11)	(0.63)
<b>Changes in operating assets and liabilities:</b>			
<b>Decrease (increase) in operating assets:</b>			
Trade and other receivables	(15.25)	(25.16)	(46.99)
Other current assets	(0.12)	0.06	(0.13)
Other non-current assets	4.65	0.13	0.50
<b>Increase (decrease) in operating liabilities:</b>			
Trade and other payables	(2.96)	1.45	14.33
Other current liabilities	2.11	(0.36)	5.46
Other non-current liabilities	1.45	(1.49)	(1.12)
<b>Cash flows from operating activities</b>	<b>67.07</b>	<b>76.09</b>	<b>64.87</b>
Interest paid	(6.79)	(8.09)	(11.24)
Interest receipt	0.15	0.16	0.18
Income tax paid	(7.42)	(11.82)	(16.45)
<b>Net cash received from operating activities</b>	<b>53.01</b>	<b>56.34</b>	<b>37.36</b>

Item	Consolidated financial statements		
	2016	2017	2018
	Million Baht	Million Baht	Million Baht
<b>Cash flows from investing activities</b>			
Decrease in restricted deposits at financial institutions	11.52	-	0.10
Cash receipt from disposal of short-term investments	-	7.16	-
Cash payment for acquisition of short-term investments	(5.15)	-	(0.11)
Cash payment for acquisition of property, plant and equipment and intangible assets	(82.07)	(14.49)	(38.04)
Cash receipt from disposal of equipment and intangible assets	0.69	1.88	4.38
Dividends receipt	8.97	-	1.95
<b>Net cash received from (used in) investing activities</b>	<b>(66.04)</b>	<b>(5.45)</b>	<b>(31.72)</b>
<b>Cash flows from financing activities</b>			
Cash receipt from short-term borrowings from financial institutions	70.00	260.60	531.80
Cash repayment to short-term borrowings from financial institutions	(87.60)	(178.00)	(559.40)
Cash receipt from long-term borrowings from financial institutions	42.88	6.00	-
Cash repayment to long-term borrowings from financial institutions	(13.25)	(14.21)	(12.93)
Cash repayment to finance lease liabilities	(4.26)	(14.49)	(18.17)
Cash receipt from issue of share capital	-	130.00	292.50
Cash payment for share issue costs	-	-	(9.13)
Dividends paid to shareholders	(10.50)	(210.01)	(38.75)
Dividends paid to non-controlling interests	(1.27)	(5.67)	(0.88)
<b>Net cash received from (used in) financing activities</b>	<b>(4.00)</b>	<b>(25.78)</b>	<b>185.04</b>
<b>Net increase in cash and cash equivalents</b>	<b>(17.03)</b>	<b>25.11</b>	<b>190.68</b>
<b>Opening balance of cash and cash equivalents</b>	<b>47.48</b>	<b>30.45</b>	<b>55.56</b>
<b>Closing balance of cash and cash equivalents</b>	<b>30.45</b>	<b>55.56</b>	<b>246.24</b>

**Key Financial Ratios**

Key Financial Ratios	Unit	Consolidated financial statements		
		2016	2017	2018
Liquidity Ratio				
Current ratio	(times)	1.74	1.17	2.47
Quick ratio	(times)	1.73	1.17	2.47
Cash flow liquidity ratio	(times)	0.30	0.30	1.35
Account receivable turnover	(times)	6.55	6.53	6.36
Average collection period	(days)	55.71	55.89	57.36
Account payable turnover	(times)	11.52	13.88	13.85
Payment period	(days)	31.69	26.29	26.36
Cash Cycle	(days)	24.02	29.60	31.00
Profitability Ratio				
Gross profit margin	%	22.61	21.08	19.96
Operating profit margin	%	7.29	7.13	6.27
EBITDA margin	%	9.41	9.85	7.92
Other profit margin	%	0.13	0.25	0.25
Cash to profit margin	%	86.03	81.97	51.69
Net profit margin	%	5.00	4.97	4.20
Return on equity	%	14.65	16.75	11.69
Efficiency Ratio				
Return on assets	%	8.65	8.51	6.81
Return on fixed assets	%	16.05	13.94	13.56
Assets turnover	(times)	1.73	1.72	1.62
Financial Policy Ratio				
Debt to equity ratio	(times)	0.81	1.19	0.51
Interest coverage ratio	(times)	10.28	9.47	5.38
Debt service coverage ratio (Cash Basis)	(times)	0.57	0.24	0.63
Dividend pay-out ratio/1	%	27.86	450.06	81.89

Remark: /1 In year 2017, dividend pay-out ratio is impact on retained earnings payment to existing ordinary shareholders. Company will continue using of the group policy for further dividend payment.

## Management Discussion and Analysis

### Overview of the Company's Financial Performance

Unit: million baht

Statements of Comprehensive Income	For the year ended 31 December			
	2018	2017	Increase / (Decrease)	
			Amount	%
Revenues from services	964.30	1,152.41	188.11	19.51
Cost of services	760.99	922.37	161.38	21.21
Gross profit	203.31	230.03	26.72	13.14
Other income	2.43	2.85	0.42	17.38
Selling and Administrative expenses	132.58	162.18	29.61	22.33
Finance costs	8.15	11.26	3.10	38.02
Share of profit (loss) of associate	(4.43)	0.86	5.28	119.35
Income tax expense	12.66	11.90	(0.76)	(6.00)
Net profit for the year	47.92	48.40	0.48	1.00
Other comprehensive income	0.00	0.73	0.73	100.00
Total comprehensive income for the year	47.92	49.13	1.21	2.53
Profit for the year attributable to :				
Owners of the parent	45.83	47.33	1.50	3.26
Non-controlling interests	2.09	1.81	(0.28)	(13.52)

#### Revenues

Revenue from services of the Group for the year 2017 and 2018 was 964.30 million baht and 1,152.41 million baht respectively. In 2018, the Group's revenue increased from 2017 at 188.11 million baht or 19.51 percent. The company services could be divided into 4 main categories as detail;



Unit: million baht

Revenues from services	For the year ended 31 December			
	2017	2018	Increase / (Decrease)	
			Amount	%
- Sea freight	610.56	759.25	148.69	24.35
- Land transport	277.95	301.86	23.91	8.60
- Air freight	66.94	83.02	16.08	24.02
- Other services/1	8.85	8.28	(0.57)	(6.44)
<b>Total revenues from services</b>	<b>964.30</b>	<b>1,152.41</b>	<b>188.11</b>	<b>19.51</b>

Remark: /1 Other services: Distribution Centre fees, Rental charges, administration charge, etc.

1. The revenue from sea freight service for the year 2017 and 2018 were 610.56 million baht and 759.25 million baht respectively. In 2018, the sea freight revenue increased from 2017 at 148.69 million baht or 24.35 percent as a result of higher using service of existing customer base, new customer increase and new-hiring of sales person.

2. The land transport service generated revenue of 277.95 million baht and 301.86 million baht in the period of 2017 and 2018. The land transportation service increased in total 23.91 million baht or 8.60 percent in these periods resulted from new-truck investment to support the additional requirement on this service type. (Additional detail in "Assets in Business Operation")

3. The revenue from air freight in year of 2017 and 2018 were 66.94 million baht and 83.02 million baht respectively. For the period of 2017 and 2018, the company's revenue of service from air-freight increased of 16.08 million baht or equivalent to 24.02 percent as resulted from additional number of new-customers and volume of services. In additional, the company expand the market of air-freight service. The existing of this service to support only speedy shipment requirement from sea freight's customers to the new customer target which aim for air-freight logistic.

4. The company's revenue from other services included of Distribution Centre fees, Rental charges, administration charge, etc. In the year of 2017 and 2018, the revenue from other services were 8.85 million baht and 8.28 million baht respectively.

#### Gross Profit

The company's gross profit in 2017 was 203.31 million baht and in 2018 was 230.03 million baht which increasing of 26.72 million baht or equal to 13.14% which detail as follow:

Unit: million baht

Gross profit	For the year ended 31 December			
	2017	2018	Increase / (Decrease)	
			Amount	%
- Sea freight	149.99	172.94	22.95	15.30
- Land transport	28.09	35.72	7.63	27.16
- Air freight	18.09	13.45	(4.64)	(25.65)
- Other services/1	7.14	7.92	0.78	10.92
<b>Gross profit</b>	<b>203.31</b>	<b>230.03</b>	<b>26.72</b>	<b>13.14</b>

Gross profit margin	For the year ended 31 December		
	2017	2018	Increase / (Decrease)
	%	%	%
- Sea freight	24.57	22.78	(1.79)
- Land transport	10.11	11.83	1.72
- Air freight	27.01	16.20	(10.81)
- Other services/1	80.68	95.65	14.97
<b>Gross profit margin</b>	<b>21.08</b>	<b>19.96</b>	<b>(1.12)</b>

1. The company's gross profit on sea freight in the 2017 was 149.99 million baht, and in the year of 2018 was 172.94 million baht which increase by 15.30 percent or 22.95 million baht.

The Gross profit margin was slightly dropped from 24.57 percent to 22.78 percent resulted from the company's expend to the new big-volume shipment customer, and the high competition in this service area.

2. The company's gross profit on land-transport in the year of 2017 was 28.09 million baht, and in the period of 2018 was 35.72 million baht which increase by 27.16 percent or 7.63 million baht.

The Gross profit margin from the year of 2017 to 2018 increased by 10.11 percent to 11.83 percent. equivalent to 7.63 million baht or 27.16 percent resulted from the company's manage on the cost of service.

3. The company's gross profit on air-freight in the year of 2017 was 18.09 million baht, and in the year of 2018 was 13.45 million baht. which dropped by 25.65 percent or 4.64 million baht.

The Gross profit margin was slightly dropped from 27.01 percent to 16.20 percent resulted from the year of 2017 customer from sea freight service company's require for speedy shipment and change to use air-freight to support, and in the year of 2018, the company expended the service to the new big-volume shipment customer.

4. The company's gross profit on other services in the year of 2017 was 7.14 million baht, and in the year of 2018 was 7.92 million baht which increase by 10.92 percent or 0.78 million baht.

The Gross profit margin from the year of 2017 to 2018 was increased from 80.68 percent to 95.65 percent resulted from the company's manage on the cost of service per area.

#### Other income

The company's other income included of interest income, gain on exchange rate, gain or loss from sales of fixed assets, and others. Other income for 2017 and 2018 were 2.43 million baht and 2.85 million baht respectively.

#### Selling and Administrative Expenses.

In the year of 2017 and 2018, the company's expenses were 132.58 million baht and 162.18 million baht respectively. The company's expenses increased by 29.61 million baht or equivalent to 22.33 percent. The percent to revenue was 13.71 and 14.04 respectively which showed 0.33 compared to total revenue. Increasing of Selling and Administrative Expenses resulted from the company hired new salesperson and customer services person to support company sales activities, and extra expenses for IPO proceed.

#### Finance Cost

In the year 2017 and 2018, the company's finance cost was 8.15 million baht. and 11.26 million baht respectively. The increase of 3.10 million baht or 38.02 percent in finance cost resulted from the company's working capital to support on sales volume. However, receiving money from Initial Public Offering (IPO) would cause a decreasing finance cost.

#### Share of profit (loss) of associate

In the year of 2017 and 2018, the share of profit (loss) of associate was equivalent to loss of 4.43 million baht and profit of 0.86 million baht respectively. In which the associate company is in process of liquidation.

#### Income tax expense

The company's income tax expense for the year 2017 and 2018 were 12.66 million baht and 11.90 million baht respectively. The decrease of 0.76 million baht or 6 percent on income tax expense.

#### Net Profit

The company's net profit for the year of 2017 and 2018 were 47.92 million baht. or 4.97 percent and 48.40 million baht or 4.20 percent respectively.

## Asset

Asset	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Current assets	176.00	32.24	216.45	37.33	451.73	53.65
Non-current assets	369.93	67.76	363.36	62.67	390.38	46.35
<b>Total assets</b>	<b>545.93</b>	<b>100.00</b>	<b>579.81</b>	<b>100.00</b>	<b>842.11</b>	<b>100.00</b>

As of 31 December 2016, 31 December 2017 and 31 December 2018, the Company's total assets was 545.93 million baht, 579.81 million baht and 842.11 million baht respectively. The total assets as of 31 December 2017 and 31 December 2018 has increased by 33.88 million baht and 262.30 million baht compared to that of the previous year, or 6.21 percent and 45.24 percent increase year-on-year respectively.

In 2018, the significant changes in the company's total assets include the detail as follow;

1. Cash and equivalent, increase of 190.68 million baht or 343.18 percent resulted from cash received from operating activities and cash received from IPO
2. Trade and other receivables increased of 44.35 million baht or equal to 27.91 percent resulted from increase of revenue. The company's credit policy for customer considered by based on financial information, credit payment history, and sales volumes, etc. Most of the company's trade and other receivable aged in average less than 3 months which align to the average collection period as of 31 December 2016, 2017 and 2018 that is equal to 55.71 days, 55.89 days and 57.36 days respectively. That is the normal collection period
3. Property, Plant, and Equipment, net increased of 25.28 million baht or 7.43 percent from the company's invested in truck 33.99 million baht, to support the expansion in land-transport service area, and 9.42 million baht invest on land and building of Leam-cha-bung office.

**Liabilities**

Liabilities	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Current liabilities	101.43	42.09	184.43	58.99	182.65	64.94
Non-current liabilities	139.57	57.91	128.21	41.01	98.63	35.06
<b>Total liabilities</b>	<b>241.00</b>	<b>100.00</b>	<b>312.64</b>	<b>100.00</b>	<b>281.28</b>	<b>100.00</b>

As of 31 December 2016, 31 December 2017 and 31 December 2018, the Company's total liabilities is 241.00 million baht, 312.64 million baht and 281.28 million baht respectively. The total liabilities as of 31 December 2017 and 31 December 2018 has increased by 71.64 million baht and decreased 31.36 million baht compared to that of the previous year, or 29.73 percent increase and 10.03 percent decrease year-on-year respectively.

In 2018, the company's total liabilities had significant changes as follow;

1. Trade and other payables increased of 24.59 million baht or 45.27 percent resulted from the revenue growth and truck investment in the amount of 10 million baht.
2. Loan from financial institutions decreased of 58.69 million baht or 24.85 percent. It was partially from the reason that the company received money from IPO (the objective of working capital) and long-term loan which decreased by 31.09 million baht due to payment as scheduled.

**Equity**

As of 31 December 2016, 31 December 2017 and 31 December 2018, the Company's shareholders' equity is 304.93 million baht, 267.17 million baht and 560.83 million baht respectively. The shareholders' equity as of 31 December 2017 decreased from previous year by 37.75 million baht and 31 December 2018 increased from previous year by 293.66 million baht or 12.38 percent decrease and 109.91 percent increase year-on-year respectively.

In 2018, the company's Shareholders' resolution to allocate 150,00,000 newly issued ordinary shares of the Company, with the offering price of these shares was 1.95 baht per share, totalling 292.50 million baht as the Company's capital increased at 75 million baht and premium shares at 208.14 million baht. The Company recorded expenses in respect of shares distribution amount of Baht 9.36 million as a deduction to the share premium.

## Liquidity Analysis

Set out below was information on the Company's cash flows:

Statements of Cash Flows	Consolidated financial statements		
	31 December 2016	31 December 2017	31 December 2018
	Million Baht	Million Baht	Million Baht
Net cash received from operating activities	53.01	56.34	37.36
Net cash received from (used in) investing activities	(66.04)	(5.45)	(31.72)
Net cash received from (used in) financing activities	(4.00)	(25.78)	185.04
<b>Net increase in cash and cash equivalents</b>	<b>(17.03)</b>	<b>25.11</b>	<b>190.68</b>
<b>Opening balance of cash and cash equivalents</b>	<b>47.48</b>	<b>30.45</b>	<b>55.56</b>
<b>Closing balance of cash and cash equivalents</b>	<b>30.45</b>	<b>55.56</b>	<b>246.24</b>

### Cash flows from operation activities

In 2016, 2017 and 2018, the Company's net cash flows generated from operating activities was 53.01 million baht ,56.34 million baht and 37.36 million baht respectively.

The company's net cash flows generated from operating activities in the period of 2018 is significantly decreased from period year of 2017, due to trade and other receivables for 21.83 million baht. The company's increase revenue growth in December impacted to the additional on trade and other payables for 12.88 million baht.

### Cash flows from investing activities

In 2016, 2017 and 2018, the Company's net cash flow from investing activities was (66.04) million baht, (5.45) million baht, and (31.73) million baht, respectively.

During the period year of 2018, the company's using cash flows of 33.99 million baht invested in trucks, 5.32 million baht invested in land and 4.10 million baht in building and building improvement.

### Cash flows from financing activities

In 2016, 2017 and 2018, the Company's net cash flow from financing activities was (4.00) million baht, (25.78) million baht, and (185.04) million baht, respectively.



In 2018, the company's cash flow from IPO financing activity of 292.50 million baht. IPO proceeds expense was 9.13 million baht. The company's repayment of short-term loan payment of 27.60 million baht and pay to dividend payment of 39.63 million baht.

**Liquidity ratio**

For the year 2016, 2017 and 2018, the Company's liquidity ratio was 1.74 times, 1.17 times, and 2.47 times, respectively.

As shown in the period year of 2018, the company had high liquidity due to cash and cash equivalents received from IPO plus higher trade receivable and payable comparing with the previous year, due to the growth of revenue.



## Independent Auditor's Report

To the shareholders and the Board of Directors of Sonic Interfreight Public Company Limited

### My opinion

In my opinion, the consolidated financial statements of Sonic Interfreight Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

### Basis for opinion

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



### Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>The Group has revenue from providing freight forwarding, land transportation and other services. During the year, the Group's aggregate service revenue was Baht 1,152 million. Revenue recognitions are varied, taking into account the nature of the service provided and the conditions in the service agreement. This is disclosed in Note 2.19, 'Accounting policies - Revenue Recognition', to the financial statements.</p> <p>Management determined the appropriateness of revenue recognition by ensuring there was an actual occurrence and checking that the revenue is recognised in the period in which the services were rendered.</p> <p>I focussed on revenue recognition because it is material to the financial statements. Also, it is regarded as a complex area in determining the appropriate revenue recognition point for various services of the Group.</p>	<p>I audited the revenue recognition of the Group by performing the following:</p> <ul style="list-style-type: none"> <li>• Evaluating and validating the key internal controls over the revenue cycle of the Group by asking the relevant personnel. This helped me understand the internal controls. I also took sample revenue transactions to use in validating key internal controls relating to the recording of revenue at the appropriate recognition point, according to the service conditions. I also examined whether the accounting records were reviewed accurately by the relevant personnel, and that approval was from authorised persons. I confirmed these processes by checking supporting documents such as quotations, bills of lading, invoices, and cash receipt documents.</li> <li>• Performing substantive tests on transactions by sampling each type of service revenue transaction to check that the Group has provided services to the customers. I examined the invoices with the bills of lading or other related documents to ensure the transactions were carried out. For collected revenue transactions, cash receipt transactions were traced according to invoices and transactions in the bank statements.</li> <li>• Testing the revenue transaction occurring near the end of the accounting period. The period is defined for both before and after the period end based on the risk determined by service conditions of each service. This is to examine that the Group recorded revenues in the correct period.</li> <li>• Requesting the accounts receivable confirmation by focussing on customers with significant outstanding balances. This was to check that the Group's revenue represents valid revenue transactions and that the accounts receivables exist.</li> <li>• Testing the appropriateness of the journal entries, including other adjusting entries related to revenue in order to assess if there were any invalid revenue transactions.</li> </ul> <p>I didn't find any material exceptions from my work. Revenue recognition was consistent with the available evidence.</p>





Key audit matter	How my audit addressed the key audit matter
<p><b>Share-based payment</b></p> <p>Refer to Note 4 (c) 'Critical accounting estimates and assumptions' and Note 19 'Share-based payments' to the financial statements. The Company granted warrants to the Group's executives and employees. The offer of the warrants fell into the definition of equity-settled transactions under Thai Financial Reporting Standard - TFRS 2 'Share-based payments'.</p> <p>The Company engaged an independent valuer with the competence and expertise to assess the fair value of the warrants using the Binomial Tree model. The valuation depended on key assumptions, such as the valuation date of warrants, the fair value of the stock for the warrant as at the valuation date, the volatility of the stock price for the warrant, the probability of the stock's price pattern for the warrant, and the discount rate.</p> <p>I focussed on the assessment of the fair value of the warrants because it involved management's significant judgement and estimation and it would affect the value of the warrants presented as 'share-based payment reserve' in equity and expense in profit or loss throughout the vesting period.</p>	<p>My audit comprised the following procedures:</p> <ul style="list-style-type: none"> <li>• Assessing the competence and independence of the independent valuer.</li> <li>• Evaluating the appropriateness of the valuation technique to ensure that it was consistent with generally accepted valuation methodologies for financial instruments. I also challenged about the key assumptions used in the valuation by the independent valuer to determine whether they were reasonable and in line with the Group's circumstances. I also determined reasonableness by checking with the supporting documents, which included looking at: <ul style="list-style-type: none"> <li>• The valuation date of the warrants compared to the facts given in the announcement of the warrants granted to employees. This was to determine whether the date was consistent with the requirements of the financial reporting standards.</li> <li>• The fair value of the stock for the warrant as at the valuation date compared to the closing price of the Company's shares as at the grant date.</li> <li>• The volatility of the stock price for the warrant compared to the volatility of relative stock prices of listed companies within the same industry.</li> <li>• The probability of the stock's price pattern for the warrant to assess whether it was in line with the pricing theory of the Binomial Tree model.</li> <li>• The discount rate compared to the Thailand Government Bond yield for the period of two to five years based on the period of the warrants. The rate used is generally accepted.</li> </ul> </li> </ul> <p>I also consulted the auditor's expert to ensure that the assumptions were reasonable and generally accepted. This was also to confirm the reasonableness of the model used for the valuation. In addition, I checked the restrictions on the exercise of the warrant in order to ensure they matched the conditions of the warrants.</p> <ul style="list-style-type: none"> <li>• Testing the calculation of the fair value of the warrant and expenses recorded in profit or loss during the year.</li> </ul> <p>Based on procedures above, I found that the valuation methodology and key assumptions were reasonable. Also, the fair value of warrants accords with the results of the methodology and assumptions applied by the Company.</p>





### Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

### Responsibilities of the directors for the consolidated and separate financial statements

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

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

I communicate with 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 I identify during my audit.

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

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

PricewaterhouseCoopers ABAS Ltd.

**Nopanuch Apichatsatien**  
 Certified Public Accountant (Thailand) No. 5266  
 Bangkok  
 22 February 2019



Sonic Interfreight Public Company Limited  
Statements of Financial Position  
As at 31 December 2018

		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	246,238,260	55,561,879	203,852,591	14,423,765
Short-term investments		1,152,109	1,039,698	-	-
Trade and other receivables, net	8	203,282,658	158,925,391	139,089,104	95,226,387
Other current assets		1,058,005	923,157	685,073	627,620
<b>Total current assets</b>		<b>451,731,032</b>	<b>216,450,125</b>	<b>343,626,768</b>	<b>110,277,772</b>
<b>Non-current assets</b>					
Restricted deposits at financial institutions		-	100,000	-	-
Investments in subsidiaries	9.1	-	-	27,279,000	26,910,200
Investment in associate	9.2	3,281,628	3,316,713	3,281,628	3,316,713
Other long-term investments, net		150,000	150,000	150,000	150,000
Property, plant and equipment, net	10	369,614,103	344,037,635	360,686,821	336,155,869
Intangible assets, net	11	738,549	855,416	84,087	86,418
Deferred tax assets	12	1,650,954	2,868,999	-	1,033,317
Other non-current assets	13	14,940,715	12,032,846	9,259,683	5,190,771
<b>Total non-current assets</b>		<b>390,375,949</b>	<b>363,361,609</b>	<b>400,741,219</b>	<b>372,843,288</b>
<b>Total assets</b>		<b>842,106,981</b>	<b>579,811,734</b>	<b>744,367,987</b>	<b>483,121,060</b>

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

**Sonic Interfreight Public Company Limited**  
**Statements of Financial Position (Cont'd)**  
**As at 31 December 2018**

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Short-term borrowings					
from financial institutions	14	60,000,000	87,600,000	60,000,000	74,600,000
Trade and other payables	15	78,909,425	54,317,906	49,183,770	25,391,045
Current portion of					
finance lease liabilities	14	16,368,370	16,144,434	16,368,370	16,144,434
Current portion of					
long-term borrowings					
from financial institutions	14	10,772,872	12,989,753	10,772,872	12,989,753
Accrued income tax		356,153	2,593,252	-	-
Other current liabilities	16	16,237,995	10,779,636	10,450,922	5,929,149
Total current liabilities		182,644,815	184,424,981	146,775,934	135,054,381
Non-current liabilities					
Long-term borrowings from					
financial institutions	14	31,174,832	41,862,188	31,174,832	41,862,188
Finance lease liabilities	14	59,216,596	77,615,399	59,216,596	77,615,399
Employee benefit obligations	17	5,848,674	5,282,509	4,813,276	4,253,340
Deferred tax liabilities	12	60,667	-	60,667	-
Other non-current liabilities		2,329,567	3,454,238	2,131,139	2,643,363
Total non-current liabilities		98,630,336	128,214,334	97,396,510	126,374,290
Total liabilities		281,275,151	312,639,315	244,172,444	261,428,671

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

Sonic Interfreight Public Company Limited  
Statements of Financial Position (Cont'd)  
As at 31 December 2018

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital					
Authorised share capital					
580,000,000 ordinary shares					
of par Baht 0.50 each	18	290,000,000	290,000,000	290,000,000	290,000,000
Issued and paid-up share capital					
550,000,000 ordinary shares					
(2017: 400,000,000 ordinary shares)					
of paid-up at Baht 0.50 each	18	275,000,000	200,000,000	275,000,000	200,000,000
Share premium	18	208,135,263	-	208,135,263	-
Share-based payment reserve	19	1,024,444	-	1,024,444	-
Retained earnings					
Appropriated - legal reserve	20	8,838,571	7,172,011	8,838,571	7,172,011
Unappropriated		10,829,100	3,920,567	7,197,265	14,520,378
Other components of equity		52,314,537	52,314,537	-	-
Equity attributable to the parent		556,141,915	263,407,115	500,195,543	221,692,389
Non-controlling interests		4,689,915	3,765,304	-	-
Total equity		560,831,830	267,172,419	500,195,543	221,692,389
Total liabilities and equity		842,106,981	579,811,734	744,367,987	483,121,060

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

Sonic Interfreight Public Company Limited  
 Statements of Comprehensive Income  
 For the year ended 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Revenues from services		1,152,406,923	964,301,400	678,765,488	533,968,659
Cost of services		(922,373,299)	(760,990,053)	(541,001,149)	(419,880,221)
<b>Gross profit</b>		<b>230,033,624</b>	<b>203,311,347</b>	<b>137,764,339</b>	<b>114,088,438</b>
Other income	22	2,847,147	2,425,508	15,577,393	88,620,208
Selling expenses		(62,914,233)	(50,394,662)	(33,734,866)	(25,975,291)
Administrative expenses		(99,269,511)	(82,183,050)	(70,998,022)	(59,008,145)
Finance costs	23	(11,255,161)	(8,154,829)	(10,988,374)	(8,627,066)
Share of profit (loss) from associate	9.2	856,393	(4,425,425)	-	-
<b>Profit before income tax</b>		<b>60,298,259</b>	<b>60,578,889</b>	<b>37,620,470</b>	<b>109,098,144</b>
Income tax expense	25	(11,900,843)	(12,660,671)	(4,707,412)	(4,298,093)
<b>Net profit for the year</b>		<b>48,397,416</b>	<b>47,918,218</b>	<b>32,913,058</b>	<b>104,800,051</b>
<b>Other comprehensive income :</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of employee benefit obligations, net of tax	21	733,870	-	180,389	-
Total items that will not be reclassified to profit or loss		733,870	-	180,389	-
<b>Other comprehensive income for the year, net of tax</b>		<b>733,870</b>	<b>-</b>	<b>180,389</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>49,131,286</b>	<b>47,918,218</b>	<b>33,093,447</b>	<b>104,800,051</b>
<b>Profit for the year attributable to :</b>					
Owners of the parent		46,626,069	45,829,740	32,913,058	104,800,051
Non-controlling interests		1,771,347	2,088,478	-	-
		<b>48,397,416</b>	<b>47,918,218</b>	<b>32,913,058</b>	<b>104,800,051</b>
<b>Total comprehensive income for the year attributable to :</b>					
Owners of the parent		47,325,093	45,829,740	33,093,447	104,800,051
Non-controlling interests		1,806,193	2,088,478	-	-
		<b>49,131,286</b>	<b>47,918,218</b>	<b>33,093,447</b>	<b>104,800,051</b>
<b>Earnings per share</b>					
Basic earnings per share	26	0.11	0.29	0.08	0.66
Diluted earnings per share	26	0.11	-	0.08	-

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

## For the year ended 31 December 2018

Balance as at 31 December 2018

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



## Sonic Interfreight Public Company Limited

## Statements of Changes in Equity (Cont'd)

For the year ended 31 December 2018

Separate financial statements							
Notes	Issued and paid-up share capital	Share premium	Share-based payment reserve	Retained earnings		Total equity	
				Appropriated- legal reserve	Unappropriated		
	Baht	Baht	Baht	Baht	Baht	Baht	
Balance as at 1 January 2017	70,000,000	-	-	1,925,000	124,974,338	196,899,338	
Share issuance	18 130,000,000	-	-	-	-	130,000,000	
Legal reserve	20 -	-	-	5,247,011	(5,247,011)	-	
Dividends	27 -	-	-	-	(210,007,000)	(210,007,000)	
Total comprehensive income for the year	-	-	-	-	104,800,051	104,800,051	
Balance as at 31 December 2017	200,000,000	-	-	7,172,011	14,520,378	221,692,389	
Balance as at 1 January 2018	200,000,000	-	-	7,172,011	14,520,378	221,692,389	
Share issuance	18 75,000,000	208,135,263	-	-	-	283,135,263	
Share-based payment reserve	19 -	-	1,024,444	-	-	1,024,444	
Legal reserve	20 -	-	-	1,666,560	(1,666,560)	-	
Dividends	27 -	-	-	-	(38,750,000)	(38,750,000)	
Total comprehensive income for the year	-	-	-	-	33,093,447	33,093,447	
Balance as at 31 December 2018	275,000,000	208,135,263	1,024,444	8,838,571	7,197,265	500,195,543	

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

## Sonic Interfreight Public Company Limited

## Statements of Cash Flows

For the year ended 31 December 2018

	Notes	Consolidate financial statements		Separate financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Profit before income tax		60,298,259	60,578,889	37,620,470	109,098,144
Adjustments for :					
Depreciation and amortisation charge	10,11	19,716,318	26,208,262	18,784,634	24,341,632
Doubtful debts and bad debts		1,138,781	2,200,112	585,827	236,943
Impairment expense for investment in associate	9.2	891,478	4,920	35,085	1,069,872
Share of (profit) loss from associate	9.2	(856,393)	4,425,425	-	-
Dividend income	22	-	-	(13,121,117)	(86,282,525)
Gain on disposal of equipment and intangible assets	22	(1,600,965)	(1,465,248)	(1,277,834)	(1,414,451)
Loss from building and equipment and intangible assets written-off		90,121	355,429	89,581	212,710
Share-based payment expense	19	1,024,444	-	563,444	-
Employee benefit expense	17	1,483,502	907,797	785,422	1,171,127
Unrealised (gain) loss from exchange rate		17,715	197,822	(5,961)	(73,748)
Amortised deferred financing fee	14.1	20,922	21,932	20,922	21,932
Interest expenses		11,234,239	8,132,897	10,967,452	8,605,134
Interest income	22	(628,693)	(113,110)	(552,664)	(32,683)
<b>Changes in operating assets and liabilities :</b>					
Decrease (increase) in operating assets :					
Trade and other receivables		(46,993,850)	(25,161,028)	(45,979,768)	(5,327,227)
Other current assets		(134,848)	56,768	(57,453)	92,419
Other non-current assets		502,233	127,615	173,423	(291,854)
Increase (decrease) in operating liabilities :					
Trade and other payables		14,330,978	1,449,997	13,603,006	(15,456,884)
Other current liabilities		5,458,359	(357,540)	4,521,773	(160,856)
Other non-current liabilities		(1,120,024)	(1,489,884)	(507,576)	(1,184,059)
<b>Cash flows from operating activities</b>		<b>64,872,576</b>	<b>76,081,055</b>	<b>26,248,666</b>	<b>34,625,626</b>
Interest paid		(11,236,898)	(8,085,698)	(10,984,070)	(8,650,370)
Interest receipt		180,833	159,826	105,038	32,327
Income tax paid		(16,452,799)	(11,815,941)	(7,808,660)	(4,156,254)
<b>Net cash received from operating activities</b>		<b>37,363,712</b>	<b>56,339,242</b>	<b>7,560,974</b>	<b>21,851,329</b>

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

## Sonic Interfreight Public Company Limited

## Statements of Cash Flows (Cont'd)

For the year ended 31 December 2018

	Notes	Consolidate financial statements		Separate financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Decrease in restricted deposits at financial institutions		100,000	-	-	-
Cash receipt from disposal of short-term investments		-	7,158,784	-	-
Cash payment for acquisition of short-term investments		(112,411)	-	-	-
Cash payment for acquisition of property, plant and equipment and intangible assets		(38,045,030)	(14,492,077)	(36,457,876)	(11,011,252)
Cash receipt from disposal of equipment and intangible assets		4,379,955	1,880,740	4,332,874	1,780,954
Dividends receipt		1,949,500	-	15,070,617	84,333,025
<b>Net cash received from (used in) investing activities</b>		<b>(31,727,986)</b>	<b>(5,452,553)</b>	<b>(17,054,385)</b>	<b>75,102,727</b>
<b>Cash flows from financing activities</b>					
Cash receipt from short-term borrowings from financial institutions		531,800,000	260,600,000	459,800,000	242,600,000
Cash repayment to short-term borrowings from financial institutions		(559,400,000)	(178,000,000)	(474,400,000)	(173,000,000)
Cash receipt from long-term borrowings from financial institutions	14	-	6,000,000	-	6,000,000
Cash repayment to long-term borrowings from financial institutions	14	(12,925,159)	(14,212,753)	(12,925,159)	(14,212,753)
Cash repayment to finance lease liabilities	14	(18,174,867)	(14,485,957)	(18,174,867)	(14,485,957)
Cash receipt from short-term borrowings from related parties	28 iv)	-	-	-	66,000,000
Cash repayment to short-term borrowings from related parties		-	-	-	(126,035,691)
Cash receipt from issue of share capital	18	292,500,000	130,000,000	292,500,000	130,000,000
Cash payment for share issue costs	18	(9,127,737)	-	(9,127,737)	-
Dividends paid to shareholders		(38,750,000)	(210,007,000)	(38,750,000)	(210,007,000)
Dividends paid to non-controlling interests		(881,582)	(5,666,175)	-	-
<b>Net cash received from (used in) financing activities</b>		<b>185,040,655</b>	<b>(25,771,885)</b>	<b>198,922,237</b>	<b>(93,141,401)</b>
<b>Net increase in cash and cash equivalents</b>		<b>190,676,381</b>	<b>25,114,804</b>	<b>189,428,826</b>	<b>3,812,655</b>
<b>Opening balance of cash and cash equivalents</b>		<b>55,561,879</b>	<b>30,447,075</b>	<b>14,423,765</b>	<b>10,611,110</b>
<b>Closing balance of cash and cash equivalents</b>		<b>246,238,260</b>	<b>55,561,879</b>	<b>203,852,591</b>	<b>14,423,765</b>

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

Sonic Interfreight Public Company Limited  
 Statements of Cash Flows (Cont'd)  
 For the year ended 31 December 2018

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Non-cash transactions

Significant non-cash transactions during the year ended 31 December are as follows:

	Consolidate		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Purchases of building, equipment and intangible assets by credit	10,000,000	-	10,000,000	-
Accrued share issue costs	237,000	-	237,000	-
Purchase of equipment by finance lease	-	13,204,440	-	13,204,440
Accrued dividend income from associate	-	1,949,500	-	1,949,500

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

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Sonic Interfreight Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

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1 General information

Sonic Interfreight Public Company Limited (the Company) is a public limited company which incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

Head office: 79/349, 350, 1<sup>st</sup>, 2<sup>nd</sup> Floor, Sathupradit Rd., Chongnonsi, Yannawa, Bangkok.

1<sup>st</sup> Branch: 84, Moo 15, Soi Kingkaew 21, Kingkaew Road, Bangpleeyai, Bangplee, Samutprakan.

2<sup>nd</sup> Branch: 84/1, Moo 15, Kingkaew Road, Bangpleeyai, Bangplee, Samutprakan.

3<sup>rd</sup> Branch: 198/30 Moo 9 Tungsukla, Sriracha, Chonburi.

The Company registered the change of the Company's status to a public company limited, in accordance with the Public Limited Companies Act B.E. 2535, on 1 December 2017. The Company's ordinary shares are traded in the Market for Alternative Investment (MAI) on 19 October 2018.

For reporting purposes, the Company and its subsidiaries are referred to as "the Group".

The Group is principally engaged in the business of freight forwarder and providing relevant logistics services.

These Group consolidated and separate financial statements were authorised for issue by the Board of Directors on 22 February 2019.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

Sonic Interfreight Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

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## 2 Accounting policies

### 2.2 Revised financial reporting standards, and related interpretations

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group.

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group has already adopted these revised standards. There is no significant impact to the Group's financial statements, except for the disclosure.

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

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

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with that core principle by applying the following steps:

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



Sonic Interfreight Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

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2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard. (Cont'd)

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

Key changes to current practice are:

- ny bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- evenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- he point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- here are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- s with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Group's management is currently assessing the impact of initial adoption of this standard.

2.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards.

TFRS 2 (revised 2018)	Share-based Payment
TAS 28 (revised 2018)	Investments in associates and joint ventures
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 2, the amendments clarify;

- The measurement basis for cash-settled share-based payments, vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, vesting conditions, other than market conditions, shall be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature, and
- The accounting for modifications that change an award from cash-settled to equity-settled.

TAS 28, the amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

Sonic Interfreight Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

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2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards. (Cont'd)

The TFRIC 22 interpretation provides guidance for determining the exchange rate to be used on the initial recognition of a related asset, expense or income where an entity pays or receives an advance consideration in a foreign currency. The interpretation requires an entity to use the exchange rate at the date on which an entity recognises the non-monetary assets, such as prepayments and advances, or non-monetary liability, such as deferred income arising from the advance consideration. If there are multiple advance payments or receipts of payments, the exchange rate is to be used on the date when each non-monetary asset or liability is recognised.

The Group's management is currently assessing the impact of initial adoption of these standards.

2.2.2.3 The group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019.

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

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

Sonic Interfreight Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

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2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019. (Cont'd)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follows:

- Classification and measurement:
  - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
  - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
  - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
  - Derivatives are classified and measured at fair value through profit or loss.
- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

Sonic Interfreight Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

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2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective. (Cont'd)

2.2.2.3 The group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019. (Cont'd)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follows: (Cont'd)

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Group's management is currently assessing the impact of initial adoption of the group of financial instruments reporting standards.

2.3 Group Accounting - Investments in subsidiaries and associates

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Sonic Interfreight Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

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2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and associates (Cont'd)

(2) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(3) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(4) Business combination under common control

The Group accounts for business combination under common control by measuring acquired assets and liabilities of the acquiree in the proportion of interests under common control at the carrying values of the acquiree presented in the highest level of the consolidation prior to the business combination under common control at the acquisition date. The Group retrospectively adjusted the business combination under common control transactions as if the combination occurred from the beginning of period of which the financial statements in the previous period are comparatively presented in accordance with the guidance of business combination under common control as issued by the Federation of Accounting Professions.

Costs of business combination under common control are the aggregated amount of fair value of assets transferred, liabilities incurred and equity instruments issued by the acquirer at the date of which the exchange in control occurs. Other costs directly attribute to business combination under common control, such as professional fees of legal advisors and other advisors, registration fees, and costs relating to preparation of information for shareholders, are capitalised as an investment in the separate financial statements while immediately recognised as expenses in the consolidated financial statements in the period of which the business combination occurs.

The difference between costs of business combination under common control and the acquirer's interests in the carrying value of the acquiree is presented as "Difference arising from business combination under common control" in equity and is derecognised when the investment is disposed (transfer to retained earnings).

(5) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

(6) Accounting under equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in associates is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in an associates and joint ventures is recognise in profit or loss.

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2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and associates (Cont'd)

(6) Accounting under equity method (Cont'd)

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in associates equals or exceeds its interest in the associates, together with any long-term interests that, in substance, form part of the entity's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognises the amount adjacent to share of profit (loss) of associates in profit or loss.

Unrealised gains on transactions between the Group and its associates is eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(7) Separate financial statement

In the separate financial statements, investments in subsidiaries, associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments in cost of investment. Cost also includes direct attributable costs of investment.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Baht, which is the Company's functional and the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. In the statements of financial position, overdrafts are shown within borrowings in current liabilities.

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within administrative expenses.



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2 Accounting policies (Cont'd)

2.7 Long-term investments

Investments in non-marketable equity securities other than investments in subsidiaries and associates are classified as general investments and presented under other long-term investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

General investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost and are carried at cost less allowance for impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

2.8 Property, plant and equipment

Land is stated at historical cost. Building and equipment are stated at historical cost less accumulated depreciation and allowance for impairment (if any). Initial cost includes expenditure that is directly attributable to the acquisition of the items. These can include the initial estimate of costs of dismantling and removing the item, and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land improvements	20 years
Buildings and building improvements	5 - 30 years
Warehouse	20 years
Machine and equipment	5 years
Furniture, fixture and office equipment	5 years
Vehicles	2 - 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.11).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount. The net gains or losses are recognised in profit or loss.

2.9 Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is calculated using the straight-line method to allocate the cost of computer software over their estimated useful lives up to 10 years.

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2 Accounting policies (Cont'd)

2.10 Leasehold right

Leasehold right is expense paid for right to use building space. Leasehold right is amortised using straight-line method over rental agreements of 30 years.

Leasehold right that will be amortised within 1 year from financial statement date is presented in prepaid expenses under trade and other receivable, net. The rest leasehold is presented under other non-current assets.

2.11 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Leases - where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2.13 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

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## 2 Accounting policies (Cont'd)

### 2.14 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.15 Employee benefits

#### 2.15.1 Post-employment

The Group operate various post-employment benefits schemes. The Group has both defined benefit and defined contribution plans.

##### 2.15.1.1 Defined contribution

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act, B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### 2.15.1.2 Retirement benefits

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation.

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## 2 Accounting policies (Cont'd)

### 2.15 Employee benefits (Cont'd)

#### 2.15.1 Post-employment (Cont'd)

##### 2.15.1.2 Retirement benefits (Cont'd)

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

#### 2.15.2 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present values.

### 2.16 Share-based payment

The Group grants the warrants to the Group's executives and employees which are equity-settled, share-based compensation plans, under which the entity receives services from executives and employees. The Group measures services received by reference to the fair value of the warrants and gradually recognised as expense in profit or loss corresponding to increase in "share-based payment reserve" in equity throughout the vesting period.

In the case that the Group grant the warrants to subsidiary's executives and employees is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary, in the Company's separated financial statements undertakings, with a corresponding credit to equity.

### 2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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2 Accounting policies (Cont'd)

2.18 Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares, other than in connection with business combination, are shown in equity as a deduction from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the statement of comprehensive income.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group.

Revenue from freight forwarding services is recognised when the shipment departs from the port of origin for outbound freight and when the shipment arrives the port of destination for inbound freight.

Revenue from transportation is recognised when the services completed.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividend income is recognised when the right to receive payment is established.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders, and interim dividend are approved by the Board of Directors.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Managing Director that makes strategic decisions.

3 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

1) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect Thai Baht. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. The Group has bank deposits in foreign currencies to manage receipt and payment transactions carried out in foreign currencies. The Group does not enter into the derivatives instruments to hedge foreign exchange risk.

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3 Financial risk management (Cont'd)

Financial risk factors (Cont'd)

2) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the finance director before execution. The Group has no significant interest-bearing assets.

3) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

4) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

4 Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Buildings and equipment and intangible assets

Management determines the useful lives and the carrying value of buildings and equipment and intangible assets based on estimates, assumptions, and judgments in respect of remaining useful lives and residual values of these assets. These estimates, assumptions, and judgments reflect both historical experience and expectations regarding future operations, utilisation, and performance.

(b) Employee retirement benefits

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefits liability.

Additional information of other key assumptions for retirement benefits obligations other is disclosed in Note 17.



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4 Critical accounting estimates and assumptions (Cont'd)

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. (Cont'd)

(c) Share-based payments

The Group measures warrants granted to the Group's executives and employees by reference to the fair value of the warrants at the grant date. Fair value has been recognised depending on the assumptions used in the valuation of warrants' fair value. The variability of those assumptions would affect to employee expense recognised in each year.

Management determines the appropriateness of the assumptions used in the equity's fair valuation. Additional information of key assumptions used in assessing the fair value is disclosed in Note 19.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

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6 Segment information

The Group discloses three operating segments which include freight forwarder, land transportation, and others. The three segments are determined pursuant to business activities and operating results that are regularly reviewed by Chief Operating Decision Makers.

Consolidated financial statements						
	For the year ended 31 December				Total	
	Freight forwarder		Land transportation		Others	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Revenues	877,333,095	706,999,538	320,085,221	288,639,278	2,227,883	1,199,646,199
Less Inter-segment revenues	(27,008,585)	(21,882,435)	(18,223,880)	(10,688,450)	(2,006,811)	(47,239,276)
Total Revenues	850,324,510	685,117,103	301,861,341	277,950,828	221,072	1,152,406,923
Gross profit	194,092,236	174,205,831	35,720,316	28,102,996	221,072	230,033,624
Other income					2,847,147	2,425,508
Selling expenses					(62,914,233)	(50,394,662)
Administrative expenses					(99,269,511)	(82,183,050)
Finance costs					(11,255,161)	(8,154,829)
Share of profit (loss) from associate					856,393	(4,425,425)
Profit before income tax					60,298,259	60,578,889
Income tax					(11,900,843)	(12,660,671)
Net profit for the year					48,397,416	47,918,218

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7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cash on hand	74	124	50	-
Bank deposits	93,530,278	54,859,426	51,144,633	13,721,436
Deposits up to 3 months	152,707,908	702,329	152,707,908	702,329
Total cash and cash equivalents	246,238,260	55,561,879	203,852,591	14,423,765

Bank deposits comprise deposits in current bank accounts and saving bank accounts. The interest rates on saving bank accounts were 0.10% to 0.75% per annum (2017: 0.10% - 0.38% per annum).

The interest rate on deposits up to 3 months was 0.80% to 1.30% per annum (2017: 0.80% per annum) and these deposits have an average maturity of 46 days.

8 Trade and other receivables, net

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade receivable - third parties	198,535,418	151,798,071	131,973,892	85,170,698
- related parties (Note 28)	-	172,620	1,116,988	1,397,510
Less Allowance for doubtful accounts	(4,215,802)	(3,818,349)	(1,195,462)	(985,880)
Total trade receivable, net	194,319,616	148,152,342	131,895,418	85,582,328
Advanced payments	640,156	1,034,286	640,156	1,031,593
Prepaid expenses	5,998,906	5,521,402	5,234,274	4,870,717
Accrued income	1,656,932	1,539,370	1,037,985	1,539,299
Dividend receivable	-	1,949,500	-	1,949,500
Others	667,048	728,491	281,271	252,950
Total trade and other receivables, net	203,282,658	158,925,391	139,089,104	95,226,387

Outstanding trade receivable as at 31 December can be analysed by overdue period as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Up to 3 months	188,437,642	146,505,531	128,240,228	85,248,935
3 - 6 months	5,094,107	2,592,348	3,730,566	707,972
6 - 12 months	1,247,414	1,118,721	522,324	-
Over 12 months	3,756,255	1,754,091	597,762	611,301
Total trade receivable	198,535,418	151,970,691	133,090,880	86,568,208
Less Allowance for doubtful accounts	(4,215,802)	(3,818,349)	(1,195,462)	(985,880)
Total trade receivable, net	194,319,616	148,152,342	131,895,418	85,582,328

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9 Investments in subsidiaries and associate

The amounts recognised in the statements of financial position are as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Equity method Baht	Equity method Baht	Cost method Baht	Cost method Baht
Subsidiaries	-	-	27,279,000	26,910,200
Associate	3,281,628	3,316,713	3,281,628	3,316,713
At 31 December	3,281,628	3,316,713	30,560,628	30,226,913

9.1 Investments in subsidiaries

The Group had the following subsidiaries at 31 December:

Name	Country of incorporation	Nature of business	Proportion of ordinary shares directly held by the Company (%)		Proportion of ordinary shares held by non -controlling interest (%)	
			2018	2017	2018	2017
Grandlink Logistics Co., Ltd.	Thailand	Freight forwarding	93.70	93.70	6.30	6.30
Genesis Logistics Co., Ltd.*	Thailand	Freight forwarding	99.98	99.98	0.02	0.02

\* At the Extraordinary shareholders' meeting no. 2/2558 of Genesis Logistics Co., Ltd. on 21 October 2015, the shareholders approved the Company's liquidation which will be effective on 30 October 2015 and approved to process the registration of liquidation with Department of Business Development, Ministry of Commerce, accordingly.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of subsidiary undertaking included in the Group.

As at 31 December 2018, the total non-controlling interest is Baht 4.69 million (2017: Baht 3.77 million), of which Baht 4.69 million is for Grandlink Logistics Co., Ltd. The non-controlling interest in respect of Genesis Logistic Co., Ltd. is not material.

Summarised financial statements of subsidiaries with material non -controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised statement of financial position

As at 31 December	Grandlink Logistics Co., Ltd.	
	2018 Baht	2017 Baht
Current		
Assets	95,183,651	91,311,220
Liabilities	(39,322,744)	(50,881,567)
Total current net assets	55,860,907	40,429,653
Non-current		
Assets	20,636,964	21,988,056
Liabilities	(1,638,828)	(2,245,044)
Total non-current net assets	18,998,136	19,743,012
Net assets	74,859,043	60,172,665

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9 Investments in subsidiaries and associate (Cont'd)

9.1 Investments in subsidiaries (Cont'd)

Summarised financial statements of subsidiaries with material non-controlling interests (Cont'd)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group (Cont'd)

Summarised statement of comprehensive income

	Grandlink Logistics Co., Ltd.	
	2018 Baht	2017 Baht
For the year ended 31 December		
Revenue	520,880,711	464,355,653
Profit before income tax	35,197,678	41,891,398
Income tax expense	(7,062,082)	(8,377,247)
Net profit	28,135,596	33,514,151
Other comprehensive income, net of tax	553,481	-
Total comprehensive income	28,689,077	33,514,151
Total comprehensive income allocated to non-controlling interests	1,806,209	2,088,589
Dividends paid to non-controlling interests	881,582	5,666,175

Summarised statement of cash flows

	Grandlink Logistics Co., Ltd.	
	2018 Baht	2017 Baht
For the year ended 31 December		
Cash flows from operating activities		
Cash generated from operations	38,656,397	42,179,142
Interest receipt	69,190	725,583
Interest paid	(273,088)	(60,115)
Income tax paid	(8,644,139)	(7,659,686)
Net cash generated from operating activities	29,808,360	35,184,924
Net cash generated from (used in) investing activities	(1,540,072)	63,825,717
Net cash used in financing activities	(27,002,700)	(76,999,200)
Net increase in cash and cash equivalents	1,265,588	22,011,441
Cash and cash equivalents at beginning of year	25,837,912	3,826,471
Cash and cash equivalents at end of year	27,103,500	25,837,912

The information above is the amount before inter-company eliminations.

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9 Investments in subsidiaries and associate (Cont'd)

9.2 Investment in associate

The Group had the following associate at 31 December:

Name	Place of business/ country of incorporation	% of ownership interest		Nature of the relationship	Measurement method
		31 December 2018	31 December 2017		
GLS Interfreight Co., Ltd.	Thailand	38.99	38.99	Note 1	Equity method

Note 1: GLS Interfreight Co., Ltd. is freight forwarder and strategic partnership for the Group, providing service both export and import to customers.

At the Extraordinary Shareholders' Meeting no. 1/2561 of GLS Interfreight Co., Ltd. on 17 January 2018, the shareholders passed the extraordinary resolution to cease the Company's operation and liquidate the Company which was effective on 28 February 2018. On 13 March 2018, the Company has already registered of liquidation with Department of Business Development, Ministry of Commerce. Currently, it is on the process of liquidation.

The movements of investment in associate for the year ended 31 December are as follows:

	Consolidated financial statements (Equity method)		Separate financial statements (Cost method)	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
As at 1 January	3,316,713	9,696,558	3,316,713	4,386,585
Impairment charge	(891,478)	(4,920)	(35,085)	(1,069,872)
Share of profit (loss) from associate	856,393	(4,425,425)	-	-
Dividend received	-	(1,949,500)	-	-
As at 31 December	3,281,628	3,316,713	3,281,628	3,316,713



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10 Property, plant and equipment, net

	Consolidated financial statements						Assets under installation and construction in progress	Total Baht
	Land Baht	Land improvement Baht	Warehouse, buildings and improvements Baht	Machine and equipment Baht	Furniture, fixture, and office equipment Baht	Vehicles Baht		
At 1 January 2017								
Cost	147,076,890	9,322,819	70,740,695	11,713,105	19,288,313	216,343,295	341,329	474,826,446
Less Accumulated depreciation	-	(65,651)	(25,566,488)	(10,110,320)	(16,961,701)	(78,476,971)	-	(131,181,131)
Net book amount	147,076,890	9,257,168	45,174,207	1,602,785	2,326,612	137,866,324	341,329	343,645,315
For the year ended 31 December 2017								
Opening net book amount	147,076,890	9,257,168	45,174,207	1,602,785	2,326,612	137,866,324	341,329	343,645,315
Additions	-	697,625	216,318	1,344,855	2,531,498	20,683,810	1,542,424	27,016,530
Transfers	-	-	341,329	-	-	-	(341,329)	-
Disposals and write-offs, net	-	-	(21,371)	(185,048)	(181,006)	(213,322)	-	(600,747)
Depreciation charge	-	(490,797)	(3,128,219)	(692,163)	(1,140,339)	(20,571,945)	-	(26,023,463)
Closing net book amount	147,076,890	9,463,996	42,582,264	2,070,429	3,536,765	137,764,867	1,542,424	344,037,635
At 31 December 2017								
Cost	147,076,890	10,020,444	71,270,617	9,468,157	18,507,267	236,583,152	1,542,424	494,468,951
Less Accumulated depreciation	-	(556,448)	(28,688,353)	(7,397,728)	(14,970,502)	(98,818,285)	-	(150,431,316)
Net book amount	147,076,890	9,463,996	42,582,264	2,070,429	3,536,765	137,764,867	1,542,424	344,037,635

10 Property, plant and equipment, net (Cont'd)

	Consolidated financial statements						
	Land Baht	Land improvement Baht	Warehouse, buildings and improvements Baht	Machine and equipment Baht	Furniture, fixture, and office equipment Baht	Assets under installation and construction in progress Baht	Total Baht
For the year ended							
31 December 2018							
Opening net book amount	147,076,890	9,463,996	42,582,264	2,070,429	3,536,765	1,542,424	344,037,635
Additions	5,324,149	-	4,100,086	587,865	3,317,078	668,723	47,989,980
Transfers	-	-	259,276	-	-	(259,276)	-
Disposals and write-offs, net	-	-	-	(36,238)	(12,085)	(2,817,631)	(2,865,954)
Depreciation charge	-	(501,022)	(3,142,534)	(559,788)	(1,524,062)	-	(19,547,558)
Closing net book amount	152,401,039	8,962,974	43,799,092	2,062,268	5,317,696	1,951,871	369,614,103
At 31 December 2018							
Cost	152,401,039	10,020,444	72,839,288	8,635,927	21,518,461	1,951,871	524,680,155
Less Accumulated depreciation	-	(1,057,470)	(29,040,196)	(6,573,659)	(16,200,765)	-	(155,066,052)
Net book amount	152,401,039	8,962,974	43,799,092	2,062,268	5,317,696	1,951,871	369,614,103

During the year ended 31 December 2018, the Group had written-off building improvements with cost of Baht 2,790,691 and accumulated depreciation of Baht 2,790,691.

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10 Property, plant and equipment, net (Cont'd)

	Separate financial statements							Assets under installation and construction in progress Baht	Total Baht
	Land Baht	Land improvement Baht	Warehouse, buildings and improvements Baht	Machine and equipment Baht	Furniture, fixture, and office equipment Baht	Vehicles Baht			
At 1 January 2017									
Cost	147,076,890	9,322,819	51,269,454	11,160,548	9,349,203	212,194,346	341,329	440,714,589	
Less Accumulated depreciation	-	(65,651)	(16,159,085)	(9,809,452)	(7,974,734)	(69,595,542)	-	(103,604,464)	
Net book amount	147,076,890	9,257,168	35,110,369	1,351,096	1,374,469	142,598,804	341,329	337,110,125	
For the year ended 31 December 2017									
Opening net book amount	147,076,890	9,257,168	35,110,369	1,351,096	1,374,469	142,598,804	341,329	337,110,125	
Additions	-	697,625	216,318	-	1,020,168	20,378,157	1,542,424	23,854,692	
Transfers	-	-	341,329	-	-	-	(341,329)	-	
Disposals and write-offs, net	-	-	(21,371)	(143,321)	(137,928)	(213,323)	-	(515,943)	
Depreciation charge	-	(490,797)	(2,543,765)	(467,158)	(565,693)	(20,225,592)	-	(24,293,005)	
Closing net book amount	147,076,890	9,463,996	33,102,880	740,617	1,691,016	142,538,046	1,542,424	336,155,869	
At 31 December 2017									
Cost	147,076,890	10,020,444	51,799,376	7,813,921	8,642,161	232,128,547	1,542,424	459,023,763	
Less Accumulated depreciation	-	(556,448)	(18,696,496)	(7,073,304)	(6,951,145)	(89,590,501)	-	(122,867,894)	
Net book amount	147,076,890	9,463,996	33,102,880	740,617	1,691,016	142,538,046	1,542,424	336,155,869	

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10 Property, plant and equipment, net (Cont'd)

	Separate financial statements							Total Baht
	Land Baht	Land improvement Baht	Warehouse, buildings and improvements Baht	Machine and equipment Baht	Furniture, fixture, and office equipment Baht	Vehicles Baht	Assets under ins tallation and construction in progress Baht	
For the year ended 31 December 2018								
Opening net book amount	147,076,890	9,463,996	33,102,880	740,617	1,691,016	142,538,046	1,542,424	336,155,869
Additions	5,324,149	-	4,100,086	84,804	2,256,385	33,992,079	668,723	46,426,226
Transfers	-	-	259,276	-	-	-	(259,276)	-
Disposals and write-offs, net	-	-	-	(5)	(6,370)	(3,135,089)	-	(3,141,464)
Depreciation charge	-	(501,022)	(2,558,098)	(321,196)	(793,676)	(14,579,818)	-	(18,753,810)
Closing net book amount	152,401,039	8,962,974	34,904,144	504,220	3,147,355	158,815,218	1,951,871	360,686,821
At 31 December 2018								
Cost	152,401,039	10,020,444	56,158,738	6,525,350	10,711,613	252,427,311	1,951,871	490,196,366
Less: Accumulated depreciation	-	(1,057,470)	(21,254,594)	(6,021,130)	(7,564,258)	(93,612,093)	-	(129,509,545)
Net book amount	152,401,039	8,962,974	34,904,144	504,220	3,147,355	158,815,218	1,951,871	360,686,821

The Group's and the Company's land and premises at net book value of Baht 186.85 million (2017: 189.64 million) are pledged as collateral against bank overdrafts, promissory note, credit facility and loan from financial institutions (Note 14).

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10 Property, plant and equipment, net (Cont'd)

Depreciation has been charged to the statements of comprehensive income as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cost of services	16,413,979	20,178,192	16,759,212	20,178,192
Administrative expenses	3,133,579	5,845,271	1,994,598	4,114,813
	<u>19,547,558</u>	<u>26,023,463</u>	<u>18,753,810</u>	<u>24,293,005</u>

Additions during 2017 included Baht 13.20 million of assets leased under finance leases where the Group is the lessee.

Leased assets included above, where the Group is a lessee under a finance lease, are vehicles:

	Consolidated and s eparate financial statements	
	2018 Baht	2017 Baht
Cost - capitalised finance leases	109,871,452	112,512,340
<u>Less</u> Accumulated depreciation	<u>(21,736,968)</u>	<u>(14,049,809)</u>
Net book amount	<u>88,134,484</u>	<u>98,462,531</u>

11 Intangible assets , net

	Consolidated financial statements		Separate financial statements	
	Computer Baht	Software Baht	Computer Baht	Software Baht
At 1 January 2017				
Cost		1,878,559		551,766
<u>Less</u> Accumulated amortisation		<u>(894,020)</u>		<u>(361,451)</u>
Net book amount		<u>984,539</u>		<u>190,315</u>
For the year ended 31 December 2017				
Opening net book amount		984,539		190,315
Additions		225,850		8,000
Disposals		(170,174)		(63,270)
Amortisation charge		<u>(184,799)</u>		<u>(48,627)</u>
Closing net book amount		<u>855,416</u>		<u>86,418</u>
At 31 December 2017				
Cost		1,419,299		286,880
<u>Less</u> Accumulated amortisation		<u>(563,883)</u>		<u>(200,462)</u>
Net book amount		<u>855,416</u>		<u>86,418</u>
For the year ended 31 December 2018				
Opening net book amount		855,416		86,418
Additions		55,050		31,650
Disposals		(3,157)		(3,157)
Amortisation charge		<u>(168,760)</u>		<u>(30,824)</u>
Closing net book amount		<u>738,549</u>		<u>84,087</u>
At 31 December 2018				
Cost		1,445,469		289,650
<u>Less</u> Accumulated amortisation		<u>(706,920)</u>		<u>(205,563)</u>
Net book amount		<u>738,549</u>		<u>84,087</u>

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12 Deferred income taxes

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Deferred income tax assets	1,650,954	2,868,999	-	1,033,317
Deferred income tax liabilities	(60,667)	-	(60,667)	-
Deferred income taxes, net	<u>1,590,287</u>	<u>2,868,999</u>	<u>(60,667)</u>	<u>1,033,317</u>

Deferred income tax assets and liabilities are offset when the income taxes related to the same fiscal authority. Deferred tax assets and deferred tax liabilities in the consolidated financial positions are presented at net amount of assets and liabilities incurred in each entity.

The movements of deferred income taxes are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At 1 January	2,868,999	2,292,276	1,033,317	811,123
Charged/(credited) to profit or loss	(1,095,245)	576,723	(1,141,087)	222,194
Credited to other comprehensive income	(183,467)	-	(45,097)	-
Charged directly to investment in subsidiaries	-	-	92,200	-
At 31 December	<u>1,590,287</u>	<u>2,868,999</u>	<u>(60,667)</u>	<u>1,033,317</u>



Consolidated financial statements								
	Employee benefit obligations	Allowance for doubtful accounts	Allowance for impairment of other investments	Allowance for impairment of investment in associate	Depreciation expense	Share-based payment	Total	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Deferred tax assets								
At 1 January 2018	1,056,504	763,670	20,000	213,974	1,053,098	-	3,107,246	
Charged/(credited) to profit or loss	296,700	79,490	-	7,017	(395,274)	204,889	192,822	
Credited to other comprehensive income	(183,467)	-	-	-	-	-	(183,467)	
At 31 December 2018	1,169,737	843,160	20,000	220,991	657,824	204,889	3,116,601	
At 1 January 2017	874,945	324,236	20,000	-	1,052,187	-	2,271,368	
Charged to profit or loss	181,559	439,434	-	213,974	911	-	835,878	
At 31 December 2017	1,056,504	763,670	20,000	213,974	1,053,098	-	3,107,246	

Sonic Interfreight Public Company Limited  
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12 Deferred income taxes (Cont'd)

The movements of deferred tax assets and liabilities during the year are as follows: (Cont'd)

	Consolidated financial statements
	Finance lease liabilities
	Baht
Deferred tax liabilities	
At 1 January 2018	(238,247)
Credited to profit or loss	(1,288,067)
At 31 December 2018	<u>(1,526,314)</u>
At 1 January 2017	20,908
Credited to profit or loss	(259,155)
At 31 December 2017	<u>(238,247)</u>

## 12 Deferred income taxes (Cont'd)

The movements of deferred tax assets and liabilities during the year are as follows: (Cont'd)

	Separate financial statements				
	Employee benefit obligations	Allowance for doubtful accounts	Allowance for impairment of other investments	Allowance for impairment of investment in associate	Share-based payment
	Baht	Baht	Baht	Baht	Baht
Deferred tax assets					
At 1 January 2018	850,668	197,176	20,000	213,974	-
Charged to profit or loss	157,084	41,916	-	7,017	112,689
Credited to other comprehensive income	(45,097)	-	-	-	-
Charged directly to investment in subsidiaries	-	-	-	-	92,200
At 31 December 2018	962,655	239,092	20,000	220,991	204,889
Deferred tax assets					
At 1 January 2017	616,443	150,267	20,000	-	-
Charged to profit or loss	234,225	46,909	-	213,974	-
At 31 December 2017	850,668	197,176	20,000	213,974	-

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12 Deferred income taxes (Cont'd)

	Separate financial statements		
	Finance lease liabilities Baht	Depreciation expense Baht	Total Baht
Deferred tax liabilities			
At 1 January 2018	(238,247)	(10,254)	(248,501)
Credited to profit or loss	(1,288,067)	(171,726)	(1,459,793)
At 31 December 2018	(1,526,314)	(181,980)	(1,708,294)
At 1 January 2017	20,908	3,505	24,413
Credited to profit or loss	(259,155)	(13,759)	(272,914)
At 31 December 2017	(238,247)	(10,254)	(248,501)

Deferred income taxes presented by types of deferred tax assets and deferred tax liabilities as at 31 December are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Deferred income tax assets	3,116,601	3,107,246	1,647,627	1,281,818
Deferred income tax liabilities	(1,526,314)	(238,247)	(1,708,294)	(248,501)
Deferred income taxes, net	1,590,287	2,868,999	(60,667)	1,033,317

13 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Withholding tax receivable	8,415,299	5,005,196	8,380,683	4,138,348
Deposits	1,195,500	1,342,884	879,000	1,052,423
Leaseholds right	5,329,916	5,684,766	-	-
Total	14,940,715	12,032,846	9,259,683	5,190,771

14 Borrowings

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current				
Promissory notes	60,000,000	87,600,000	60,000,000	74,600,000
Current portion of :				
Long-term borrowings from financial institutions	10,772,872	12,989,753	10,772,872	12,989,753
Finance lease liabilities	16,368,370	16,144,434	16,368,370	16,144,434
Total current borrowings	87,141,242	116,734,187	87,141,242	103,734,187
Non-current				
Long-term borrowings from financial institutions	31,174,832	41,862,188	31,174,832	41,862,188
Finance lease liabilities	59,216,596	77,615,399	59,216,596	77,615,399
Total non-current borrowings	90,391,428	119,477,587	90,391,428	119,477,587
Total borrowings	177,532,670	236,211,774	177,532,670	223,211,774

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14 Borrowings (Cont'd).

As at 31 December 2018, the Company and the Group have short-term borrowings in form of promissory notes amounting to Baht 60.00 million (2017: Baht 74.60 million and Baht 87.60 million, respectively). The short-term borrowings bear interest rate at MLR minus 2% per annum and are guaranteed by Company's land and buildings (2017: guaranteed by a director and Company's land and buildings) (Note 10).

The interest rate exposure on the borrowings of the Group as at 31 December is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At floating rates:				
Promissory notes	60,000,000	87,600,000	60,000,000	74,600,000
Long-term borrowings	41,947,704	54,851,941	41,947,704	54,851,941
	101,947,704	142,451,941	101,947,704	129,451,941
At fixed rates:				
Finance lease liabilities	75,584,966	93,759,833	75,584,966	93,759,833
Total borrowings	177,532,670	236,211,774	177,532,670	223,211,774

The effective interest rates at the statement of financial position date were as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Borrowings from financial institutions	4.99 - 6.71	4.97 - 6.79	4.99 - 6.71	4.60 - 6.25
Finance lease liabilities	3.76 - 5.35	3.76 - 5.43	3.76 - 5.35	3.76 - 5.43

14.1 Long-term borrowings from financial institutions

The movements of long-term borrowings during the years ended 31 December are as follows:

	Consolidated and separate financial statements	
	2018 Baht	2017 Baht
Opening book amount	54,851,941	63,042,762
Additions	-	6,000,000
Repayments	(12,925,159)	(14,212,753)
Amortisation of deferred financing fee	20,922	21,932
Closing book amount	41,947,704	54,851,941

The movements of finance lease liabilities during the years ended 31 December are as follows:

	Consolidated and separate financial statements	
	2018 Baht	2017 Baht
Opening book amount	93,759,833	95,041,350
Additions	-	13,204,440
Repayments	(18,174,867)	(14,485,957)
Closing book amount	75,584,966	93,759,833

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14 Borrowings (Cont'd)

14.1 Long-term borrowings from financial institutions (Cont'd)

Details of long-term borrowings from financial institutions at the statement of financial position date were as follows:

Number	Outstanding balance (Million Baht )	Contract period	Interest rate (per annum) %	Collateral
1	2.08	September 2014 to November 2019	MLR minus 1.5	Land and premises of the Company
2	5.70	October 2015 to September 2022	MLR minus 1.5	Land and premises of the Company
3	34.17	April 2016 to October 2023	MLR minus 2 (1st - 2nd year) MLR minus 1.5 (after 2nd year)	Land and premises of the Company
	<u>41.95</u>			

The fair values of borrowings approximate their carrying amount, as the impact of discounting is not significant.

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate of 4.99% - 6.71% (2017: 4.97% - 6.79%) and are within level 2 of the fair value hierarchy.

Maturity of long-term borrowings (excluded finance lease liabilities):

	Consolidated and separate financial statements	
	2018 Baht	2017 Baht
Not later than 1 year	10,772,872	12,989,753
Later than 1 year but not later than 5 years	31,174,832	39,270,710
Later than 5 years	-	2,591,478
Total	<u>41,947,704</u>	<u>54,851,941</u>

Finance lease liabilities - minimum lease payments:

	Consolidated and separate financial statements	
	2018 Baht	2017 Baht
Not later than 1 year	19,307,846	20,035,341
Later than 1 year but not later than 5 years	64,073,566	78,469,726
Later than 5 years	-	7,119,639
Total	83,381,412	105,624,706
<u>Less</u> Future finance charges on finance leases	<u>(7,796,446)</u>	<u>(11,864,873)</u>
Present value of finance lease liabilities	<u>75,584,966</u>	<u>93,759,833</u>
Representing lease liabilities:		
- Short-term	16,368,370	16,144,434
- Long-term	59,216,596	77,615,399
	<u>75,584,966</u>	<u>93,759,833</u>



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14 Borrowings (Cont'd)

14.1 Long-term borrowings from financial institutions (Cont'd)

The present value of finance lease liabilities is as follows:

	Consolidated and separate financial statements	
	2018 Baht	2017 Baht
Not later than 1 year	16,368,370	16,144,434
Later than 1 year but not later than 5 years	59,216,596	69,737,868
Later than 5 years	-	7,877,531
<b>Total</b>	<b>75,584,966</b>	<b>93,759,833</b>

Finance lease liabilities are collateralised by one of the Company's director.

14.2 Credit facilities

Credit facilities for bank overdrafts, promissory notes and long-term borrowings from financial institutions, with unused balance are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Total facilities	293.10	213.10	238.10	188.10
Unused facilities	151.51	43.92	98.01	33.42

Credit facilities are collateralised by land and buildings of the Company (2017: Company's director, land and buildings).

15 Trade and other payable s

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade payable - third parties	68,781,067	46,690,133	40,244,941	20,775,229
- related parties (Note 28)	-	62,089	2,579,571	403,931
Accrued expenses	9,306,575	7,379,319	5,941,863	4,199,274
Advance received	563,594	183,267	160,000	12,611
Others	258,189	3,098	257,395	-
<b>Total</b>	<b>78,909,425</b>	<b>54,317,906</b>	<b>49,183,770</b>	<b>25,391,045</b>

16 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Account payable				
- Revenue Department	8,809,552	5,030,560	5,956,043	2,768,400
Undue output VAT	6,782,295	5,177,382	4,210,227	2,928,273
Others	646,148	571,694	284,652	232,476
<b>Total</b>	<b>16,237,995</b>	<b>10,779,636</b>	<b>10,450,922</b>	<b>5,929,149</b>

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17 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Statement of financial position:				
Retirement benefits	5,848,674	5,282,509	4,813,276	4,253,340
Expense charge included in operating profit for:				
Retirement benefits	1,483,502	907,797	785,422	1,171,127
Remeasurement for:				
Retirement benefits	(917,337)	-	(225,486)	-

The movements in the defined benefit obligations over the years are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
At 1 January	5,282,509	4,374,712	4,253,340	3,082,213
Current service cost	1,305,711	771,222	652,217	1,074,905
Interest expense	177,791	136,575	133,205	96,222
Remeasurements				
Actuarial gains arising from changes in demographic assumptions	(1,175,276)	-	(603,399)	-
Actuarial losses arising from changes in financial assumptions	223,979	-	170,516	-
Past service costs and losses arising from settlements	33,960	-	207,397	-
At 31 December	5,848,674	5,282,509	4,813,276	4,253,340

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.8%	3.1%	2.8%	3.1%
Inflation rate	2.5%	2.5%	2.5%	2.5%
Salary growth rate				
Full time employees	3.5% - 10.0%	3.5% - 12.0%	3.5% - 10.0%	3.5% - 12.0%
Temporary employees	3.5%	3.0%	3.5%	3.0%
Employee turnover rate				
Full time employees	0.0% - 30.0%	0.0% - 30.0%	0.0% - 30.0%	0.0% - 30.0%
Temporary employees	0.0% - 60.0%	0.0% - 60.0%	0.0% - 60.0%	0.0% - 60.0%

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17 Employee benefit obligations (Cont'd)

Sensitivity analysis for each significant assumption used in consolidated financial statements is as follows:

	Change in assumption		Impact on defined benefit obligation Increase (decrease)			
			Increase in assumption		Decrease in assumption	
	2018 %	2017 %	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Discount rate	1%	1%	(358,787)	(375,036)	408,222	436,957
Salary growth rate	1%	1%	399,808	650,056	(358,609)	(571,438)
Staff turnover rate	20%	20%	(515,474)	(707,429)	784,763	976,549

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employee benefit obligations recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 11.8 years (2017: 11.1 years).

On 13 December 2018, the National Legislative Assembly of Thailand passed the resolution for proposing the new Labour Protection Act. As at 31 December 2018, it was in process of publication in Royal Thai Government Gazette. This new act specifies the change in compensation rates from the maximum of 300 days to 400 days for employees with consecutive working period from 20 years onwards. The change is the change in plan of retirement benefit which leads the Group and the Company to have the incremental employee benefit obligations as at 31 December 2018 of Baht 1.06 million and Baht 0.72 million, respectively. The effect of this change has not been recorded in the financial statements for the year ended 31 December 2018.

18 Share capital and share premium

	Authorised share capital		Paid-up share capital		Share Premium
	Number of Shares Shares	Ordinary Shares Baht	Number of Shares Shares	Ordinary Shares Baht	Baht
At 1 January 2017	700,000	70,000,000	700,000	70,000,000	-
Change in par value of Baht 100 per share to Baht 0.5 per share	140,000,000	70,000,000	140,000,000	70,000,000	-
Issue of shares	440,000,000	220,000,000	260,000,000	130,000,000	-
At 31 December 2017	580,000,000	290,000,000	400,000,000	200,000,000	-
Issue of shares	-	-	150,000,000	75,000,000	217,500,000
Share issue costs	-	-	-	-	(9,364,737)
At 31 December 2018	580,000,000	290,000,000	550,000,000	275,000,000	208,135,263

The total authorised number of ordinary shares is 580,000,000 shares (31 December 2017: 580,000,000 shares) with a par value of Baht 0.50 per share (31 December 2017: Baht 0.50 per share). The issued and fully paid-up ordinary shares is 550,000,000 shares (31 December 2017: 400,000,000 shares).

At the Extraordinary Shareholders' Meeting held on 23 November 2017, The shareholders passed a resolution to approve the change in the par value of the Company's ordinary shares from Baht 100 to Baht 0.50 per share. As a result, the number of registered shares increased from 700,000 to 140,000,000 shares. The shareholders also passed a resolution to approve the increase in the registered shares by 440,000,000 shares from 140,000,000 registered shares at the par value of Baht 0.50 per share to 580,000,000 ordinary shares at the par value of Baht 0.50 per share and the registered share capital increased to Baht 290 million. The Company registered the increased share capital with the Ministry of Commerce on 20 December 2017.

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18 Share capital and share premium (Cont'd)

In addition, the shareholders also passed a resolution to allocate 150,000,000 newly issued ordinary shares of the Company with a par value of Baht 0.50 per share for the initial public offering and offered to benefactors under the terms and conditions set by the Board, but not more than 15% of total shares offered in the initial public offering. The shareholders also approved to issue and offer the Employee Stock Options Warrant (Sonic - ESOP 2018) for 30,000,000 units to the Company and the subsidiary's employees and allocated 30,000,000 newly issued ordinary shares of the Company with a par value of Baht 0.50 per share for the warrants. On 19 October 2018, the Group granted ESOP warrants to the Group's executives and employees.

In October 2018, the Company initial public offered its ordinary shares of 150,000,000 shares, with the par value of Baht 0.50 per share. The offering price of these shares was Baht 1.95 per share, totalling Baht 292.50 million. The Company recorded expenses in respect of shares distribution amount of Baht 9.36 million as a deduction to the share premium.

19 Share-based payment

On 19 October 2018, the Company granted warrants ("Sonic - ESOP 2018") to executives and to selected employees. The exercise price of the granted warrants is Baht 1.95. The warrants are exercisable after completed of two years from the grant date. The warrants' period is five years. The number of units can be exercised according to the condition and the timing of the announcement for the right of warrants.

Details of warrants are below:

	Grant date	Issued units Units	Exercise Ratio unit/share	Exercise price Baht/unit	Exercise period	
					Start	End
Sonic - ESOP 2018	19 October 2018	30,000,000	1 : 1	1.95	19 October 2018	18 October 2023

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	Consolidated and separate financial statements	
	Average exercise price (Baht per share )	Number of warrants (Units )
As at 1 January 2018		-
Granted	1.95	30,000,000
As at 31 December 2018		30,000,000

The Company assessed the fair value of the warrants using the Binomial Tree model. The key assumptions of valuation model are as follows:

Assumptions	Sonic - ESOP 2018
Fair value of the stock for the exercise warrants as at the valuation date (Baht)	1.84
The volatility of the stock price for the exercise warrants (%)	42.67%
Probability of the stock's price pattern for the exercise warrants	
- Probability that the price will increase (%)	39.2% - 42.3%
- Probability that the price will decrease (%)	57.7% - 60.9%
Discount rate (%)	2.43%

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19 Share-based payment (Cont'd)

The amounts recognised in the financial statements for the year ended 31 December 2018:

	Consolidated financial statements	Separate financial statements
Investments in subsidiaries, in the statement of financial position	-	461,000
Share-based payment expense in profit or loss	1,024,444	563,444
Share-based payment reserve in equity	1,024,444	1,024,444

20 Legal reserve

	Consolidated and separate financial statements	
	2018 Baht	2017 Baht
At 1 January	7,172,011	1,925,000
Appropriation during the year	1,666,560	5,247,011
At 31 December	8,838,571	7,172,011

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

21 Components of other comprehensive income

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Other comprehensive income:				
Remeasurements of defined benefit plans	917,337	-	225,486	-
Income tax relating to components of other comprehensive income	(183,467)	-	(45,097)	-
Total other comprehensive income	733,870	-	180,389	-

22 Other income

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Dividend income	-	-	13,121,117	86,282,525
Gain on exchange rate	-	188,095	-	188,095
Interest income	628,693	113,110	552,664	32,683
Gain on disposals of equipment and intangible assets	1,600,965	1,465,248	1,277,834	1,414,451
Others	617,489	659,055	625,778	702,454
Total other income	2,847,147	2,425,508	15,577,393	88,620,208

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23 Finance costs

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Interest expense - Borrowings from financial institutions	7,285,989	3,832,085	7,019,202	3,765,669
Interest expense - Finance lease	3,969,172	4,322,744	3,969,172	4,322,744
Interest expense - Borrowings from related parties (Note 28)	-	-	-	538,653
Total finance cost	<u>11,255,161</u>	<u>8,154,829</u>	<u>10,988,374</u>	<u>8,627,066</u>

24 Expenses by nature

Significant expenditure items classified by nature are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Freight cost, transportation cost and other fees	843,870,348	691,165,760	462,152,964	350,107,264
Office utilities	2,214,442	1,707,360	1,172,767	1,236,916
Fuel expenses	41,917,754	34,331,614	41,891,914	34,311,784
Repair and maintenance expense	6,908,594	5,429,580	6,783,631	5,231,530
Staff costs	100,055,065	77,490,383	66,385,744	53,694,688
Commission fee	24,442,793	23,177,770	13,927,878	13,392,842
Depreciation and amortisation expense	19,716,318	26,208,262	18,764,634	24,341,632
Rental and related service expense	1,175,911	375,237	1,838,073	1,155,132
Other expenses	44,255,818	33,681,799	32,796,432	21,391,869
	<u>1,084,557,043</u>	<u>893,567,765</u>	<u>645,714,037</u>	<u>504,863,657</u>

25 Income taxes

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current tax:				
Current tax on profit for the year	10,805,597	13,237,394	3,566,325	4,520,287
Deferred tax:				
Origination and reversal of temporary differences	1,095,246	(576,723)	1,141,087	(222,194)
Total income taxes	<u>11,900,843</u>	<u>12,660,671</u>	<u>4,707,412</u>	<u>4,298,093</u>



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25 Income taxes (Cont'd)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the parent company is as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Profit before tax	60,298,259	60,578,889	37,620,470	109,098,144
Tax calculated at a tax rate of 20% (2017: 20%)	12,059,652	12,115,778	7,524,094	21,819,629
Tax effect of:				
Income not subject to tax	-	-	(2,624,223)	(17,256,505)
Associate's result reported	(171,279)	-	-	-
Expenses not deductible for tax purpose	751,190	1,279,723	472,930	388,529
Expenses doubled deductible	(738,720)	(734,830)	(665,389)	(653,560)
Tax charge	11,900,843	12,660,671	4,707,412	4,298,093

26 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary share is warrants granted to the Group's executives and employees.

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net profit attributable to ordinary shareholders of the Parent (Baht)	46,626,069	45,829,740	32,913,058	104,800,051
Weighted average number of ordinary shares (Shares)	430,410,959	157,808,219	430,410,959	157,808,219
Basic earnings per share (Baht per share)	0.11	0.29	0.08	0.66

There was no effects of dilutive ordinary shares on calculation of diluted earnings per share since the fair value of Company's ordinary shares as at 31 December 2018 was lower than the exercise price of the warrants.

There was no potential dilutive ordinary shares in issue for the year ended 31 December 2017.

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27 Dividends

2018

Company

At the General Shareholders' Meeting of the Company no. 1/2561 held on 30 April 2018, the shareholders passed the resolution to approve dividends payment in respect of the retained earnings as at 31 December 2017 at the rate of Baht 0.035 per share for 400,000,000 ordinary shares, totalling Baht 14.00 million. The dividends were paid in May 2018.

At the Board of Directors' Meeting of the Company no. 7/2561 held on 13 November 2018, the directors passed the resolution to approve interim dividends payment at the rate of Baht 0.045 per share for 550,000,000 ordinary shares, totalling Baht 24.75 million. The dividends were paid in December 2018.

Subsidiary

At the General Shareholders' Meeting of Grandlink Logistics Co., Ltd. no. 1/2561 held on 30 April 2018, the shareholders passed the resolution to approve dividends payment in respect of the retained earnings as at 31 December 2017 at the rate of Baht 45.17 per share for 310,000 ordinary shares, totalling Baht 14.00 million. The dividends were paid in May 2018.

2017

Company

At the General Shareholders' Meeting of the Company no.1/2560 held on 5 April 2017, the shareholders passed the resolution to approve dividends payment in respect of the retained earnings as at 31 December 2016 at the rate of Baht 28.57 per share for 700,000 ordinary shares, totalling Baht 19.99 million. The dividends were paid in April 2017.

At the Board of Directors' Meeting of the Company no.4/2560 held on 16 August 2017, the directors passed the resolution to approve interim dividends payment at the rate of Baht 85.72 per share for 700,000 ordinary shares, totalling Baht 60.00 million. The dividends were paid in September 2017.

At the Board of Directors' Meeting of the Company no.5/2560 held on 1 September 2017, the directors passed the resolution to approve interim dividends payment at the rate of Baht 185.72 per share for 700,000 ordinary shares, totalling Baht 130.00 million. The dividends were paid in September 2017.

Subsidiary

At the General Shareholders' Meeting of Grandlink Logistics Co., Ltd. no.1/2560 held on 5 April 2017, the shareholders passed the resolution to approve dividends payment in respect of the retained earnings as at 31 December 2016 at the rate of Baht 96.77 per share for 310,000 ordinary shares, totalling Baht 29.99 million. The dividends were paid in May 2017.

At the Board of Directors' Meeting of Grandlink Logistics Co., Ltd. no.1/2560 held on 8 August 2017 the directors passed the resolution to approve interim dividends payment at the rate of Baht 193.55 per share for 310,000 ordinary shares, totalling Baht 60.00 million. The dividends were paid in September 2017.

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28 Related-party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is controlled by "K.Arpanant" family, which owns 64.24% of the Company's shares. The remaining 35.76% of the shares is widely held. The significant investments in subsidiaries are set out in Note 9.

Nature of relationship in related parties is summarised as follows:

Related parties	Nature of relationship
The Design Inter Property Co., Ltd. Mr.Santisuk K.Arpanant	Common major shareholder Major shareholder

The following material transactions were carried out with related parties:

i) Sales of services

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Service income:				
Subsidiaries	-	-	27,159,364	16,723,513
Associate	-	8,831,868	-	1,613,335
	-	8,831,868	27,159,364	18,336,848
Dividends income:				
Subsidiaries	-	-	13,121,117	84,333,025
Associate	-	-	-	1,949,500
	-	-	13,121,117	86,282,525
Other income:				
Subsidiaries	-	-	8,289	3,400
Associate	650	-	550	-
Related parties	-	26,693	-	26,693
	650	26,693	8,839	30,093

Service income from subsidiaries and associate was carried out on commercial terms and conditions and at market prices.

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28 Related-party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

ii) Purchases of services

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
For the year ended 31 December				
Cost of services:				
Subsidiaries	-	-	18,077,883	15,887,371
Associate	-	1,781,229	-	84,072
	<u>-</u>	<u>1,781,229</u>	<u>18,077,883</u>	<u>15,971,443</u>
Administrative expenses:				
Subsidiaries	-	-	2,037,927	1,453,409
Associate	97,544	316,185	25,151	100
	<u>97,544</u>	<u>316,185</u>	<u>2,063,078</u>	<u>1,453,509</u>
Finance costs:				
Subsidiaries	-	-	-	538,653

Cost of services from subsidiaries and associate was carried out on commercial terms and conditions and at market prices. Administrative expenses which were mostly comprised of office rental and office service expense are based on a long-term agreement were carried out at market price, which compare to rental fee rate in the nearby area.

iii) Outstanding balances arising from sales/purchases of services

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade receivable:				
Subsidiaries	-	-	1,116,988	1,397,510
Associate	-	172,620	-	-
	<u>-</u>	<u>172,620</u>	<u>1,116,988</u>	<u>1,397,510</u>
Deposits of office rental and related services:				
Subsidiaries	-	-	405,000	405,000
Trade payable:				
Subsidiaries	-	-	2,579,571	403,931
Associate	-	62,089	-	-
	<u>-</u>	<u>62,089</u>	<u>2,579,571</u>	<u>403,931</u>
Accrued interest expenses:				
Subsidiaries	-	-	-	20,261
Received for deposits of office rental and related services:				
Associate	-	316,695	-	-

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28 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

iv) Short-term borrowings from related parties

The movements of short-term loans from a subsidiary during the years ended 31 December are as follows:

	Separate financial statements	
	2018 Baht	2017 Baht
Opening book amount	-	57,000,000
Additions	-	66,000,000
Repayments	-	(123,000,000)
Closing book amount	-	-

v) Key management compensation

Key management includes directors (executive and non-executive) and members of the executive committee. The compensation paid or payable to key management for employee services is shown below:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
For the year ended 31 December				
Short-term employee benefits	12,326,326	8,426,577	8,439,223	8,056,160
Post-employment benefits	301,880	333,504	275,890	307,016
	<u>12,628,206</u>	<u>8,760,081</u>	<u>8,715,113</u>	<u>8,363,176</u>

29 Commitments

i) Capital commitments

Capital expenditure contracted at the statement of financial position date but not recognised in the financial statements is as follows:

	Consolidated financial statements	
	2018 Million Baht	2017 Million Baht
Intangible assets		
- Computer software	<u>1.87</u>	<u>1.87</u>

ii) Operating lease commitments - where the Group is lessee

The Group leases various buildings, photo copiers and other equipment, and office cleaning service under non-cancellable operating lease agreements. The lease terms are between 1 year and 30 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Not later than 1 year	2.20	2.76	1.84	1.92
Later than 1 year but not later than 5 years	1.52	2.70	0.73	1.77
Later than 5 years	0.94	1.02	-	-
	<u>4.66</u>	<u>6.48</u>	<u>2.57</u>	<u>3.69</u>

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29 Commitments (Cont'd)

iii) Letters of guarantee

The Group has letters of guarantee issued by financial institutions to Custom Department and customers in respect of services for lubricant oil exporting as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Letters of guarantee	2.59	2.68	1.09	1.08

30 Litigations and disputes of the Group

Company

- On 21 June 2016, the Customs Department issued a letter informing the Company that it would revoke the Company's licence to set up and operate in the King-Kaew LCL free zone. The Customs Department said that someone took a car out of the free zone area during the grace period during the flood crisis in 2011. However, the car was not taken back to the free zone area within the extension period granted by the Customs Department. Revenues from the free zone operation for the year ended 31 December 2016 was Baht 7.21 million.

On 15 December 2016, the Company filed a lawsuit against the Customs Department and its Director General in the Central Administrative Court (the Court) to ask the Court for 1) an order to terminate the cancellation of the Company's licence to set up and operate in the free zone area 2) Baht 33 million with an interest rate of 7.5% per annum from the Customs Department for any losses caused by this matter, and 3) the petition for a temporary injunction for the stay of execution of the cancellation of the Company's licence to set up and operate in the free zone at the Court's discretion.

On 28 April 2017, the Court dismissed the Company's petition for a temporary injunction for the stay of execution submitted on 15 December 2017. As a result, the Company's operation in the free zone still cannot be resumed.

On 11 October 2017, Bang Sao Thong Customs Service Division issued a letter informing the Company to pay duty based on the duty assessment for the car of Baht 19.93 million. This is the Company's obligation according to the insurance and bond agreement for a free zone operator dated on 11 March 2009.

The Company's management considered that a provision for such amount will not be recognised in the financial statements for the year ended 31 December 2018. This is because the Company has issued a dispute letter, dated on 24 October 2017, to the Head of Division, at the Bang Sao Thong Customs Service Division II to oppose the enforcement of the insurance and bond agreement for the free zone operator, and so that the Customs Department can postpone the duty payment until the court case has been finalised by the Central Administrative Court. This is also related to the progress of the lawsuit filed by the Customs Department that the Company was involved in taking a car out of the free zone area. Regarding this, the Inquiry Official believed that a non-prosecution order shall be executed for the Company since the witnesses and evidence were not enough to issue a prosecution order. In the next step, the Inquiry Official will pass the copy of the investigation report to the attorney to determine whether to issue a prosecution order against the Company. If the Company wins the court case, the Company then has no tax liability on the assessed amount. The Company has concluded that the duty payment is not highly probable.

- On 3 December 2014, the Company received a summons from the Economic Crime Suppression Division, Royal Thai Police, regarding the avoidance of customs duty for a car imported in 2011, which request the Company to pay compensation for the car's value of Baht 1.90 million and related tax of Baht 3.08 million. At the moment, the Prosecuting Attorney in Pattaya issued an opinion of not to file a lawsuit against the Company and instead passed the case to the President of the Central Investigation Bureau. This case is currently being considered by the President of the Central Investigation Bureau. The Company's lawyer believes that the President of the Central Investigation Bureau will agree with the Prosecuting Attorney's opinion.



Sonic Interfreight Public Company Limited  
Notes to the Consolidated and Separate Financial Statements  
For the year ended 31 December 2018

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30 Litigations and disputes of the Group (Cont'd)

Company (Cont'd)

3. On 18 November 2016, a mobile telecommunications service provider filed a lawsuit against the Company's staff, the Company as the employer, and an insurance company in Civil Court for a joint liability from accusation of violation. The claim for damages was Baht 0.58 million. This arose from the Company's truck driver accidentally damaging the cables and telephone lines belonging to the mobile telecommunications service provider who is the plaintiff.

On 23 March 2018 the Court of First Instance had a judgement of dismissal the lawsuit because the violation did not result from the negligence of the Company's staff. Instead, it was caused by the telecommunications service provider's inadequate maintenance of the cables and telephone lines and its failure to keep them at a suitable height where they would not be damaged. Later on 8 June 2018, the plaintiff appealed against the judgement of the Court of First Instance. On 30 January 2019, which is an event occurring after the reporting date, the Court of Appeal issued a judgement that the Company has to take a responsibility for the claim for a total of Baht 0.40 million. The Company is in the process of submitting a petition to the Supreme Court.

The outcomes of the cases in 2. and 3 above, including their potential liabilities, cannot presently be determined. However, the Group's management considered that need to pay for these cases would not be highly probable. Thus, the Group has not established a provision for potential liabilities arising from the claims in the financial statements.

4. On 22 October 2018, an insurance company, which insures a chemical trading company, filed a lawsuit in Bangkok South Civil Court against the Company to claim for compensation resulting from a mistake in the delivery of chemical products. The mistake impaired the buyer's manufacturing process. The total compensation claimed by the buyer from the chemical trading company, the seller, was Baht 4.79 million. After inspecting the damage, the insurance company paid compensation to the chemical trading company of Baht 3.88 million. The insurance company requested for this compensation with interest of Baht 3.94 million at the 7.5% interest rate per annum calculated from the date of prosecution until the full amount of payment is made to the plaintiff. Then, on 9 January 2019 which is an event occurring after the reporting date, the Company presented its testimony to the Court and filed a petition to use the Company's subcontractor as the joint defendant.

On 24 October 2018, the chemical trading company filed a lawsuit in Bangkok South Civil Court against the Company to request for the remaining compensation claim of Baht 0.97 million that the insurer did not pay including the 7.5% interest rate per annum calculated from the date of prosecution until the payment is made in full. Later on 2 January 2019, which is an event occurring after the reporting date, the Company presented its testimony to the Court and filed a petition to use the Company's subcontractor as the joint defendant.

However, the Group's management reached the conclusion, based on the available evidence that the damage was not directly caused by the Company. Also, it would not be highly probable that the Company would be liable to the damage to the insurance company and the chemical trading company. Thus, the Group has not established a provision for potential liabilities arising from the claim in the financial statements.

Subsidiary

1. On 14 March 2017, Asian Interlogistics Co., Ltd. ("Asian"), before amalgamating to become Grandlink Logistics Co., Ltd., was filed a lawsuit as second defendant in the Central Intellectual Property and International Trade Court for an infringement case and was claimed for damages arising from the shipping of goods from Thailand to Hong Kong instead of Shanghai. This is regarded as a breach of the International Carriage of Goods by Sea agreement for Baht 0.50 million. This case is now being considered by the Central Intellectual Property and International Trade Court. However, Asian took liability insurance for the transporter with an insurance company. The insurer has already appointed a lawyer and has assigned him to defend the lawsuit on behalf of Asian Interlogistics Co., Ltd.

On 28 August 2018, the Central Intellectual Property and International Trade Court had a judgement that Asian has to pay the plaintiff the claim of Baht 0.12 million with a 7.5% interest rate per annum calculated from 10 April 2015 until the payment is made in full. This amount is not covered by the insurer, based on the insurance agreement. Thus, the Subsidiary has to take responsibility for this claim. However, the Group's management is currently appealing against the judgement of the Central Intellectual Property and International Trade Court. The Group's management believes that Asian has reliable evidence that the damage was not due to a mistake of the Subsidiary.

The outcomes of this case and the potential liabilities cannot be determined as yet. However, the Group's management determined that it is not highly probable that Asian has to take responsibility for the damage since Asian has an insurance. Thus, the Group has not established a provision for potential liabilities arising from this claim in the financial statements.

## Related-Party Transactions

1. Details and type of relationship between people or related transactions which may have conflict of interest with the Company.

Persons / Juristic Persons which may have conflict	Relationship
GLS Interfreight Co., Ltd (“GLS”)	<ul style="list-style-type: none"> <li>- Subsidiary, holding 38.99% of total sharers and has same group of Directors with the Company.</li> <li>- A company that operates International Freight Forwarder Business.</li> <li>- GLS has registered the liquidation which the registrar obtained the registration on 13 March 2018 and the liquidation is on process.</li> </ul>
Siam Pickpack (Phuket) Co., Ltd.	<ul style="list-style-type: none"> <li>- A company that Ms.Narunol Rattanaworawipa, Executive of Subsidiary, holds shares.</li> <li>- A company that operates construction business, dwelling real estate and packing for transportation service.</li> </ul>
PK Good Tires Co., Ltd.	<ul style="list-style-type: none"> <li>- A company that Mr.Patiparn Plengchawee, the Company Executive, is a Director.</li> <li>- A company that trades car tire, car wheel and all types of automotive parts.</li> </ul>
President Automobile Industry Co., Ltd.	<ul style="list-style-type: none"> <li>- A company that Assoc. Prof. Kalyaporn Panmarerng and Mr. Kanwat Arun, the Company's Independent Director, are Directors.</li> <li>- A company that manufactures car air conditioning parts.</li> </ul>
Dr. Santisuk Kosiarpnant	Major Shareholder / Board of Director/ CEO / Authorized Signatory/ holding 77.98% of the total shares.

2. Related transactions between Sonic Interfreight Public Company Limited and person or transaction which may have conflict that end on 31 December 2017 and 2018.

Persons / Juristic Persons which may have conflict / Type of Business	Type and Details of Transactions	Value of Related Transactions (Thousand Baht)		Necessity and Reasonability of Transactions
		31 Dec 2017	31 Dec 2018	
GLS Interfreight Co., Ltd ("GLS") - Subsidiary, holding 38.99% of total sharers and has same group of Directors with the Company. - A company that operates International Freight Forwarder Business. - GLS has registered the liquidation which the registrar obtained the registration on 13 March 2018 and the liquidation is on process.	<u>Revenue from Services</u>	1,613.33	-	The Company provides freight forwarder service to GLS which is subsidiary and completed the liquidation. GLS is held shares by oversea company that coordinates to provide service to affiliate network of oversea shareholders. Service fee is considered revenue and business operation cost is freight charge and customs clearance fee. The Company applies the same policy and condition of price charging as other customers.  <b>Audit Committee's opinion</b> As it is the service transaction under normal market price and trading condition, the transaction is considered fair and reasonable transaction.
	<u>Account Receivable - Related Transactions</u>			
	Beginning	418.91	-	
	Increase	1,720.08	0.59	
	Decrease	(2,138.99)	(0.59)	
	Ending	-	-	
	<u>Service Cost</u>	84.07	-	
	<u>Account Payable - Related Transactions</u>			
	Beginning	1.07	-	
	Increase	179.70	91.60	
	Decrease	(180.77)	(91.60)	
	Ending	-	-	

<p><b>GLS Interfreight Co., Ltd (“GLS”)</b></p> <ul style="list-style-type: none"> <li>- Subsidiary, holding 38.99% of total sharers and has same group of Directors with the Company.</li> <li>- A company that operates International Freight Forwarder Business.</li> <li>- GLS has registered the liquidation which the registrar obtained the registration on 13 March 2018 and the liquidation is on process.</li> </ul>	<p><u>Other Services</u></p> <p><u>Revenue</u></p> <p><u>Account Receivable - Related Transactions</u></p> <p>Beginning</p> <p>Increase</p> <p>Decrease</p> <p>Ending</p> <p><u>Other Service Cost</u></p> <p><u>Account Payable - Related Transactions</u></p> <p>Beginning</p> <p>Increase</p> <p>Decrease</p> <p>Ending</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>0.55</p> <p>-</p> <p>0.59</p> <p>(0.59)</p> <p>-</p> <p>25.15</p> <p>-</p> <p>91.60</p> <p>(91.60)</p> <p>-</p>	<p>SONIC and GLS have transactions with same overseas customer. Then, SONIC takes into matter to collect payment / pay to both SONIC and GLS and agree to response bank transfer fee partially without any extra profits. Moreover, SONIC and GLS used Laem Chabang Office in the same building. After GLS has closed down the business and moved out from the office in December 2017, SONIC continued using public utility causing GLS paid mentioned public utility before billing to SONIC without any extra profits. Accordingly, the Company is currently on process of changing utility registered name.</p> <p><u>Audit Committee's opinion</u></p> <p>As it is the service transaction under normal market price and trading condition, the transaction is considered fair and reasonable transaction.</p>
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<p>บจก. จีแอลเอส อินเตอร์เฟรท “GLS”</p> <ul style="list-style-type: none"> <li>- บริษัทร่วมของบริษัทฯ ถือหุ้นในสัดส่วนร้อยละ 38.99 และมีกรรมการชุดเดียวกับบริษัทฯ</li> <li>- ประกอบธุรกิจตัวแทนขนส่งสินค้าระหว่างประเทศ</li> </ul> <p>GLS ได้จดทะเบียนเลิกบริษัท ซึ่งนายทะเบียนได้รับจดทะเบียนไว้แล้วเมื่อวันที่ 13 มีนาคม 2561 และอยู่ในขั้นตอนการชำระบัญชี</p>	<p><b>ต้นทุนต่อทรัพย์สิน</b></p> <p><b>เจ้าหนี้การค้า – กิจการที่เกี่ยวข้อง</b></p> <p>ยอดต้นงวด</p> <p>ยอดเพิ่มขึ้นระหว่างงวด</p> <p>ลดลงระหว่างงวด</p> <p>ยอดปลายงวด</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>175.12</p> <p>-</p> <p>91.60</p> <p>(91.60)</p> <p>-</p>	<p>GLS ได้ดำเนินเลิกกิจการและทำการขายทรัพย์สินสำนักงานให้แก่ SONIC โดยได้มีการซื้อทรัพย์สินสำนักงาน ที่ยังสามารถใช้ประโยชน์ได้อยู่มาประกอบกิจการบริษัท และได้มีการเปรียบเทียบมูลค่าทรัพย์สิน มูลค่าชากับราคาตลาด</p>
				<p><b>ความเห็นคณะกรรมการตรวจสอบ</b></p> <p>เนื่องจากเป็นรายการได้ทรัพย์สิน โดยเป็นไปตามราคาตลาดและเงื่อนไขการค่าปกติ</p> <p>มีมติอนุมัติในการประชุมคณะกรรมการตรวจสอบ และคณะกรรมการบริษัทเมื่อวันที่ 10 พฤษภาคม 2561</p> <p>จึงมีความเห็นว่ารายการที่เกิดขึ้น มีความเป็นธรรมและสมเหตุสมผล</p>

<p><b>The Design Inter Property Co., Ltd.</b></p> <ul style="list-style-type: none"> <li>- A company that Dr. Santisuk Kosiarpnanant, Major Shareholder / Board of Director, is a Director.</li> <li>- A company that operates real estate business.</li> </ul>	<p><b>Pick-up Trading</b></p> <p><u>Account Receivable -</u></p> <p><u>Related Transactions</u></p> <p>Beginning</p> <p>Increase</p> <p>Decrease</p> <p>Ending</p>	<p>240.00</p> <p>-</p> <p>-</p> <p>256.80</p> <p>(256.80)</p> <p>-</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p><b>Audit Committee's opinion</b></p> <p>As it is assets receiving transaction under normal market price and trading condition, the transaction is considered fair and reasonable.</p>
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<p><b>Dr. Santisuk Kosiarpnanant</b> - Major Shareholder/ Director/ CEO/ Authorized Signatory/ holding 64.24% of total shares</p>	<p><b><u>Guarantee All Loan Agreements and Bank Overdrafts</u></b> On 24 Dec 2018, the bank discharged the burden guarantor on behalf of Dr. Santisuk Kosiarpnanant who personally guaranteed the Company.</p>	<p>Person Guarantee at 130.61 Million Baht</p>	<p>None</p>	<p>The Company has credit limit with creditor in financial institution for expanding and operating business which personally guaranteed by Dr. Santisuk Kosiarpnanant. This guarantee is followed condition required by financial institution. Dr. Santisuk Kosiarpnanant did not receive any returns from the guarantee. <b><u>Audit Committee's opinion</u></b> As it is financial support to continue regular business operation under trading condition, it is considered to be certified.</p>
<p><b>Dr. Santisuk Kosiarpnanant</b> - Major Shareholder/ Director/ CEO/ Authorized Signatory/ holding 64.24% of total shares</p>	<p><b><u>Guarantee Vehicle Hire Purchase Agreements to the Company</u></b> On 24 Dec 2018, the bank discharged the burden guarantor on behalf of Dr. Santisuk Kosiarpnanant who personally guaranteed the Company.</p>	<p>Person Guarantee at 93.76 Million Baht</p>	<p>None</p>	<p>The Company has plan to expand the road transport service providing by making vehicle hire purchase agreement with one financial institution and it is necessary to have Director to guarantee the agreement. <b><u>Audit Committee's opinion</u></b> As it is financial support to continue regular business operation under trading condition, it is considered to be certified.</p>

<p>PK Good Tires Co., Ltd.</p> <p>- A company that Mr.Patiparn Plengchawee, the Company Executive, is a Director.</p> <p>- A company that trades car tire, car wheel and all types of automotive parts.</p>	<b>Revenue from Services</b>	23.80	41.92	<p>The Company provides service of Sea Freight and Transport to PK Good Tires Co., Ltd. which operates business of trading car tire, car wheel and all types of automotive parts. PK Good Tires Co., Ltd. is held shares by Mr. Patiparn Plengchawee who is an Executive of the Company being as Director. Service fee is considered revenue and business operation cost is customs clearance fee and transport fee. The Company applies the same policy and condition of price charging as other customers. Besides, the Company also purchased tire parts for road transport business from PK Good Tires Co., Ltd.</p>
	<b><u>Account Receivable - Related Transactions</u></b>			
	Beginning	-	-	
	Increase	89.80	58.76	
	Decrease	(89.80)	(11.30)	
	Ending	-	47.46	
	<b><u>Service Cost</u></b>	1,185.55	1,544.90	
	<b><u>Account Payable - Related Transactions</u></b>			
	Beginning	140.00	-	
	Increase	1,239.06	1,544.90	
	Decrease	(1,379.06)	(1,544.90)	<p><b><u>Audit Committee's opinion</u></b></p> <p>As service providing to PK Good Tires Co., Ltd. is followed by normal trading condition which is same as other customers, it is considered to be certified.</p>
	Ending	-	-	

<p>President Automobile Industry Co., Ltd.</p> <p>- A company that Assoc. Prof. Kalyaporn Panmareng and Mr. Kanwat Arun, the Company's Independent Director, are Directors.</p> <p>- A company that manufactures car air conditioning parts.</p>	<p><u>Revenue from Services</u></p> <p><u>Account Receivable - Related Transactions</u></p>	<p>0.86</p>	<p>762.86</p>	<p>The Company provides service of Sea Freight to President Automobile Industry Co., Ltd., a company that operates business of manufacturing car parts. President Automobile Industry Co., Ltd., has Assoc. Prof. Kalyaporn Panmareng as joint committee. Service fee is considered revenue in business operation such as customs clearance fee. The Company applies the same policy and condition of price charging as other customers.</p> <p><u>Audit Committee's opinion</u></p> <p>As service providing to President Automobile Industry Co., Ltd., is followed by normal trading condition which is same as other customers, it is considered to be certified.</p>
<p>Beginning</p> <p>Increase</p> <p>Decrease</p> <p>Ending</p>		<p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>-</p> <p>845.24</p> <p>(479.44)</p> <p>365.80</p>	

3. Related transactions between Grandlink Logistics Co., Ltd and person or transaction which may have conflict that end on 31 December 2017 and 2018.

Persons / Juristic Persons which may have conflict / Type of Business	Type and Details of Transactions	Value of Related Transactions (Thousand Baht)		Necessity and Reasonability of Transactions
		31 Dec 2017	31 Dec 2018	
GLS Interfreight Co., Ltd “GLS” - Subsidiary, holding 38.99% of total sharers and has same group of Directors with the Company. - A company that operates International Freight Forwarder Business. - GLS has registered the liquidation which the registrar obtained the registration on 13 March 2018 and the liquidation is on process.	<u>Revenue from Services</u>	6,356.60	-	The Company provides service of Freight to GLS which is the subsidiary that registered the liquidation. GLS is held shares by oversea company that coordinates to provide service to affiliate network of oversea shareholders. Service fee is considered revenue and business operation cost is freight charge and customs clearance fee. The Company applies the same policy and condition of price charging as other customers.  <b>Audit Committee's opinion</b> As it is assets receiving transaction under normal market price and trading condition, the transaction is considered fair and reasonable.
	<u>Account Receivable - Related Transactions</u>			
	Beginning	358.45	107.37	
	Increase	1,720.08	-	
	Decrease	(1,971.16)	(107.37)	
	Ending	107.37	-	
	<u>Service Cost</u>	1,466.21	-	
	<u>Account Payable - Related Transactions</u>			
	Beginning	201.65	59.30	
	Increase	1,959.18	77.46	
	Decrease	(2,101.53)	(136.76)	
	Ending	59.30	-	

<p><b>GLS Interfreight Co., Ltd "GLS"</b></p> <ul style="list-style-type: none"> <li>- Subsidiary, holding 38.99% of total sharers and has same group of Directors with the Company.</li> <li>- A company that operates International Freight Forwarder Business.</li> <li>- GLS has registered the liquidation which the registrar obtained the registration on 13 March 2018 and the liquidation is on process.</li> </ul>	<p><b><u>Office Rental Fee</u></b></p> <p>Grandlink provided office to GLS.</p> <p><b><u>Other Services Revenue</u></b></p> <p>Grandlink provided cleaning service and document printing to GLS.</p>	<p>292.64</p> <p>569.39</p>	<p>-</p> <p>-</p>	<p>Since GLS does not own its office, GLS rents office area from Grandlink to be GLS Office and rental period is 10 April 2014 to 9 April 2017 with the rental fee at 48,772.50 Baht per month or 96.63 Baht per sq.m. Service Providing Fee and Facility Utilization in rental space is at 73,154.97 Baht per month or 143.44 Baht per sq.m. On 1 October 2016, the rental space was 50% decreased and rental fee per month was 24,386.25 Baht. The Company offered the normal rates which other nearby offices do.</p> <p><b><u>Audit Committee's opinion</u></b></p> <p>As it is assets receiving transaction under normal market price and trading condition, the transaction is considered fair and reasonable.</p>
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<p>GLS Interfreight Co., Ltd "GLS"</p> <ul style="list-style-type: none"> <li>- Subsidiary, holding 38.99% of total sharers and has same group of Directors with the Company.</li> <li>- A company that operates International Freight Forwarder Business.</li> <li>- GLS has registered the liquidation which the registrar obtained the registration on 13 March 2018 and the liquidation is on process.</li> </ul>	<p><u>Other Service Cost</u></p> <p><u>Account Payable -</u></p> <p><u>Related Transactions</u></p> <p>Beginning</p> <p>Increase</p> <p>Decrease</p> <p>Ending</p>	<p>316.18</p> <p>201.65</p> <p>1,959.18</p> <p>(2,101.53)</p> <p>59.30</p>	<p>72.39</p> <p>59.30</p> <p>77.46</p> <p>(136.76)</p> <p>-</p>	<p>Grandlink and GLS used Head Office in the same building. After GLS has closed down the business and moved out from the office in December 2017, Grandlink continued using public utility causing GLS paid mentioned public utility before billing to Grandlink without any extra profits. Accordingly, the Company is currently on process of changing utility registered name.</p> <p><u>Audit Committee's opinion</u></p> <p>As it is assets receiving transaction under normal market price and trading condition, the transaction is considered fair and reasonable.</p>
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<p><b>GLS Interfreight Co., Ltd "GLS"</b></p> <ul style="list-style-type: none"> <li>- Subsidiary, holding 38.99% of total shareholders and has same group of Directors with the Company.</li> <li>- A company that operates International Freight Forwarder Business.</li> <li>- GLS has registered the liquidation which the registrar obtained the registration on 13 March 2018 and the liquidation is on process.</li> </ul>	<p><b>Assets Purchasing Cost</b></p> <p><b>Account Payable -</b></p> <p><b>Related Transactions</b></p> <p>Beginning</p> <p>Increase</p> <p>Decrease</p> <p>Ending</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>220.30</p> <p>59.30</p> <p>77.46</p> <p>(136.76)</p> <p>-</p> <p><b>Audit Committee's opinion</b></p> <p>As it is assets receiving transaction under normal market price and trading condition, the transaction is considered fair and reasonable.</p>	<p><b>Dr. Santisuk Kosiarpnanant</b></p> <ul style="list-style-type: none"> <li>- Shareholder / Director / Authorized Signatory</li> </ul>	<p><b>Guarantee All Loan Agreements and Bank Overdrafts</b></p> <p>On 24 December 2018, the bank discharged the burden guarantor on behalf of Dr. Santisuk Kosiarpnanant who personally guaranteed the Company.</p>	<p>Person</p> <p>Guarantee at 13 Million Baht</p>	<p>None</p> <p>The Company has credit limit with creditor in financial institution for expanding and operating business which personally guaranteed by Dr. Santisuk Kosiarpnanant. This guarantee is followed condition required by financial institution. Dr. Santisuk Kosiarpnanant did not receive any returns from the guarantee.</p> <p><b>Audit Committee's opinion</b></p> <p>As it is financial support to continue regular business operation under trading condition, it is considered to be certified.</p>
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<p><b>Siam Pickpack (Phuket) Co., Ltd.</b></p> <p>- A company that Ms.Narunol Rattanaworawipa, Executive of Subsidiary, holds shares, operating construction business, dwelling real estate and packing for transportation service.</p>	<p><u>Revenue from Services</u></p> <p><u>Account Receivable -</u></p> <p><u>Related Transactions</u></p> <p>Beginning</p> <p>Increase</p> <p>Decrease</p> <p>Ending</p>	<p>277.85</p> <p>135.27</p> <p>277.85</p> <p>(413.12)</p> <p>-</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p>	<p>Grandlink provides service of Sea Freight and Transport to Siam Pickpack (Phuket) Co., Ltd. which operates business of packing for transportation. Service fee is considered revenue and business operation cost is applied as normal practice. The Company applies the same policy and condition of price charging as other customers.</p> <p><u>Audit Committee's opinion</u></p> <p>As it is financial support to continue regular business operation under trading condition, it is considered to be certified.</p>
	<p><u>Service Cost</u></p> <p><u>Account Payable -</u></p> <p><u>Related Transactions</u></p> <p>Beginning</p> <p>Increase</p> <p>Decrease</p> <p>Ending</p>	<p>16.79</p> <p>-</p> <p>(16.79)</p> <p>-</p>	<p>-</p> <p>-</p> <p>-</p> <p>-</p>	

## **Dividend Payment Policy**

It is the Company's policy to pay dividend to shareholders in a proportion that is no less than 50% of net profit after income tax and contingency fund by law and other fund (if any). However, dividend payment is subject to change depending on overall operation, financial status, liquidity, business expansion, necessity of revolving fund in operation, investment plan and future business expansion, market condition, appropriateness and other factors which concern the Company's operation and management. It is under the condition that the Company must have adequate cash in business operation and that operation will cause best interest to shareholders as the Board of Director and/or shareholders see as appropriate.

Accordingly, the Board of Directors' resolution of dividend payment approval must be presented to shareholders for approval except interim dividend which the Board of Directors has authorization to approve and report to shareholders in the next meeting.

## Company Location

Sonic Interfreight Public Company Limited

At Main Meeting Room, No. 79/349, 350,

1st and 2nd Floor Sathupradit Road,

Chongnonsri, Yannawa, Bangkok

Phone Number 02 213 2999 Fax. 02 213 2533

