# PLATT NERA INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

**STOCK CODE : 1949**

# 2021 ANNUAL REPORT

# CONTENTS

# FINANCIAL SUMMARY

## FOR THE YEAR ENDED 31 DECEMBER

| | **2021** | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| | **THB'000** | THB'000 | THB'000 | THB'000 | THB'000 |
| Revenue | **337,543** | 525,423 | 538,113 | 772,133 | 298,804 |
| Gross profit/(loss) | **37,277** | (84,814) | 153,516 | 253,784 | 171,982 |
| Gross profit/(loss) margin (%) | ***11.0%*** | *(16.1%)* | *28.5%* | *32.9%* | *57.6%* |
| Profit/(loss) before tax | **(42,769)** | 39,620 | (26,295) | 147,580 | 99,264 |
| Profit/(loss) for the year attributable to shareholders of the Company | **(29,342)** | 4,227 | (37,276) | 113,545 | 78,668 |
| Total comprehensive income/(loss) attributable to shareholders of the Company | **(28,680)** | 4,673 | (37,276) | 112,822 | 78,793 |

## AS AT 31 DECEMBER

| | **2021** | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| | **THB'000** | THB'000 | THB'000 | THB'000 | THB'000 |
| Total assets | **1,930,865** | 1,668,989 | 1,006,340 | 668,249 | 455,960 |
| Total liabilities | **1,460,665** | 1,170,109 | 512,133 | 586,058 | 513,954 |
| Equity attributable to shareholders of the Company | **470,200** | 498,880 | 494,207 | 82,191 | (57,994) |

The summary of the consolidated results and financial position of the Group for the years ended 31 December 2017, 2018 and 2019 are extracted from the Prospectus.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Executive Directors**

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

**Independent Non-executive Directors**

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

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## COMPANY SECRETARY

Mr. Chan Sing Nun

## REGISTERED OFFICE IN CAYMAN ISLANDS

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THAILAND

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

# CORPORATE INFORMATION

## AUDITORS

Ernst & Young
*Certified Public Accountants*

## AUTHORISED REPRESENTATIVES

Mr. Prapan Asvaplungprohm
Mr. Chan Sing Nun

## LEGAL ADVISERS

*As to Hong Kong law:*
Wong Heung Sum & Lawyers

*As to Cayman Islands law:*
Conyers Dill & Pearman

## PRINCIPAL BANKERS

*In Hong Kong:*
Hang Seng Bank Limited

*In Thailand:*
Bangkok Bank Public Company Limited

Government Savings Bank

Kasikorn Bank Public Company Limited

United Overseas Bank Public Company Limited

## LISTING INFORMATION

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

# LETTER TO SHAREHOLDERS

Dear Sirs,

The COVID-19 pandemic continued to ravage Thailand in 2021. The country saw its highest daily infections in August 2021 owing to the Delta variant, only to see another significant wave in late 2021 when the Omicron variant spread globally. This has sapped the Thai economy which saw growth of only 1.6% in 2021, despite coming from a low base after declining 6.1% in 2020.

The Group has traditionally been dependent on the government related sector for its key projects and the preoccupation of the Thai government by the COVID-19 pandemic has meant fewer new projects and delays in existing projects. Nonetheless, the Group has pressed on with its existing projects and successfully completed the installation phase of the Customer F Passbook Project, Customer F ATM Project as well as several key PEA projects. The Group hopes that its consistent track record in the midst of such challenging conditions will put it in good stead to capture new projects with these customers when the Thai economy recovers from the COVID-19 pandemic.

In 2021, the Group successfully broke new ground and reduced its reliance on the government sector by securing the CDM Project Service Contract with a private sector customer to install CDM machines at convenience stores in Thailand and subsequently operate/maintain these CDM machines. This is a positive reflection of the transferability and resilience of the Group's core skills and experience in ATM/CDM projects.

On behalf of the Board, we would also like to express our thanks to our Shareholders, business partners, customers and suppliers for their continued support despite difficult operating conditions in 2021. Last but not least, we are grateful for the continued diligence and commitment of our management team and staff. Together as a team, we believe that the Group will continue to see long-term growth built upon our hard-earned credentials.

**Prapan Asvaplungprohm**
*Chairman, Chief Executive Officer and Executive Director*

29 March 2022

# MANAGEMENT DISCUSSION AND ANALYSIS

## SUMMARY

The Group provides IT solutions to Thai financial institutions, government departments and agencies predominantly in administrative, telecommunications and utilities sectors. Since our establishment in 2004, we have secured a number of sizable projects including the BAAC ATM Project in 2006, tsunami detection system in 2010 and satellite system project in 2014. Our top customer up to 2020 was BAAC wherein we provided ATM IT solutions that allowed BAAC to set up and thereafter operate its ATM network to serve their unique rural customer base. In 2020, we expanded our customer reach into the rural areas of Thailand by taking on the Customer F ATM Project and Customer F Passbook Project. In 2021, the Company entered into the CDM Project Service Contract which taps on the Company's rich experience in operating ATM/CDM projects in order to partner with a private sector customer.

## BUSINESS REVIEW

2021 continued to be a challenging year for the Group. Thailand saw a 4th COVID-19 wave in 2021 of mainly Delta cases, which saw a peak of approximately 23,000 daily cases in August 2021. Attempts to restart international tourism, a key component of the Thai economy, were muted by the Delta wave starting in mid-2021 and subsequently the Omicron wave in late 2021. The lingering COVID-19 pandemic in turn negatively impacted the Group through disruptions of existing projects and reduced government budget for new government-related projects for the Group.

Despite the difficult operating conditions, the Group persevered in providing the best possible service to its customers. The Group succeeded in completing the installation phases of the Customer F ATM Project and Customer F Passbook Project, and is now switched into the five-year operational and maintenance phases. In its first major private-sector partnership, the Group entered into the CDM Project Service Contract to, inter alia, install CDM machines at convenience stores in Thailand and operate/maintain these CDM machines over a 10 years' (extendable for 2 further years) period. The Group believes in continuing to build on its core competencies to support growth into the post-COVID era.

## BUSINESS OUTLOOK

Despite a low base after a contraction of 6.1% in 2020, Thailand's economy grew by only 1.6% in 2021, one of the slowest in Southeast Asia. The Delta wave, followed by the Omicron wave, of COVID-19 put to paid efforts to reopen the critical international tourism market as well as boost domestic demand. The current Omicron wave has caused more than 20,000 cases a day, a level close to the Delta wave peak in August 2021. The sole bright spot in the economy was the export sector. The Thai government expects the economy to grow by 3.5%-4.5% in 2022, taking into account the limited negative impact of the less serious Omicron variant, recovery in tourism, and continued support from exports. This should however be seen against the backdrop of inflation pressures, supply chain disruptions as well as ongoing developments in Ukraine.

In the face of such challenging conditions, the Group shall focus on its existing projects and remain cautiously optimistic of the Group's prospects in 2022. The Directors will continue keep a close watch on the changing COVID-19 outbreak and Thai economic situation as well as their impact on the Group's operations, financials and risk profile. The Group remains confident of its long-term prospects as it continues to work to secure new projects and deliver on its existing projects.

## FINANCIAL REVIEW

### Revenue

For the financial year ended 31 December 2021 ("**FY2021**"), the Group's total revenue decreased by around 35.8%, or THB187.9 million from approximately THB525.4 million in the financial year ended 31 December 2020 ("**FY2020**") to approximately THB337.5 million in FY2021. The decrease was mainly due to the completion of the installation phase of the bulk of the Customer F Passbook Project and various PEA projects in 2020 which led to declines of approximately THB148.5 million and THB95.4 million in FY2021 compared to FY2020, respectively. At the same time, owing to the ongoing COVID-19 pandemic, BAAC switched to a maintenance-based revenue model with the Group since mid-2020 and this led to a decline of THB98.2 million in BAAC-related revenues in FY2021 compared to FY2020. The above were offset by revenues of THB129.5 million of the new CDM Project Service Contract with the Joint Venture Company in FY2021.

### Gross profit/(loss) and gross profit/(loss) margin

For FY2021, the Group earned a gross profit of approximately THB37.3 million or 11.0% of revenue and compared to the same period last year of gross loss approximately THB84.8 million or (16.1)% of revenue. The improvement was mainly due to the non-recurrence of the one-time over run cost of IT integrated solutions and services for BAAC that had occurred in FY2020.

### Other income and gains, net

Our Group's recorded other income for FY2021 of approximately THB56.6 million, a decline of approximately THB281.9 million compared to the same period last year. The decrease was mainly due to the one-off transaction from the net compensation of approximately THB323.6 million received from CAT Telecom Public Company Limited ("**CAT**"), after winning the litigation case involving FTTx equipment in FY2020. Putting aside the one-off CAT transaction, the other income for FY2021 increased by approximately THB41.7 million compared to the same period last year. The increase was mainly due to the interest income from financial leases of approximately THB45.0 million. Meanwhile, the interest income from bank savings and foreign exchange gains in FY2021 decreased by approximately THB1.7 million and THB1.6 million, respectively, compared to FY2020.

### Selling and distribution expenses

Our selling and distribution expenses for FY2021 was approximately THB14.1 million, mainly comprising salaries of our sales division, and advertising and marketing expenses. These expenses increased by THB4.0 million compared to the same period last year. The increase was mainly attributed to sale commission impact of approximately THB2.5 million and sales staff salary impact of approximately THB1.5 million.

### Administrative expenses

Administrative expenses for FY2021 decreased approximately by 23.4% or THB19.2 million from approximately THB81.9 million for FY2020 to approximately THB62.7 million for FY2021. The decrease was mainly due to the decrease in employee expenses, professional fees, and other expenses by approximately THB6.9 million, THB10.6 million and THB1.7 million, respectively.

### Finance costs

Our Group's finance costs for FY2021 of approximately THB53.8 million increased by approximately THB40.9 million, compared to the same period last year. The increase was mainly due to interest expenses from financial leases of approximately THB39.9 million. Meanwhile, the interest expense from loans increased by approximately THB1.0 million.

**Net (loss)/profit**

As a result of the above factors, the Group's suffered a net loss of approximately THB29.3 million, compared to a profit of approximately THB4.2 million in FY2020. However, considering the absence in FY2021 of the one-off other income of THB323.6 million from CAT in FY2020, the Group had put on a resilient financial performance despite the decline in revenues and challenging operating conditions.

## LIQUIDITY AND FINANCE RESOURCES

**Liquidity and Financial Resources**

The table below summarises the Group's cash flows for FY2021 and FY2020:

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| Net cash flows used in operating activities | **(102,171)** | (152,961) |
| Net cash flows used in investing activities | **(18,142)** | (12,542) |
| Net cash flows (used in)/from financing activities | **(3,711)** | 103,187 |

As at 31 December 2021, the Group had cash and cash equivalents of approximately THB62.1 million (31 December 2020: approximately THB186.2 million), among which THB42.4 million was denominated in THB and THB19.7 million was denominated in HK$.

The change in the net cash flows used in operating activities between FY2021 and FY2020 was largely driven by the lower level of new projects in FY2021. The change in the net cash flows used in investing activities between FY2021 and FY2020 can be attributed to the investment in associate of THB22 million in FY2021 compared to loan to third party of THB11.8 million in FY2020. The Group's cash flow used in financing activities in FY2021, can be traced to the repayment of the principal and interest on loans as they become due.

The Group's net bank and other borrowings balance increased by approximately THB19.7 million to approximately THB256.6 million as at 31 December 2021 (31 December 2020: THB236.9 million), owing mainly to project loans on new projects in FY2021. All of the Group's bank loans are denominated in THB. The annual effective interest rate of the bank and other borrowings during FY2021 ranged from 3.9% to 5.1% (FY2020: 3.5% to 7.0%).

As at 31 December 2021, the total interest-bearing bank borrowings of the Group repayable within one year were approximately THB130.4 million, a decrease from approximately THB178.4 million as at 31 December 2020, due to the lower level of new projects and project loans in FY2021.

As at 31 December 2021, the gearing ratio of the Group was approximately 54.6% (31 December 2020: 47.5%), which represent the interest-bearing debt divided by total equity and multiplied by 100%. The Group's operations were mainly financed by project loan facilities from financial institutions.

## FINANCIAL POSITION

### Net Current Assets

The Group recorded net current assets of approximately THB379.7 million as at 31 December 2021 (31 December 2020: approximately THB342.9 million). The increase in net current asset position was mainly due to the on-going costs in the CDM Project Service Contract in FY2021.

### Current Assets

The Group's current assets increased by approximately THB256.6 million from approximately THB805.8 million as at 31 December 2020 to approximately THB1,062.4 million as at 31 December 2021, mainly due to the increase of approximately THB379.2 million in rental receivable under a finance lease, contract assets, trade receivables and prepayments, other receivables and other assets. Trade receivables balance as at 31 December 2021 of approximately THB474.6 million saw an increase of THB255.3 million from a year earlier, due mainly to the amount due for the Customer F ATM Project of approximately THB344.4 million as at 31 December 2021 (31 December 2020: THB149.5 million). Such increases were offset by the decline in cash and cash equivalents by approximately THB124.0 million from approximately THB186.2 million as at 31 December 2020 to approximately THB62.1 million as at 31 December 2021, due to investments in the Joint Venture Company and the CDM Project Service Contract.

### Current Liabilities

The Group had current liabilities of approximately THB682.7 million as at 31 December 2021 (31 December 2020: approximately THB462.9 million). The increase in current liabilities was mainly attributed to the increase in trade payables from approximately THB225.4 million as at 31 December 2020 to approximately THB484.3 million as at 31 December 2021, which were in turn attributed to the Customer F ATM Project (FY2021: THB339.6 million, FY2020: THB148.1 million). Meanwhile, bank and other borrowings decreased by approximately THB48.0 million from approximately THB178.4 million as at 31 December 2020 to approximately THB130.4 million as at 31 December 2021, due to repayments made upon due date.

### Non-current Assets

The Group recorded non-current assets of approximately THB868.5 million as at 31 December 2021 (31 December 2020: approximately THB863.2 million). The increase in non-current assets was mainly due to investment in associate net of approximately THB16.6 million and non-current trade receivable of approximately THB16.1 million arising from Customer F ATM Project, which were offset by the decrease in non-current rental receivable under a finance lease of approximately THB26.2 million from Customer F Passbook Project.

### Non-Current Liabilities

The Group's non-current liabilities increased to approximately THB777.9 million as at 31 December 2021 (31 December 2020: approximately THB707.2 million), mainly from the increase in bank and other borrowings of approximately THB67.7 million from approximately THB58.5 million as at 31 December 2020 to approximately THB126.2 million as at 31 December 2021 due to the financing supporting for the CDM Project Service Contract.

### Financial Resources

As at 31 December 2021, the gearing ratio of the Group was approximately 54.6% (31 December 2020: 47.5%), which represent the interest-bearing debt divided by total equity and multiplied by 100%. The Group's operations were mainly financed by project loan facilities from financial institutions.

**Shareholders' Equity**

Owing to the net loss in FY2021, the Group's equity attributable to the Shareholders decreased from approximately THB498.9 million as at 31 December 2020 to approximately THB470.2 million as at 31 December 2021.

## CAPITAL COMMITMENTS

As at 31 December 2021, the Group did not have any significant capital commitments.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 1 June 2021, Platt Nera, an indirect subsidiary of the Company, entered into the Joint Venture Agreement with Mr. Prapan Asvaplungprohm and Cash Machine Capital Co., Ltd., pursuant to which the parties agreed to (a) form the Joint Venture Company for the purposes of the investment and development of the CDM Project in Thailand; and (b) regulate their respective rights and obligations in the Joint Venture Company. As Mr. Prapan Asvaplungprohm is an executive Director, the chairman of the Board, chief executive officer of the Company and one of the Controlling Shareholders, Mr. Prapan Asvaplungprohm is a connected person of the Company. Accordingly, the transaction contemplated under the Joint Venture Agreement constituted a connected transaction of the Company under the Listing Rules.

Upon the formation of the Joint Venture Company, Platt Nera, Mr. Prapan Asvaplungprohm and Cash Machine Capital Co., Ltd. held 44%, 9% and 47% equity interest in the Joint Venture Company respectively. The capital contribution by Platt Nera, Mr. Prapan Asvaplungprohm and Cash Machine Capital Co., Ltd. was THB22 million, THB4.5 million and THB23.5 million respectively, which was in proportion to the equity interest in the Joint Venture Company.

As the applicable percentage ratios under the Listing Rules in respect of the transaction contemplated under the Joint Venture Agreement are more than 0.1% but less than 5%, the transaction contemplated under the Joint Venture Agreement was subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the details of the transaction contemplated under the Joint Venture Agreement, please refer to the announcement of the Company dated 1 June 2021. As at 31 December 2021, the Company's equity interests in the Joint Venture Company were diluted from 44% to 11% after an increase in the share capital of the Joint Venture Company contributed by other shareholders.

Save as disclosed above, the Group did not have any other material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

## CONTINGENT LIABILITY

(a) At 31 December 2021, there was outstanding bank guarantees of THB149,745,000 (31 December 2020: THB202,749,000) issued by banks on behalf of the Group in respect of certain performance obligations as required in the normal course of business of the Group.

(b) At 31 December 2021, there was outstanding letter of credit of THB49,755,000 (2020: Nil) issued by a bank on behalf of the Group in respect of certain performance obligations as required in the normal course of the business of the Group.

## PLEDGE OF ASSETS

As at 31 December 2021, approximately THB126.4 million of bank deposits of the Group was pledged to banks for letters of guarantee, bank loans and bank overdrafts.

## EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 55 employees (31 December 2020: 58 employees). The Group's labor costs (including salaries, bonuses, social security and provident fund) were approximately THB50.8 million, equivalent to 15.0% of the Group's revenue for the year ended 31 December 2021.

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

## SIGNIFICANT INVESTMENTS HELD

The Group did not have any significant investments held as at 31 December 2021.

## FOREIGN EXCHANGE EXPOSURE

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

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

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Prapan Asvaplungprohm ("Mr. Asvaplungprohm")**, aged 62, was appointed as a Director on 23 November 2018 and re-designated as an executive Director and chairman of the Board on 24 January 2019. He is also the chief executive officer of the Company and a member of each of the Nomination Committee and the Remuneration Committee. He is primarily responsible for the leadership and effective running of the Board and determining the broad strategic direction of the Group. Mr. Asvaplungprohm also serves as a director of all subsidiaries of the Group.

Mr. Asvaplungprohm has over 26 years of experience in the IT industry and founded the Group in October 2004. Mr. Asvaplungprohm is one of the controlling shareholders (as defined under the Listing Rules) of the Company ("**Controlling Shareholders**") and a director of Pynk Holding Limited (being corporate Controlling Shareholder and a substantial shareholder of the Company within the meaning of Part XV of the SFO).

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

**Mr. Wison Archadechopon ("Mr. Archadechopon")**, aged 53, was appointed as a Director on 5 January 2019 and re-designated as an executive Director on 24 January 2019. Mr. Archadechopon is primarily responsible for the strategic plan management for business development, finance, human resources, purchasing and overall company management. Mr. Archadechopon is one of the Controlling Shareholders of the Company.

Mr. Archadechopon has over 28 years of experience in the IT industry, having worked in the Thai offices of IT companies such as Hewlett Packard (Thailand) Company Limited and Dell EMC (Thailand) before joining the Group.

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

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Tong Yee Ming (湯以銘先生) ("Mr. Tong")**, aged 69, was appointed as an independent non-executive Director on 17 June 2019. He is also the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee. Mr. Tong is primarily responsible for participating in meetings of the Board to bring an independent judgement to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to the Group.

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

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

**Mr. Cheung Pan (張斌先生) ("Mr. Cheung")**, aged 50, was appointed as an independent non-executive Director on 17 June 2019. He is also the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Cheung is primarily responsible for participating in meetings of the Board to bring an independent judgement to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to the Group.

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

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

**Mr. Julapong Vorasontharosoth ("Mr. Vorasontharosoth")**, aged 62, was appointed as an independent non-executive Director on 17 June 2019. Mr. Vorasontharosoth is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Vorasontharosoth is primarily responsible for participating in meetings of the Board to bring an independent judgement to bear on issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to the Group.

Mr. Vorasontharosoth has over 37 years of experience in the engineering industry in Thailand and spent 27 years at ABB Limited in Thailand. From July 2017 to May 2021, Mr. Vorasontharosoth has been employed by IGEN Engineering Co., Ltd, a company primarily engaged in engineering services, as a senior executive adviser. He has been responsible for advisory on business planning.

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

## SENIOR MANAGEMENT

**Mr. Surawitchai Sutthasilp ("Mr. Sutthasilp")**, aged 53, joined our Group as the Chief Financial Officer in May 2020. He is primarily responsible for overseeing matters relating to corporate finance and financial management of our Group, including budgeting, disclosure and reporting. Mr. Sutthasilp has over 29 years of experience in finance and accounting. From April 1992 to May 1994, he worked as an Accountant in Asset Accounting Division for TelecomASIA Corporation Public Co., Ltd. From June 1992 to April 2003, he got promoted to be an Accounting Manager in Asset Accounting Division. From May 2003 to November 2007 he work as an Accounting Manager for CenCar Limited. From November 2007 to October 2019 he work as an Executive Vice President for Pruksa Real Estate PCL. From November 2019 to March 2020, he worked as a Head of Financial Planning & Analysis and Treasury for Boutique Corporation PCL.

Mr. Sutthasilp obtained a bachelor's degree of accounting from Chulalongkorn University in Thailand in March 1992 and further obtained a master's degree of business administration from Chulalongkorn University in Thailand in May 1996.

**Ms. Soontaree Treesub ("Ms. Treesub")**, aged 51, is a sales manager of our Group. She joined our Group in August 2007 as a business development manager and was promoted to her current position in July 2013. She is primarily responsible for leading the sales team targeting the utilities industry in achieving its sales targets. Ms. Treesub has accumulated over 11 years of experience in sales with our Group. Prior to joining our Group, she has worked for various public listed banks, including Bank of Ayudhya Public Company Limited, a company listed on the Stock Exchange of Thailand (Stock symbol: BAY), Thanachart Bank Public Company Limited, a company listed on the Stock Exchange of Thailand (Stock symbol: TCAP) and Siam City Bank Public Company Limited, a company listed on the Stock Exchange of Thailand (Stock symbol: SCIB).

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

# DIRECTORS AND SENIOR MANAGEMENT

**Mr. Nonthiaud Chomwattana ("Mr. Chomwattana")**, aged 40, is the technical director of our Group. Mr. Chomwattana joined our Group as a system engineer in July 2006 and was promoted to technical manager in March 2015 and subsequently promoted to his current position in September 2016. He is responsible for leading the technical support engineers in providing technical information to the sales teams and preparing technical proposals and implementing IT solutions for customers. Mr. Chomwattana has accumulated over 12 years of experience in practicing as an engineer with our Group. Prior to joining our Group, he worked in the ATM official services department of Bangkok Bank Public Limited Company, a company listed on the Stock Exchange of Thailand (Stock symbol: BBL) from July 2004 to July 2006.

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

**Ms. Suvaphat Ngen-ngam** (formerly known as Ms. Sukhumporn Ngen-ngam) **("Ms. Ngen-ngam")**, aged 53, is the administrative director of our Group. Ms. Ngen-ngam joined our Group as a senior project administrator in November 2010 and was promoted to her current position in July 2016. She is primarily responsible for administrative management of our Group. Ms. Ngen-ngam joined Agilent Technologies (Thailand) Ltd as a Sales Process Specialist in May 1995 until she left the firm in June 2009. She also worked as an education administrator in Hewlett-Packard (Thailand) Ltd.

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

## COMPANY SECRETARY

**Mr. Chan Sing Nun ("Mr. Chan")**, aged 47, was appointed as the company secretary of the Company (the "**Company Secretary**") on 1 November 2021. Mr. Chan has possessed approximately 20 years of experience in auditing, corporate finance, accounting and company secretarial matters in Hong Kong companies. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

# CORPORATE GOVERNANCE REPORT

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

## CORPORATE GOVERNANCE PRACTICES

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

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code and the Securities Dealing Code during the Year.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

## BOARD OF DIRECTORS

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

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

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

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

**Executive Directors**

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

**Independent non-executive Directors**

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

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

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

**Chairman and Chief Executive Officer**

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

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

### Independent Non-Executive Directors

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

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

### Appointment and Re-election of Directors

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

The Articles provides that all Directors appointed by the Board are required to offer themselves for re-election by Shareholders at the first general meeting of the Company (in the case of filling a casual vacancy) or at the next following annual general meeting of the Company (in the case of an addition to the existing Board) following their appointment.

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

### Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

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

### Continuous Professional Development of Directors

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

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

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

All Directors have participated in continuous professional development and provided a record of training they received for the Year to the Company.

The training records of the Directors during the Year is set our below:

| Name of Director | Reading materials relevant to corporate governance and director's duties |
|---|---|
| Mr. Prapan Asvaplungprohm | Y |
| Mr. Wison Archadechopon | Y |
| Mr. Tong Yee Ming | Y |
| Mr. Cheung Pan | Y |
| Mr. Julapong Vorasontharosoth | Y |

### Board Meetings and Directors' Attendance Records

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

During the Year, the Company held six Board meetings and passed resolutions by way of written resolutions. The Company will fully comply with the requirement under the code provision A.1.1 of the CG Code to convene Board meetings at least four times a year at approximately quarterly intervals.

Apart from regular Board meetings, the Chairman also held meeting(s) with the independent non-executive Directors without the presence of other Directors during the Year.

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

| Name of Directors | Attendance/ Number of Meetings |
|---|---|
| Mr. Prapan Asvaplungprohm *(Chairman)* | 6/6 |
| Mr. Wison Archadechopon | 6/6 |
| Mr. Tong Yee Ming | 6/6 |
| Mr. Cheung Pan | 6/6 |
| Mr. Julapong Vorasontharosoth | 6/6 |

**General meeting**

During the Year, one general meeting, being 2021 annual general meeting held on 28 May 2021 (the "**2021 AGM**"), was held.

A summary of the attendance records of the Directors at the general meeting held during the Year is set out below:

| Name of Directors | Attendance/ Number of Meeting |
|---|---|
| Mr. Prapan Asvaplungprohm *(Chairman)* | 1/1 |
| Mr. Wison Archadechopon | 1/1 |
| Mr. Tong Yee Ming | 1/1 |
| Mr. Cheung Pan | 1/1 |
| Mr. Julapong Vorasontharosoth | 1/1 |

## BOARD COMMITTEES

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

The majority of the members of each of the Remuneration Committee, Audit Committee and Nomination Committee are the independent non-executive Directors.

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

**Audit Committee**

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

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

The Audit Committee held four meetings during the Year, with all members present in person or through telephone communication. A summary of the work performed by the Audit Committee during the Year is listed below:

— to review the annual cap of Continuing Connected Transactions (as defined below), if applicable;

— to review the Group's annual financial results for FY2020, interim financial results for the six months ended 30 June 2021 and quarterly financial results for the three months ended 31 March 2021 and nine months ended 30 September 2021;

— to review the effectiveness of the risk management and internal control systems and internal audit function;

— to discuss the audit plan for the Year with the external auditor of the Company; and

— to review the re-appointment of the external auditor of the Company.

A summary of the attendance records of the members of the Audit Committee at the Audit Committee meetings held during the Year is set out below:

| Name of Members of the Audit Committee | Attendance/ Number of Meetings |
|---|---|
| Mr. Tong Yee Ming *(Chairman)* | 4/4 |
| Mr. Cheung Pan | 4/4 |
| Mr. Julapong Vorasontharosoth | 4/4 |

**Remuneration Committee**

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

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

The Remuneration Committee held one meeting during the Year, will all members present in person or through telephone communication. A summary of the work performed by the Remuneration Committee during the Year is listed below:

— to review and recommend to the Board for the proposal for salary adjustments for Directors and senior management of the Company;

— to review and recommend to the Board the annual performance bonus proposal for Directors, senior management of the Company for the year ended 31 December 2020; and

— to review the existing policy and structure of remuneration for the Directors.

A summary of the attendance records of the members of the Remuneration Committee at the Remuneration Committee meeting held during the Year is set out below:

| Name of Members of the Remuneration Committee | Attendance/ Number of Meeting |
|---|---|
| Mr. Julapong Vorasontharosoth *(Chairman)* | 1/1 |
| Mr. Tong Yee Ming | 1/1 |
| Mr. Cheung Pan | 1/1 |
| Mr. Prapan Asvaplungprohm | 1/1 |

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

| | Number of Employee(s) |
|---|---|
| THB1.4 million to THB3.4 million | 4 |

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

**Nomination Committee**

The Nomination Committee consists of four members, three of them are independent non-executive Directors, namely Mr. Julapong Vorasontharosoth, Mr. Tong Yee Ming and Mr. Cheung Pan, and one of them is an executive Director, Mr. Prapan Asvaplungprohm. Mr. Cheung Pan is the chairman of the Nomination Committee.

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

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

| | |
|---|---|
| Purpose: | The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. |
| Board Diversity Policy statement: | With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing and reviewing the Board's composition, the Nomination Committee will consider from a number of aspects, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. |
| Measurable Objectives: | Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. |

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

The Nomination Committee held one meeting during the Year, will all members present in person or through telephone communication. A summary of the work performed by the Nomination Committee during the Year is listed below:

— to assess the independence of each independent non-executive Directors;

— to review the Board structure, size and composition;

— to recommend to the Board on the re-election of retiring Directors at the 2021 AGM; and

— to review the Board Diversity Policy.

A summary of the attendance records of the members of the Nomination Committee at the Nomination Committee meeting held during the Year is set out below:

| **Name of Members of the Nomination Committee** | **Attendance/Number of Meeting** |
|---|---|
| Mr. Cheung Pan *(Chairman)* | 1/1 |
| Mr. Tong Yee Ming | 1/1 |
| Mr. Julapong Vorasontharosoth | 1/1 |
| Mr. Prapan Asvaplungprohm | 1/1 |

### Corporate Governance Functions

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

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

## RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

### Risk management

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

### Internal control

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

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

The Group has already adopted policy and procedures on disclosure of inside information and there are no material breaches of the procedures and internal controls for the handling and dissemination of inside information.

**Internal audit function**

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

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

— the financial records have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group; and

— the risk management and internal control systems of the Group are effective.

Based on the framework for risk management and internal control systems established by the Group, the procedures performed by Dharmniti, and management, the Board and the Audit Committee admitted that through the review of risk management and internal control systems of the Group, it can evaluate and improve its effectiveness, and the Board, with the concurrence of the Audit Committee, considered that such systems including financial, operational and compliance were effective and adequate for the Year.

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

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Year.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 38 to 43 of this annual report.

## DIVIDEND POLICY

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

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

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

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

The Board will review the Dividend Policy from time to time and may adopt any change as appropriate at the relevant time.

The Board did not recommend the payment of a dividend for the year ended 31 December 2021 (2020: Nil).

## AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2021 is set out below:

| **Service Category** | **Fee Paid/Payable THB'000** |
|---|---|
| Audit Services | 4,378 |
| Non-audit Services *(Note)* | 41 |
| Total | 4,419 |

*Note:*

The non-audit services provided by the external auditor of the Company during the Year mainly include agreed-upon procedures engagement in connection with the Group's announcement of annual results.

## SHAREHOLDERS' RIGHTS

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

### Convening an Extraordinary General Meeting

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

### Putting Forward Proposals at General Meetings

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

### Putting Forward Enquiries to the Board

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

### Contact Details

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

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

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

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

### Constitutional Documents

The existing Articles were adopted on 17 June 2019. Since its adoption and up to the date of this annual report, there was no change in the Company's constitutional documents.. An up-to-date version of the Articles is available on the websites of the Company and of the Stock Exchange.

### Policies relating to Shareholders

The Company has in place a shareholders communication policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

# REPORT OF DIRECTORS

The Directors are pleased to present this Directors' Report and the audited consolidated financial statements of the Group for the Year.

## PRINCIPAL ACTIVITIES

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

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

## BUSINESS REVIEW

### Overview and Performance of 2021

A review of the business of the Group during the Year and a discussion and analysis on the Group's future business development are set out in the sections headed "Management Discussion and Analysis" on pages 6 to 11 of this annual report.

### Environmental Policies and Performance

Government restrictions imposed around the world to limit the spread of COVID-19 pandemic resulted in a sharp contraction in global economic activity during the Year. At the same time, governments also took steps designed to soften the extent of the damage to investment, trade and labour markets.

To cope with the ongoing situation of the COVID-19 pandemic, the Group has, in a timely manner, put in place numerous precautionary measures and procured essential protective supplies to ensure the health and safety of all its employees. At the same time, the Group has implemented various flexible working arrangements for its staff. The Group has used, and will continue to use, its best endeavours to mitigate the adverse impact of the COVID-19 pandemic on the Group.

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

### Compliance with Relevant Laws and Regulations

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

### Key Relationship with Stakeholders

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

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

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

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

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

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

**Key Risks and Uncertainties and Risk Management**

The material risks pertaining to our business are:

(i) our reliance on the contracts awarded by our major customers;

(ii) our financial performance may fluctuate from year to year due to its project based nature;

(iii) our projects require significant upfront capital investment and cash outflow and we cannot ensure that we will be able to raise sufficient capital in a timely manner;

(iv) our actual implementation of the project may not accord with our estimation due to cost overruns and/or other related risks; and

(v) we may fail to exercise sufficient control over our subcontractors in the event of projects.

**Events after Reporting Period**

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this report.

# REPORT OF DIRECTORS

## DIRECTORS

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

**Executive Directors**

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

**Independent Non-Executive Directors**

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

**Biographies of the Directors and Senior Management**

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

**Service Contracts of the Directors**

Each of the executive Directors has entered into a service contract with the Company dated 17 June 2019 for an initial term of three years commencing from the Listing Date, subject to termination before expiry by either party giving not less than three months' notice in writing to the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company dated 17 June 2019 for an initial term of three years commencing from the Listing Date, which may be terminable by either party giving not less than three months' notice in writing to the other.

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

In accordance with the Article 84(1) of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Mr. Prapan Asvaplungprohm and Mr. Tong Yee Ming will retire by rotation at the forthcoming annual general meeting of the Company to be held on 30 May 2022 (the "**AGM**") and, being eligible, offer themselves for re-election.

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

### Remuneration of the Directors and Five Highest Paid Individuals

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

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

## EMOLUMENT POLICY

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

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

No Director has waiver or has agreed to waive any emoluments and no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the Year.

## DIRECTORS' INTEREST IN COMPETING BUSINESSES

As at 31 December 2021, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

### Non-Compete Undertaking

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

## CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 32 to the consolidated financial statements headed "Related Party Disclosures", the section headed "Connected Transaction and Continuing Connected Transactions" of this annual report below, and in the paragraph below, no Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party as at 31 December 2021 or at any time during the Year.

As at 31 December 2021, owing to administrative delays, certain of the Group's bank facilities that were secured by personal guarantees given by Mr. Asvaplungprohm and Mr. Archadechopon are still in the process of release procedures. The Group shall endeavour to complete such release procedures as soon as practicable.

**Connected Transaction and Continuing Connected Transactions**

***Supply Agreement with TON***

*Transactions' Details*

On 8 November 2019, Platt Nera entered into a supply agreement with TON ("**Supply Agreement**") for the supply of (i) certain equipment ("**Equipment**"); for a consideration of THB13,187,750 (approximately HK$3,391,887*) and (ii) connectivity airtime for a period of three years and maintenance services for a period of two years by TON to Platt Nera.

TON is an associate of Mr. Asvaplungprohm and is therefore a connected person of our Group. Accordingly, the transaction between Platt Nera and TON for the supply of certain equipment constitutes a connected transaction of the Company under the Listing Rules ("**Connected Transaction**"), and the transactions between Platt Nera and TON for the supply of connectivity airtime for a period of three years and maintenance services for a period of two years constitute continuing connected transaction of the Company under the Listing Rules ("**Continuing Connected Transactions**").

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

As there were no Continuing Connected Transactions in 2021, no confirmation shall be provided by the auditor of the Company and the independent non-executive Directors with respect thereof for the Year pursuant to Rules 14A.55 and 14A.56 of the Listing Rules.

*Status of Supply Agreement*

Owing to the COVID-19 pandemic, a grand total of 8,498 units (out of 8,500 units originally planned) were purchased by the Group up to 31 December 2021. In addition, the Continuing Connected Transactions have been mutually terminated between Platt Nera and TON as the Group's end customer no longer requires airtime connectivity and maintenance services.

***CDM Project***

*Transactions' Details*

On 1 June 2021, Platt Nera, an indirect subsidiary of the Company, entered into the Joint Venture Agreement with Mr. Prapan Asvaplungprohm and Cash Machine Capital Co., Ltd., pursuant to which the parties agreed to (a) form the Joint Venture Company for the purposes of the investment and development of the CDM Project in Thailand; and (b) regulate their respective rights and obligations in the Joint Venture Company.

As Mr. Prapan Asvaplungprohm is an executive Director, the chairman of the Board, chief executive officer of the Company and one of the Controlling Shareholders, Mr. Prapan Asvaplungprohm is a connected person of the Company. Accordingly, the transaction contemplated under the Joint Venture Agreement constituted a connected transaction of the Company under the Listing Rules.

Upon the formation of the Joint Venture Company, Platt Nera, Mr. Prapan Asvaplungprohm and Cash Machine Capital Co., Ltd. held 44%, 9% and 47% equity interest in the Joint Venture Company respectively. The capital contribution by Platt Nera, Mr. Prapan Asvaplungprohm and Cash Machine Capital Co., Ltd. was THB22.0 million, THB4.5 million and THB23.5 million respectively, which was in proportion to the equity interest in the Joint Venture Company.

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

As the applicable percentage ratios under the Listing Rules in respect of the transaction contemplated under the Joint Venture Agreement are more than 0.1% but less than 5%, the transaction contemplated under the Joint Venture Agreement was subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the details of the transaction contemplated under the Joint Venture Agreement, please refer to the announcement of the Company dated 1 June 2021. As at 31 December 2021, the Company's equity interests in the Joint Venture Company were diluted from 44% to 11% after an increase in the share capital of the Joint Venture Company contributed by other shareholders.

Save as disclosed in this report and as of the date of this report, none of the related party transactions of the Group constitute connected transactions or continuing connected transactions as defined under the Listing Rules and is required to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions.

Details of the related party transactions undertaken by the Group are set out in note 32 to the consolidated financial statements.

## TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

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

As at 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

**Long position:**

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

| Name of Director | Nature of Interest | Number of Shares held | Shareholding percentage (%) |
|---|---|---|---|
| Mr. Prapan Asvaplungprohm ("**Mr. Asvaplungprohm**") | Interest held jointly with other persons; interest in a controlled corporation *(Note)* | 282,000,000 | 70.5% |
| Mr. Wison Archadechopon ("**Mr. Archadechopon**") | Interest held jointly with other persons; interest in a controlled corporation *(Note)* | 282,000,000 | 70.5% |

*Note:* Mr. Asvaplungprohm, Mr. Archadechopon and Ms. Aranya Talomsin ("**Ms. Talomsin**") own 96%, 2% and 2% equity interest of Pynk (being corporate Controlling Shareholder (has the meaning ascribed thereto in the Listing Rules)), respectively, and Mr. Asvaplungprohm, Mr. Archadechopon and Ms. Talomsin together control all the Shares held by Pynk.

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

| Name of Director | Name of associated corporation | Nature of interest | Number and class of securities in the associated corporation | Percentage of interest in the associated corporation |
|---|---|---|---|---|
| Mr. Asvaplungprohm | Pynk | Beneficial owner | 96 ordinary shares | 96% |
| Mr. Archadechopon | Pynk | Beneficial owner | 2 ordinary shares | 2% |
| Mr. Asvaplungprohm | IAH | Beneficial owner | 347,208 preference shares *(Note)* | 92% |
| | | Beneficiary of a trust (other than a discretionary interest) | 15,096 preference shares *(Note)* | 4% |
| Mr. Archadechopon | IAH | Beneficial owner | 7,548 preference shares *(Note)* | 2% |

*Note:* The holders of IAH Preference Shares have one vote for every ten IAH Preference Shares held on any resolution of IAH.

Save as disclosed above, as at 31 December 2021, neither the Directors nor the chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2021, to the best knowledge of the Directors and the senior management of the Company, the table below listed out the persons (other than the Directors or chief executives of the Company), who had interests in the Shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to provision of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

**Long Position:**

| Name of Shareholder | Nature of Interest | Number of Shares held | Approximate shareholding percentage (%) |
|---|---|---|---|
| Pynk | Beneficial owner | 282,000,000 | 70.5% |
| Ms. Talomsin | Interest held jointly with other persons; interest in a controlled corporation *(Note)* | 282,000,000 | 70.5% |

*Note:* Pynk is beneficially owned as to 96% by Mr. Asvaplungprohm, 2% by Mr. Archadechopon and 2% by Ms. Talomsin. Mr. Asvaplungprohm, Mr. Archadechopon and Ms. Talomsin together control all the shares held by Pynk.

Save as disclosed above, as at 31 December 2021, the Directors and the senior management of the Company are not aware of any other person who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

## SHARE OPTION SCHEME

The Group has not adopted any share option scheme.

## MAJOR CUSTOMERS AND SUPPLIERS

**Major Customers**

For the Year ended 31 December 2021, the Group's sales to its five largest customers accounted for 98.8%, as compared to 99.9% of the Group's total revenue for the year ended 31 December 2020. For the year ended 31 December 2021, the Group's sales to the largest customer accounted for 38.4%, as compared to 34.7% of the Group's total revenue for the year ended 31 December 2020.

**Major Suppliers**

For the year ended 31 December 2021, the Group's five largest suppliers accounted for 74.8%, as compared to 69.5% of the Group's total purchase amounts for the year ended 31 December 2020. For the year ended 31 December 2021 the Group's single largest supplier accounted for 36.7%, as compared to 22.1% of the Group's total purchases for the year ended 31 December 2020.

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

## MANAGEMENT CONTRACTS

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

## DIRECTORS' PERMITTED INDEMNITY PROVISION

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

The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Group during the Year.

## RESULTS AND DIVIDENDS

The Group's profit for the Year and the Group's financial position as at 31 December 2021 are set out in the financial statements on pages 44 to 46.

The Board did not recommend the payment of a dividend for the Year (2020: Nil).

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

(i) the general financial condition of the Group;

(ii) the actual and future operations and liquidity positions of the Group;

(iii) the Group's future cash requirements and availability;

(iv) the general market conditions and prospect; and

(v) any other factor that the Board deems appropriate.

## SHARE CAPITAL

There was no movement in share capital of the Company during the Year. Details of share capital of the Company are set out in note 28 to the consolidated financial statements in this annual report.

## RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity and note 29 to the consolidated financial statements in this annual report respectively.

The Company's reserves available for distribution to the Shareholders as at 31 December 2021 amounted to THB454.2 million.

## FINANCIAL SUMMARY

A summary of the published financial results and of the assets and liabilities of the Group for the Year, together with summary of the financial results and of the assets and liabilities of the Group for the four years ended 31 December 2020 is set out on page 2 of this annual report. This summary does not form part of the audited financial statements.

## PROPERTY, PLANT AND EQUIPMENT

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

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

## EQUITY-LINKED AGREEMENTS

No equity-linked agreement will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the Year or subsisted at the end of 2021.

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Monday, 30 May 2022, the register of members of the Company will be closed from Wednesday, 25 May 2022 to Monday, 30 May 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 24 May 2022.

## CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its Shareholders as a whole. The Company has adopted and committed to the code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules and has prepared the corporate governance report, which is set out on pages 15 to 27 of this annual report. The Board will continue to review and monitor the practices of the Company with an aim to maintaining the highest standard of corporate governance.

## SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the total issued capital of an issuer must be held by the public at any time. Based on the information that is publicly available and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, the Company has maintained the prescribed minimum percentage of public float during the Year and up to the date of this annual report as required under the Listing Rules

## PRE-EMPTIVE RIGHTS

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

## AUDITOR

The consolidated financial statements for the Year have been audited by Ernst & Young, who will retire, and being eligible, offer themselves for re-appointment at the AGM. A resolution will be proposed for approval by the Shareholders at the AGM to re-appoint Ernst & Young as the auditor of the Company.

On behalf of the Board

**Prapan Asvaplungprohm**
*Chairman*

Hong Kong, 29 March 2022

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**To the shareholders of Platt Nera International Limited**
*(Incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Platt Nera International Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 44 to 105, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

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

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| Key audit matter | How our audit addressed the key audit matter |
|---|---|

***Revenue recognition of IT integrated solutions and IT support services***

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

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

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

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

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

As part of our audit procedures in relation to the progress to satisfaction of contracts recognised over time, we examined internal progress reports of work performed for amounts of contract cost recognised. We also selected material projects with revenue recognised over time, examined the agreements entered with vendors and compared them with the budgeted costs to identify any underestimation in budgeted costs, interviewed the Group's head of engineer regarding the preparation and approval processes of project budgets.

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

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

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| Key audit matter | How our audit addressed the key audit matter |
|---|---|

***Provision for expected credit losses of trade receivables, contract assets, rental receivable under a finance lease and other receivables***

| | |
|---|---|
| At 31 December 2021, the Group recorded trade receivables, contract assets, rental receivable under a finance lease and other receivables of THB1,091 million, THB289 million, THB151 million and THB8 million, before impairment losses of THB94 million in total.<br><br>The Group applies simplified approach to measure the expected credit losses ("**ECL**") of trade receivables and contract assets using lifetime ECL provision. The ECL is determined with reference to the credit ratings of debtors and forward-looking information which take into consideration of general economic conditions. Other factors specific to individual debtor are also considered in the assessment of likelihood of recovery from customers.<br><br>The Group applies general approach to measure the ECL of, rental receivable under a finance lease and other receivables, in which for balances with no significant increase in credit risk since initial recognition, 12-month ECL is provided. If there is a significant increase in credit risk since initial recognition, lifetime ECL is provided irrespective of the timing of the default. Management judgement and subjective assumptions are involved when assessing the credit risk and recoverability of the balances.<br><br>Related disclosures are included in notes 3, 5, 16, 18, 19 and 35 to the consolidated financial statements. | As part of our audit procedures in relation to the assessment of provision for ECL of trade receivables, contract assets, rental receivable under a finance lease and other receivables, we evaluated the methodologies and parameters used by the Group in determining the ECL and assessed the assumptions adopted and judgement made in ECL calculation by reviewing and examining the correspondence with debtors, checking to the credit rating of debtors from websites, discussing with management for the basis of significant judgements, forward looking information and assumptions applied in ECL approach, and obtained other information from third parties, if any, to support the assessment made by the management.<br><br>We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements. |

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Tsang Chiu Hang.

Ernst & Young
*Certified Public Accountants*
Hong Kong
29 March 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 December 2021*

| | Notes | 2021 THB'000 | 2020 THB'000 |
|---|---|---|---|
| **REVENUE** | *5* | **337,543** | 525,423 |
| Cost of sales | | **(300,266)** | (610,237) |
| Gross profit/(loss) | | **37,277** | (84,814) |
| Other income and gain, net | *6* | **56,559** | 338,460 |
| Selling and distribution expenses | | **(14,070)** | (10,040) |
| Administrative expenses | | **(62,705)** | (81,861) |
| Impairment losses of financial assets and contract assets, net | | **(600)** | (109,279) |
| Share of loss of an associate | *20* | **(5,447)** | — |
| Finance costs | *7* | **(53,783)** | (12,846) |
| **(LOSS)/PROFIT BEFORE TAX** | *8* | **(42,769)** | 39,620 |
| Income tax | *11* | **13,427** | (35,393) |
| **(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY** | | **(29,342)** | 4,227 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods: | | | |
| Defined benefit plan: | | | |
| Actuarial gain | | **827** | 558 |
| Income tax effect | | **(165)** | (112) |
| | | **662** | 446 |
| **OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX** | | **662** | 446 |
| **TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY** | | **(28,680)** | 4,673 |
| **(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY** | | | |
| Basic and diluted (THB cents) | *13* | **(7.34)** | 1.06 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*Year ended 31 December 2021*

| | Notes | 2021 THB'000 | 2020 THB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Investment in an associate | *20* | **16,553** | — |
| Leasehold improvements and equipment | *14* | **833** | 1,141 |
| Right-of-use assets | *16* | **5,459** | 9,381 |
| Computer software | *15* | **416** | 541 |
| Rental receivable under a finance lease | *16* | **95,887** | 122,125 |
| Trade receivables | *18* | **616,730** | 600,660 |
| Prepayments, other receivables and other assets | *19* | **1,288** | 14,505 |
| Pledged bank deposits | *21* | **126,372** | 114,871 |
| Deferred tax assets | *25* | **4,932** | — |
| Total non-current assets | | **868,470** | 863,224 |
| **CURRENT ASSETS** | | | |
| Inventories | *17* | **5,072** | 6,553 |
| Contract assets | *5* | **195,550** | 185,315 |
| Rental receivable under a finance lease | *16* | **55,204** | 35,715 |
| Trade receivables | *18* | **474,609** | 219,333 |
| Prepayments, other receivables and other assets | *19* | **257,534** | 163,353 |
| Prepaid income tax | | **12,286** | 9,329 |
| Cash and cash equivalents | *21* | **62,140** | 186,167 |
| Total current assets | | **1,062,395** | 805,765 |
| **CURRENT LIABILITIES** | | | |
| Contract liabilities | *5* | **8,481** | 2,887 |
| Trade payables | *22* | **484,256** | 225,420 |
| Other payables and accruals | *23* | **52,417** | 34,512 |
| Income tax payable | | **3,077** | 17,835 |
| Bank and other borrowings | *24* | **130,439** | 178,403 |
| Lease liabilities | *16* | **4,049** | 3,858 |
| Total current liabilities | | **682,719** | 462,915 |
| **NET CURRENT ASSETS** | | **379,676** | 342,850 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **1,248,146** | 1,206,074 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*Year ended 31 December 2021*

| | Notes | 2021 THB'000 | 2020 THB'000 |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Trade payables | 22 | **607,177** | 591,964 |
| Bank and other borrowings | 24 | **126,213** | 58,517 |
| Lease liabilities | 16 | **1,754** | 5,803 |
| Defined benefit obligations | 26 | **5,062** | 4,840 |
| Preference shares of a subsidiary | 27 | **37,740** | 37,740 |
| Deferred tax liabilities | 25 | **—** | 8,330 |
| Total non-current liabilities | | **777,946** | 707,194 |
| Net assets | | **470,200** | 498,880 |
| EQUITY | | | |
| **Equity attributable to shareholders of the Company** | | | |
| Issued capital | 28 | **15,977** | 15,977 |
| Reserves | 29 | **454,223** | 482,903 |
| Total equity | | **470,200** | 498,880 |

**Prapan Asvaplungprohm**
*Director*

**Wison Archadechopon**
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*Year ended 31 December 2021*

| | Issued capital THB'000 *(note 28)* | Share premium account THB'000 | Merger reserve THB'000 *(note 29(b))* | Defined benefit plan reserve THB'000 | Accumulated losses THB'000 | Total equity THB'000 |
|---|---|---|---|---|---|---|
| At 1 January 2020 | 15,977 | 428,778* | 181,900* | (598)* | (131,850)* | 494,207 |
| Profit for the year | — | — | — | — | 4,227 | 4,227 |
| Other comprehensive income for the year — actuarial gain of a defined benefit plan, net of income tax | — | — | — | 446 | — | 446 |
| Total comprehensive income for the year | — | — | — | 446 | 4,227 | 4,673 |
| At 31 December 2020 and 1 January 2021 | 15,977 | 428,778* | 181,900* | (152)* | (127,623)* | 498,880 |
| Loss for the year | — | — | — | — | (29,342) | (29,342) |
| Other comprehensive income for the year — actuarial gain of a defined benefit plan, net of income tax | — | — | — | 662 | — | 662 |
| Total comprehensive income for the year | — | — | — | 662 | (29,342) | (28,680) |
| At 31 December 2021 | 15,977 | 428,778* | 181,900* | 510 | (156,965)* | 470,200 |

* These reserve accounts comprise the consolidated reserves of THB454,223,000 (2020: THB482,903,000) in the consolidated statement of financial position as at 31 December 2021.

# CONSOLIDATED STATEMENT OF CASH FLOWS

*Year ended 31 December 2021*

| | Notes | 2021 THB'000 | 2020 THB'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| (Loss)/profit before tax | | **(42,769)** | 39,620 |
| Adjustments for: | | | |
| Interest income | 6 | **(50,891)** | (7,682) |
| Finance costs | 7 | **53,783** | 12,846 |
| Depreciation for leasehold improvements and equipment | 8 | **685** | 1,511 |
| Depreciation of right-of-use assets | 8 | **3,922** | 4,086 |
| Amortisation of computer software | 8 | **125** | 97 |
| Unrealised foreign exchange (gain)/loss | | **(2,411)** | 569 |
| Impairment of contract assets and trade receivables | 8 | **—** | 89,153 |
| Impairment of loans and other receivables | 8 | **600** | 20,126 |
| Write-off of loans and interest receivables | 8 | **3,088** | — |
| Provision for long-term employee benefits | 8 | **1,049** | 642 |
| Compensation income from a litigation | 6 | **—** | (323,561) |
| Share of loss of on an associate | 20 | **5,447** | — |
| | | **(27,372)** | (162,593) |
| Decrease in inventories | | **1,481** | 37,565 |
| Increase in contract assets | | **(10,235)** | (106,905) |
| Decrease/(increase) in rental receivable under a finance lease | | **9,408** | (157,356) |
| Increase in trade receivables | | **(224,435)** | (628,625) |
| Decrease/(increase) in prepayments, other receivables and other assets | | **(85,781)** | 35,160 |
| Increase in contract liabilities | | **5,594** | 291 |
| Increase in trade payables | | **230,530** | 502,802 |
| Increase in other payables and accruals | | **16,354** | 7,882 |
| Cash received for compensation income from a litigation | | **—** | 323,460 |
| Cash used in operations | | **(84,456)** | (148,319) |
| Income tax paid | | **(17,715)** | (4,642) |
| Net cash flows used in operating activities | | **(102,171)** | (152,961) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchases of items of leasehold improvements and equipment | 14 | **(377)** | (448) |
| Purchase of computer software | 15 | **—** | (309) |
| Acquisition of an associate | 20 | **(22,000)** | — |
| Loans to a third party | 19(b) | **—** | (11,785) |
| Cash received from loans to a third party | 19(b) | **4,235** | — |
| Net cash flows used in investing activities | | **(18,142)** | (12,542) |

*Year ended 31 December 2021*

| | Notes | 2021 THB'000 | 2020 THB'000 |
|---|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of the amount due to ultimate holding company | *30(b)* | **(1,056)** | (10,429) |
| New bank and other borrowings | *30(b)* | **260,092** | 420,793 |
| Repayment of bank and other borrowings | *30(b)* | **(240,360)** | (282,050) |
| Principal portion of lease payments | *30(b)* | **(3,858)** | (3,868) |
| Gross decrease in pledged bank deposits | *30(b)* | **5,015** | 8,058 |
| Gross increase in pledged bank deposits | *30(b)* | **(16,516)** | (24,082) |
| Interest received | | **626** | 1,921 |
| Interest paid | | **(7,654)** | (7,156) |
| Net cash flows (used in)/from financing activities | | **(3,711)** | 103,187 |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | | **(124,024)** | (62,316) |
| Cash and cash equivalents at beginning of year | | **186,164** | 248,480 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | **62,140** | 186,164 |
| **ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS** | | | |
| Cash and bank balances | *21* | **188,512** | 301,038 |
| Less: Pledged bank deposits | *21* | **(126,372)** | (114,871) |
| Cash and cash equivalents as stated in the consolidated statement of financial position | *21* | **62,140** | 186,167 |
| Less: Bank overdrafts | *24* | **—** | (3) |
| Cash and cash equivalents as stated in the consolidated statement of cash flows | | **62,140** | 186,164 |

*Year ended 31 December 2021*

## 1. CORPORATE AND GROUP INFORMATION

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

During the year ended 31 December 2021, the Group was principally engaged in the provision of IT integrated solutions and IT support services, and the sale of equipment in Thailand.

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

**Information about principal subsidiaries**

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

| Company name | Place of incorporation/ registration and business | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company | Principal activities |
|---|---|---|---|---|
| Info Asset Holding Limited ("**IAH (BVI)**") | BVI | Ordinary shares: US$50 | 100% | Investment holding |
| Info Asset Holding (Thailand) Co., Limited ("**IAH**") | Thailand | Ordinary shares: THB36,260,000<br><br>Preference shares: THB37,740,000 | 49%* | Investment holding |
| Platt Nera Company Limited ("**Platt Nera**") | Thailand | Ordinary shares: THB220,000,000 | 49%* | Provision of IT integrated solutions and IT support services |
| Earning Seed Company Limited ("**Earning Seed**") | BVI | Ordinary shares: US$1,000 | 100% | Investment holding |

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

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). They have been prepared under the historical cost convention, except for defined benefit obligations which have been measured in accordance with the accounting policy for "Defined benefit plan" set out in note 2.4 below. These financial statements are presented in Thai Baht ("**THB**") and all values are rounded to the nearest thousand ("**THB'000**") except when otherwise indicated.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

## 2.1 BASIS OF PREPARATION (continued)

**Basis of consolidation (continued)**

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

| | |
|---|---|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | *Interest Rate Benchmark Reform — Phase 2* |
| Amendment to IFRS 16 | *Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)* |

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group did not have any interest-bearing bank and other borrowings that are based on any Interbank Offered Rate. Therefore, the amendment did not have any impact on the financial position and performance of the Group.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and since there was no rent concessions granted to the Group, the amendment did not have any impact on the financial position and performance of the Group.

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

| | |
|---|---|
| Amendments to IFRS 3 | *Reference to the Conceptual Framework*[1] |
| Amendments to IFRS 10 and IAS 28 (2011) | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3] |
| IFRS 17 | *Insurance Contracts*[2] |
| Amendments to IFRS 17 | *Insurance Contracts*[2, 4] |
| Amendment to IFRS 17 | *Initial Application of IFRS 17 and IFRS 9: Comparative Information*[2] |
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current*[2] |
| Amendments to IAS 1 and IFRS Practice Statement 2 | *Disclosure of Accounting Policies*[2] |
| Amendments to IAS 8 | *Definition of Accounting Estimates*[2] |
| Amendments to IAS 12 | *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2] |
| Amendments to IAS 16 | *Property, Plant and Equipment: Proceeds before Intended Use*[1] |
| Amendments to IAS 37 | *Onerous Contracts — Cost of Fulfilling a Contract*[1] |
| Annual Improvements to IFRSs 2018–2020 | Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1] |

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

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

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

(a) Amendments to IFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 Business Combinations an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

(b) Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

(c) Amendments to IAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(d) Amendments to IAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

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

(e) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(f) Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(g) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

(h) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

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

(i) Annual Improvements to IFRSs 2018–2020 sets out amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 (2014) Financial Instruments, Illustrative Examples accompanying IFRS 16, and IAS 41 Agriculture. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 (2014): clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Investment in an associate**

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred.

Goodwill arising from the acquisition of associate is included as part of the Group's investment in an associate.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Related parties**

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

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a holding company of the Group; or

(b) the party is an entity where any of the following conditions applies:

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

**Fair value measurement**

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Fair value measurement (Continued)**

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

**Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets, contract assets and inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Leasehold improvements and equipment and depreciation**

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

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

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

| | |
|---|---|
| Leasehold improvements | 3 years |
| Furniture and fixtures | 5 years |
| Computer equipment | 3 years |

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

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

**Computer software**

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

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Leases**

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

***Group as a lessee***

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

*(a) Right-of-use assets*

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

| | |
|---|---|
| Office premises | 3 years |
| Office equipment | 2–3 years |

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

The Group's right-of-use assets are presented separately in the consolidated statement of financial position.

*(b) Lease liabilities*

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

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Leases (Continued)**

***Group as a lessee (Continued)***

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

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

***Group as a lessor***

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

**Financial assets**

***Initial recognition and measurement***

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial assets (Continued)**

***Initial recognition and measurement (Continued)***

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

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

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

***Subsequent measurement***

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

***Impairment***

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

*(a) General approach*

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial assets (Continued)**

***Impairment (Continued)***

*(a) General approach (Continued)*

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

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

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

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

*(b) Simplified approach*

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial assets (Continued)**

***Derecognition***

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

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

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

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

**Financial liabilities**

***Initial recognition and measurement***

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

***Subsequent measurement***

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial liabilities (Continued)**

***Derecognition***

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

**Offsetting of financial instruments**

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

**Inventories**

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

**Cash and cash equivalents**

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

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

**Provisions**

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Income tax**

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, associate deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue**

***Revenue from contracts with customers***

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

*(i) IT integrated solutions*

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

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

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue (Continued)**

***Revenue from contracts with customers (Continued)***

*(ii) IT support services*

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

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

*(iii) sale of equipment*

Revenue from the sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment.

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

*(i) Variable consideration*

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

*(ii) Significant financing component*

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue (Continued)**

***Interest income***

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

**Contract assets**

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

**Contract liabilities**

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

**Contract costs**

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) the costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

**Employee benefits**

***Short-term employee benefits***

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

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Employee benefits (Continued)**

***Post-employment benefits — Defined benefit plan***

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

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

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

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

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

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

***Post-employment benefits — Defined contribution plan***

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by the employees and the Group based on the year of work from 3% to 10% of salary per month. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Pursuant to the agreement between the Group and the fund manager of the defined contribution plan, any forfeited contribution is not allowed to be used by the Group to reduce the existing level of contributions.

**Borrowing costs**

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

**Foreign currency transactions**

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

**Judgements in determining progress towards complete satisfaction**

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

The input method recognises revenue based on the actual cost incurred to date, latest available budgets, and management's best estimates and judgements because there is a direct relationship between the Group's effort (i.e. labour hours incurred) and the transfer of services to the customers. The Group regularly assesses the progress based on latest facts and circumstances occurred in each IT integrated solution project, and past experience in conducting similar work, and make necessary adjustment to the progress or budget.

**Judgements in determining method to estimate variable consideration**

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

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

**Provision for ECL of trade receivables, contract assets, rental receivable under a finance lease and other receivables**

The policy for provision for ECL on trade receivables, contract assets, rental receivable under a finance lease and other receivables of the Group is based on ECL model. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions. The details of the estimation of the ECL provisions as at 31 December 2021 are set out in note 35(b) to the financial statements.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

**Judgements regarding principal versus agent considerations**

The Group assesses whether it was acting as a principal or an agent when goods or services were transferred to a customer based on the Group's control over the goods or services such as right to direct to use the goods before they are transferred to a customer. The Group will recognise revenue for the gross amount of customer consideration when it is a principal, and will recognise revenue for a net amount after the supplier was compensated for its goods or services when it is an agent.

**Judgements in determining the recoverability of costs incurred for projects without signed customer contracts**

The Group incurred contract costs for certain projects in which only a term of reference with scope of service was signed by the Group with customers but the customer contracts have not yet to be finalised. The Group determined that it is a service provider to the customers and the transaction price of the customer contracts would be sufficient to recover, based on historical experiences, the contract costs that had been and to be incurred.

## 4. SEGMENT INFORMATION

**Operating segment information**

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

**Geographical information**

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

**Information about major customers**

The revenue generated from sales to customers which individually contributed 10% or more of the Group's total revenue during the years ended 31 December 2021 and 2020 is set out below:

| | **2021** | 2020 |
|---|---|---|
| | **THB'000** | THB'000 |
| Customer A | **129,521** | N/A* |
| Customer B | **83,851** | 182,097 |
| Customer C | **83,761** | 179,113 |

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

## 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

| | 2021 THB'000 | 2020 THB'000 |
|---|---|---|
| By types of goods or services: | | |
| IT integrated solutions | 232,170 | 184,121 |
| IT support services | 94,856 | 183,946 |
| sale of equipment* | 10,517 | 157,356 |
| Total revenue from contracts with customers | 337,543 | 525,423 |
| By timing of revenue recognition: | | |
| Transferred at a point in time | 34,224 | 159,625 |
| Transferred over time | 303,319 | 365,798 |
| Total revenue from contracts with customers | 337,543 | 525,423 |

* The amount disclosed above was accounted for on a net basis, i.e., total contract revenue net of related cost of sales. The present value of contract sum to the customer under this transaction amounted to THB989,990,000 (2020:THB748,908,000).

### (b) Contract balances

| | *Notes* | 31 December 2021 THB'000 | 31 December 2020 THB'000 | 1 January 2020 THB'000 |
|---|---|---|---|---|
| Contracts assets | *(i)* | 288,766 | 278,531 | 171,626 |
| Impairment | *(i)* | (93,216) | (93,216) | (8,404) |
| | | 195,550 | 185,315 | 163,222 |
| Trade receivables | *18* | 1,091,339 | 824,334 | 191,667 |
| Impairment | *18* | — | (4,341) | — |
| | | 1,091,339 | 819,993 | 191,667 |
| Contract liabilities | *(ii)* | 8,481 | 2,887 | 2,596 |

## 5. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

### (b) Contract balances (continued)

*Notes:*

(i) Contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets are transferred to trade receivables when the rights to consideration become unconditional. During the year ended 31 December 2021, such transfer amounted to THB20,951,000 (2020: THB163,222,000), net of impairment. ECL consideration in respect of contract assets is set out in note 35(b) to the financial statements.

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

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| Within one year | 151,865 | 131,121 |
| More than one year | 43,685 | 54,194 |
| Total contract assets | 195,550 | 185,315 |

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

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| At 1 January | 93,216 | 8,404 |
| Impairment provided during the year *(note 8)* | — | 93,216 |
| Transfer to trade receivables | — | (8,404) |
| At 31 December | 93,216 | 93,216 |

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

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

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| Revenue recognised that was included in contract liabilities at the beginning of the year | 2,238 | 973 |
| Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods | — | (44,485) |

## 5. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

### (c) Transaction price allocated to remaining performance obligations

The Group recognises revenue of IT integrated solutions, IT support services and sale of equipment according to the accounting policies as set out in note 2.4 to the financial statements. The payment is generally due within 30 days from the date of billing.

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

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| Within one year | **1,474,316** | 145,172 |
| More than one year | **11,939,444** | 4,021,198 |
| | **13,413,760** | 4,166,370 |

In 2021, the remaining performance obligations expected to be recognised in more than one year related to the IT integrated solutions and IT support services. In 2020, the remaining performance obligations expected to be recognised in more than one year related to the IT integrated solutions, IT support services and sales of equipment that have remaining contract periods of not more than 10 years. All the other remaining performance obligations are expected to be recognised within one year. The amount mentioned above does not include performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. The amounts disclosed above do not include variable consideration which is constrained.

*Year ended 31 December 2021*

## 6. OTHER INCOME AND GAIN, NET

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

| | **2021**<br>**THB'000** | 2020<br>THB'000 |
|---|---|---|
| Interest income from bank and loans receivable | **1,321** | 3,156 |
| Interest income of a revenue contract | **46,911** | 4,042 |
| Finance income of a finance lease | **2,659** | 484 |
| Compensation income from a litigation* | **—** | 323,561 |
| Foreign exchange differences, net *(note 8)* | **4,338** | 5,974 |
| Others | **1,330** | 1,243 |
| | **56,559** | 338,460 |

* On 24 November 2011, the Group entered into agreements with a telecom service provider to provide an FTTx network and equipment for the purposes of providing Internet and telecommunication services for 60 months. The Group terminated the contract in 2014 and filed a lawsuit against the customer and claimed damages of THB493,133,000 in total in 2015 over an alleged breach of the contract as the customer suspended the project without paying any consideration. The case had been considered by the Central Administrative Court of Thailand in prior years. Owing to the uncertainty about the amount of the damages that can be awarded, if any, the Group did not recognise any compensation receivables in connection with this litigation. On the other hand, as a result of this incident, the Group transferred the relevant equipment costs of THB102,968,000 to inventories and impaired the whole amount in prior years as the possibility for reselling these inventories to third parties is remote.

On 1 December 2020, the Central Administrative Court of Thailand judged that the customer had to compensate the Group for a total amount of THB323,561,000. Such amount was received by the Group and recognised as other income in profit or loss in 2020.

## 7. FINANCE COSTS

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

| | **2021**<br>**THB'000** | 2020<br>THB'000 |
|---|---|---|
| Interest on bank loans, overdrafts and other loans | **10,751** | 12,743 |
| Interest on lease liabilities *(note 16(b))* | **515** | 445 |
| Interest accretion of trade payables | **43,521** | 3,645 |
| Dividend on IAH Preference Shares *(as defined in note 27)* | **1,887** | 1,887 |
| Total finance costs | **56,674** | 18,720 |
| Less: Amount capitalised in contract costs | **(2,891)** | (5,874) |
| | **53,783** | 12,846 |

## 8. (LOSS)/PROFIT BEFORE TAX

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

| | Notes | 2021 THB'000 | 2020 THB'000 |
|---|---|---|---|
| Cost of inventories sold | | 9,010 | 191,762 |
| Cost of services rendered | | 291,256 | 418,475 |
| Depreciation of leasehold improvements and equipment | 14 | 685 | 1,511 |
| Depreciation of right-of-use assets | 16 | 3,922 | 4,086 |
| Amortisation of computer software* | 15 | 125 | 97 |
| Lease payments not included in the measurement of lease liabilities | 16 | 393 | 394 |
| Auditor's remuneration | | 4,419 | 4,350 |
| Employee benefit expense (including directors' remuneration — note 9): | | | |
| Salaries, allowances and benefits in kind | | 51,232 | 47,368 |
| Defined contribution schemes contributions** | | 1,472 | 1,224 |
| Net benefit expenses of a defined benefit plan | 26 | 1,049 | 642 |
| Total employee benefit expense | | 53,753 | 49,234 |
| Less: Amount included in cost of services rendered | | (16,211) | (8,650) |
| | | 37,542 | 40,584 |
| Impairment of contract assets and trade receivables | 5, 18 | — | 89,153 |
| Impairment of loans and other receivables | 19 | 600 | 20,126 |
| Write-off of loans and interest receivable | | 3,088 | — |
| Foreign exchange differences, net | 6 | (4,338) | (5,974) |

* This item is included in "Administration expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 9. DIRECTORS' REMUNERATION

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

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| Fees | **2,968** | 2,922 |
| Other emoluments: | | |
| Salaries, allowances and benefits in kind | **8,792** | 8,458 |
| Performance related bonuses | **715** | — |
| Post-employment benefits | **151** | 588 |
| | **9,658** | 9,046 |
| Total directors' remuneration | **12,626** | 11,968 |

## 9. DIRECTORS' REMUNERATION (Continued)

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

| | Fees | Salaries, allowances and benefits in kind | Performance related bonus | Post-employment benefits | Total |
|---|---|---|---|---|---|
| | THB'000 | THB'000 | THB'000 | THB'000 | THB'000 |
| **Year ended 31 December 2021** | | | | | |
| Executive directors: | | | | | |
| Mr. Prapan Asvaplungprohm | — | 5,064 | 420 | (97) | 5,387 |
| Mr. Wison Archadechopon | — | 3,728 | 295 | 248 | 4,271 |
| Independent non-executive directors: | | | | | |
| Mr. Julapong Vorasontharosoth | 984 | — | — | — | 984 |
| Mr. Cheung Pan | 992 | — | — | — | 992 |
| Mr. Tong Yee Ming | 992 | — | — | — | 992 |
| | 2,968 | 8,792 | 715 | 151 | 12,626 |
| **Year ended 31 December 2020** | | | | | |
| Executive directors: | | | | | |
| Mr. Prapan Asvaplungprohm | — | 4,926 | — | 656 | 5,582 |
| Mr. Wison Archadechopon | — | 3,532 | — | (68) | 3,464 |
| Independent non-executive directors: | | | | | |
| Mr. Julapong Vorasontharosoth | 984 | — | — | — | 984 |
| Mr. Cheung Pan | 969 | — | — | — | 969 |
| Mr. Tong Yee Ming | 969 | — | — | — | 969 |
| | 2,922 | 8,458 | — | 588 | 11,968 |

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2020: Nil).

## 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors of the Company (2020: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration of the three (2020: three) non-director highest paid employees for the year are as follows:

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| Salaries, allowances and benefits in kind | 7,543 | 5,209 |
| Performance related bonuses | 432 | 1,000 |
| Post-employment benefits | 261 | 73 |
| | 8,236 | 6,282 |

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

| | Number of employees<br>2021 | <br>2020 |
|---|---|---|
| Nil to HK$1,000,000 | 3 | 3 |

## 11. INCOME TAX

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

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| Current: | | |
| Charge for the year | — | 20,007 |
| Deferred tax *(note 25)* | (13,427) | 15,386 |
| Total tax (credit)/charge for the year | (13,427) | 35,393 |

*Notes:*

(a) No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2020: Nil). Thailand income tax has been provided at the rate of 20% on the estimated assessable profits arising in Thailand in 2020. For the year 2021, there is no Thailand income tax due to tax loss.

(b) A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory tax rates for jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| Profit/(loss) before tax | (42,769) | 39,620 |
| Tax expense at the statutory tax rates | (9,751) | 7,990 |
| Income not subject to tax | (9,187) | (246) |
| Expenses not deductible for tax | 2,474 | 26,861 |
| Tax loss not recognised | 3,037 | 788 |
| Tax (credit)/expense at the effective tax rate of 31% (2020: 89%) | (13,427) | 35,393 |

## 12. DIVIDENDS

The directors do not recommend the payment of dividend in respect of the year ended 31 December 2021 (2020: Nil).

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

In respect of the year ended 31 December 2021, the calculation of the basic (loss)/earnings per share of the Company is based on the loss for the year attributable to shareholders of the Company of THB29,342,000 (2020: profit of THB4,227,000), and the weighted average number of 400,000,000 (2020: 400,000,000) ordinary shares in issue during the year.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2021 and 2020 in respect of a dilution as the Company had no potentially dilutive ordinary shares of the Company in issue during each of these years.

## 14. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

| | **Leasehold improvements** THB'000 | **Furniture and fixtures** THB'000 | **Computer equipment** THB'000 | **Total** THB'000 |
|---|---|---|---|---|
| **Year ended 31 December 2021** | | | | |
| At 1 January 2021: | | | | |
| Cost | 3,860 | 2,101 | 3,358 | 9,319 |
| Accumulated depreciation | (3,860) | (1,566) | (2,752) | (8,178) |
| Net carrying amount | — | 535 | 606 | 1,141 |
| Net carrying amount: | | | | |
| At 1 January 2021 | — | 535 | 606 | 1,141 |
| Additions | — | 12 | 365 | 377 |
| Depreciation provided during the year *(note 8)* | — | (255) | (430) | (685) |
| At 31 December 2021 | — | 292 | 541 | 833 |
| At 31 December 2021: | | | | |
| Cost | 3,860 | 2,113 | 3,723 | 9,696 |
| Accumulated depreciation | (3,860) | (1,821) | (3,182) | (8,863) |
| Net carrying amount | — | 292 | 541 | 833 |
| **Year ended 31 December 2020** | | | | |
| At 1 January 2020: | | | | |
| Cost | 3,860 | 1,975 | 3,036 | 8,871 |
| Accumulated depreciation | (3,278) | (1,269) | (2,120) | (6,667) |
| Net carrying amount | 582 | 706 | 916 | 2,204 |
| Net carrying amount: | | | | |
| At 1 January 2020 | 582 | 706 | 916 | 2,204 |
| Additions | — | 126 | 322 | 448 |
| Depreciation provided during the year *(note 8)* | (582) | (297) | (632) | (1,511) |
| At 31 December 2020 | — | 535 | 606 | 1,141 |
| At 31 December 2020: | | | | |
| Cost | 3,860 | 2,101 | 3,358 | 9,319 |
| Accumulated depreciation | (3,860) | (1,566) | (2,752) | (8,178) |
| Net carrying amount | — | 535 | 606 | 1,141 |

## 15. COMPUTER SOFTWARE

| | **2021** | 2020 |
|---|---|---|
| | **THB'000** | THB'000 |
| At 1 January: | | |
| Cost | **1,059** | 750 |
| Accumulated amortisation | **(518)** | (421) |
| Net carrying amount | **541** | 329 |
| Net carrying amount: | | |
| At 1 January | **541** | 329 |
| Additions | **—** | 309 |
| Amortisation provided during the year *(note 8)* | **(125)** | (97) |
| At 31 December | **416** | 541 |
| At 31 December: | | |
| Cost | **1,059** | 1,059 |
| Accumulated amortisation | **(643)** | (518) |
| Net carrying amount | **416** | 541 |

## 16. LEASES

**Group as a lessor**

The rental receivable under a finance lease as at 31 December 2021 and 2020 related to a finance lease arrangement of passbook machines provided by the Group to a lessee for a lease term of 5 years, and bears interest at the rate of 1.85%. During the year, finance income of THB2,659,000 (2020: THB484,000) was recognised in profit and loss in respect of the rental receivable under a finance lease.

At 31 December 2021 and 2020, the undiscounted lease payments receivable by the Group in future periods with its customer are as follows:

| | Minimum lease receivables | | Present value of minimum lease receivables | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **THB'000** | THB'000 | **THB'000** | THB'000 |
| Within one year | **57,306** | 38,293 | **55,204** | 35,715 |
| After one year but within two years | **34,503** | 33,038 | **33,010** | 31,031 |
| After two years but within three years | **34,545** | 33,038 | **33,679** | 31,613 |
| After three years but within four years | **29,087** | 33,038 | **28,816** | 32,206 |
| After four years but within five years | **383** | 27,508 | **382** | 27,275 |
| Total minimum finance lease receivables | **155,824** | 164,915 | **151,091** | 157,840 |
| Less: Unearned finance income | **(4,733)** | (7,075) | | |
| Total net receivable under a finance leases | **151,091** | 157,840 | | |
| Portion classified as current assets | **(55,204)** | (35,715) | | |
| Non-current portion | **95,887** | 122,125 | | |

ECL consideration in respect of the rental receivable under a finance lease is set out in note 35(b) to the financial statements.

## 16. LEASES (Continued)

**Group as a lessee**

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

***(a) Right-of-use assets***

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

| | Office premises THB'000 | Office equipment THB'000 | Total THB'000 |
|---|---|---|---|
| At 1 January 2020 | 1,698 | 264 | 1,962 |
| Additions | 11,505 | — | 11,505 |
| Depreciation provided during the year *(note 8)* | (3,935) | (151) | (4,086) |
| At 31 December 2020 and 1 January 2021 | 9,268 | 113 | 9,381 |
| Depreciation provided during the year *(note 8)* | (3,836) | (86) | (3,922) |
| At 31 December 2021 | 5,432 | 27 | 5,459 |

***(b) Lease liabilities***

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

| | **2021 THB'000** | 2020 THB'000 |
|---|---|---|
| At 1 January | **9,661** | 2,024 |
| New leases | **—** | 11,505 |
| Accretion of interest recognised during the year *(note 7)* | **515** | 445 |
| Payments | **(4,373)** | (4,313) |
| At 31 December | **5,803** | 9,661 |
| Portion classified as current liabilities | **(4,049)** | (3,858) |
| Non-current portion | **1,754** | 5,803 |
| Analysed into: | | |
| Within one year | **4,049** | 3,858 |
| In the second year | **1,754** | 4,049 |
| In the third to fifth years, inclusive | **—** | 1,754 |
| | **5,803** | 9,661 |

The maturity analysis of the lease liabilities is disclosed in note 35(c) to the financial statements.

## 16. LEASES (Continued)

**Group as a lessee (Continued)**

***(c) Other lease information***

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

| | **2021 THB'000** | 2020 THB'000 |
|---|---|---|
| Interest on lease liabilities | **515** | 445 |
| Depreciation of right-of-use assets | **3,922** | 4,086 |
| Expense relating to short-term leases (included in administrative expenses) *(note 8)* | **314** | 300 |
| Expense relating to leases of low-value assets (included in administrative expenses) *(note 8)* | **79** | 94 |
| Total amount recognised in profit or loss | **4,830** | 4,925 |

## 17. INVENTORIES

| | **2021 THB'000** | 2020 THB'000 |
|---|---|---|
| Equipment held for sale | **5,072** | 6,553 |

## 18. TRADE RECEIVABLES

| | *Notes* | **2021 THB'000** | 2020 THB'000 |
|---|---|---|---|
| Trade receivables | | **1,091,339** | 824,334 |
| Impairment | *(c)* | **—** | (4,341) |
| | | **1,091,339** | 819,993 |
| Portion classified as current assets | | **(474,609)** | (219,333) |
| Non-current portion | | **616,730** | 600,660 |

## 18. TRADE RECEIVABLES (Continued)

*Notes:*

(a) The Group's trading terms with its customers are mainly on credit. The credit period is generally 7 to 30 days from the invoice date. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to certain customers with good reputation, in the opinion of the directors of the Company, there is no significant credit risk. Trade receivables are non-interest-bearing, except for a trade receivable amounting to THB961,137,000 (2020: THB750,205,000) contains significant financing component which will be settled over 5 years.

(b) An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| Within 1 month | 129,383 | 63,063 |
| 1 to 3 months | 27,485 | 6,725 |
| 3 to 6 months | 770 | — |
| Over 6 months | 10,034 | — |
| | 167,672 | 69,788 |
| Unbilled* | 923,667 | 750,205 |
| Total trade receivables | 1,091,339 | 819,993 |

* Under the agreement between the Group and Customer F, the Group's role was to install up to 2,900 ATM machines for Customer F, and thereafter manage the maintenance of these machines over a five (5) years period. Up to 31 December 2021, the Group had completed on a cumulative basis the installation of 2,900 ATM machines. In return, Customer F would make monthly payments over five (5) years to the Group, and hence, the relevant amounts will be "billed" in the respective periods. Owing to the agency role of the Group in supplying and maintaining the ATM machines, the revenues in respect of Customer F ATM Project were accounted for on a net basis, i.e., total contract revenue net of related cost of sales, in accordance with IFRS 15.

(c) The movements in the loss allowance for impairment of trade receivables during the year is as follows:

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| At 1 January | 4,341 | — |
| Transfer from contract assets | — | 8,404 |
| Reversal of impairment | — | (4,063) |
| Amount written off as uncollectible | (4,341) | — |
| At 31 December | — | 4,341 |

ECL consideration in respect of trade receivables is set out in note 35(b) to the financial statements. Other than these mentioned above, none of the above balance is either past due or impaired.

(d) Included in the trade receivables of the Group's as at 31 December 2021 are amounts of THB89,421,000 (note 32) due from an associate. These balances arose from transactions carried out in the ordinary course of business of the Group, and are unsecured, interest-free and repayable on the credit term similar to those offered to the major customers of the Group.

## 19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | Notes | 2021 THB'000 | 2020 THB'000 |
|---|---|---|---|
| Contract costs | | **213,142** | 132,844 |
| Prepayments | | **3,617** | 10,959 |
| Interest receivables | | **467** | 1,809 |
| Deposits and other receivables | *(a)* | **8,498** | 8,472 |
| Loans receivable | *(b)* | **—** | 23,001 |
| Value-add tax recoverable | | **27,810** | 20,152 |
| Others | | **5,888** | 747 |
| | | **259,422** | 197,984 |
| Impairment allowance *(note 8)* | *(c)* | **(600)** | (20,126) |
| | | **258,822** | 177,858 |
| Portion classified as current assets | | **(257,534)** | (163,353) |
| Non-current portion | | **1,288** | 14,505 |

*Notes:*

(a) The balance includes a payment of THB6,000,000 to a bank to secure a bank borrowing, which is repayable when the bank borrowing is fully repaid (note 24(b)). The other receivables are neither past due nor impaired and their ECL consideration is set out in note 35(b) to the financial statements.

(b) The balance represents loans to a third party which are unsecured, bear interest at the rate of 5% per annum and are repayable in 2021.

(c) The movement in the loss allowance for impairment of loans and other receivables during the year is as follows:

| | 12-month ECLs | Lifetime ECLs | | |
|---|---|---|---|---|
| | **Stage 1 THB'000** | **Stage 2 THB'000** | **Stage 3 THB'000** | **Total THB'000** |
| At 1 January 2020 | — | — | — | — |
| Impairment (note 8) | — | 20,126 | — | 20,126 |
| At 31 December 2020 and at 1 January 2021 | — | 20,126 | — | 20,126 |
| Impairment (note 8) | — | 600 | — | 600 |
| Credit impaired | — | (20,126) | 20,126 | — |
| Amount written off as uncollectible | — | — | (20,126) | (20,126) |
| At 31 December 2021 | — | 600 | — | 600 |

ECL consideration in respect of loans and other receivables is set out in note 35(b) to the financial statements.

## 20. INVESTMENT IN AN ASSOCIATE

| | 2021 THB'000 |
|---|---|
| Share of net assets | **16,553** |

Notes:

(a) Particulars of the Group's associate, which is indirectly held by the Company, is as follows:

| Company name | Particulars of issued shares held | Place of incorporation/ registration and business | Percentage of ownership interest attributable to the Group | Principal activity |
|---|---|---|---|---|
| Platt Finserve Company Limited ("Platt Finserve") | 220,000 ordinary shares | Bangkok, Thailand | 11% | IT integrated solutions |

(b) In the opinion of the directors, Platt Finserve is treated as an associate because it provides essential technical information which represents significant influence. The associate of the Group is not individually material and the following table illustrates its financial information:

| | 2021 THB'000 |
|---|---|
| Share of the associate's loss for the year | **(5,447)** |
| Share of the associate's total comprehensive loss | **(5,447)** |
| Carrying amount of the Group's investment in an associate | **16,553** |

(c) The Group's trade receivable balances and balances with associates are disclosed in notes 18 and 32 to the financial statements, respectively.

## 21. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

| | *Notes* | 2021 THB'000 | 2020 THB'000 |
|---|---|---|---|
| Cash and bank balances other than time deposits | | **62,140** | 186,167 |
| Time deposits | | **126,372** | 114,871 |
| Total cash and bank balances | *(a)* | **188,512** | 301,038 |
| Less: Pledged bank deposits | *(b)* | **(126,372)** | (114,871) |
| Cash and cash equivalents | | **62,140** | 186,167 |

*Notes:*

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

(b) At the end of the reporting period, certain bank deposits of the Group were pledged to banks for letters of guarantee, letters of credit, bank loans and bank overdrafts.

The pledged deposits bore interest at rates ranging from 0.15% to 0.38% per annum (2020: 0.20% to 0.43% per annum) as at 31 December 2021.

## 22. TRADE PAYABLES

Trade payables of the Group are unsecured, interest-free, and are normally settled on 30 to 60 days terms.

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

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| Billed | | |
| Within 1 month | **84,464** | 28,318 |
| 1 to 2 months | **41,916** | 20,083 |
| 2 to 3 months | **24,881** | 5,988 |
| Over 3 months | **104,798** | 17,198 |
| | **256,059** | 71,587 |
| Unbilled | **835,374** | 745,797 |
| | **1,091,433** | 817,384 |
| Portion classified as current liabilities | **(484,256)** | (225,420) |
| Non-current portion | **607,177** | 591,964 |

## 23. OTHER PAYABLES AND ACCRUALS

| | *Notes* | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|---|
| Accruals | | **6,626** | 4,259 |
| Other payables | | **9,004** | 5,361 |
| Due to the ultimate holding company | *(a)* | **—** | 1,056 |
| Interest payable on IAH Preference Shares | | **5,674** | 3,787 |
| Consideration payable for the purchase of shares of IAH (BVI) from the then shareholders | *(b)* | **—** | 363 |
| Other tax payables | | **31,113** | 19,686 |
| | | **52,417** | 34,512 |

*Notes:*

(a) The balance with the ultimate holding company is unsecured, interest-free and repayable on demand.

(b) The balance represented the consideration payable for the purchase of shares of IAH (BVI) from the then shareholders pursuant to the Reorganisation.

## 24. BANK AND OTHER BORROWINGS, SECURED

| | *Notes* | **2021**<br>**THB'000** | 2020<br>THB'000 |
|---|---|---|---|
| Bank overdrafts | *(a)* | **—** | 3 |
| Bank loans | *(b)* | **149,222** | 209,767 |
| Other loans | *(c)* | **107,430** | 27,150 |
| Total bank and other borrowings, secured | | **256,652** | 236,920 |
| Analysis into: | | | |
| Bank loans and overdrafts repayable: | | | |
| Within one year or on demand | | **106,990** | 173,446 |
| In the second year | | **14,671** | 27,856 |
| In the third to fifth years | | **24,490** | 8,468 |
| In the fifth years or more, inclusive | | **3,071** | — |
| | | **149,222** | 209,770 |
| Other loans repayable: | | | |
| Within one year or on demand | | **23,449** | 4,957 |
| In the second year | | **24,519** | 5,183 |
| In the third to fifth years, inclusive | | **59,462** | 17,010 |
| | | **107,430** | 27,150 |
| Total bank and other borrowings, secured | | **256,652** | 236,920 |
| Portion classified as current liabilities | | **(130,439)** | (178,403) |
| Non-current portion | | **126,213** | 58,517 |

*Notes:*

(a) The secured bank overdrafts as at 31 December 2020 bear interest at the minimum overdraft rate ("MOR") promulgated by the banks and are repayable on demand.

(b) Secured bank loans with an aggregate amount of THB105,671,000 (2020: THB64,682,000) as at 31 December 2021 bear interest at rates ranging from 2.00% to 8.99% per annum (2020: 2.00% to 8.99% per annum).

Other secured bank loans with an aggregate amount of THB35,551,000 (2020: THB145,085,000) as at 31 December 2021 bear interest at rates ranging from the minimum lending rate ("MLR") promulgated by the banks to MLR minus 1% per annum (2020: MLR to MLR minus 1% per annum). In addition, as at 31 December 2021, the Group had a promissory note of THB8,000,000 which bore interest at MOR per annum and was repayable within one year.

The Group's secured bank overdrafts and loans as at 31 December 2021 and 2020 were guaranteed by a subsidiary, two directors of the Company and a director of a subsidiary, and secured by:

(i) certain bank deposits of the Group (note 21);

(ii) right of receiving payment from projects; and

(iii) cash payment to a bank (note 19(a)).

*Year ended 31 December 2021*

## 24. BANK AND OTHER BORROWINGS, SECURED (Continued)

*Notes: (Continued)*

(c) The Group's secured other loan as at 31 December 2021 and 2020 represented a loan from a third party company which bears interest at 4.47% per annum, is secured by a corporate guarantee given by IAH and repayable within 60 months.

## 25. DEFERRED TAX

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

| | Effect of the adoption of IFRS 15/16 | Defined benefit plan | Impairment of assets | Tax losses | Others | Net deferred tax assets/ (liabilities) |
|---|---|---|---|---|---|---|
| | THB'000 | THB'000 | THB'000 | THB'000 | THB'000 | THB'000 |
| **At 1 January 2020** | (21,446) | 951 | 22,275 | 5,409 | (21) | 7,168 |
| Deferred tax credited/(charged) to profit or loss during the year *(note 11)* | 11,394 | 129 | (21,407) | (5,409) | (93) | (15,386) |
| Deferred tax charged to other comprehensive income during the year | — | (112) | — | — | — | (112) |
| **At 31 December 2020 and 1 January 2021** | (10,052) | 968 | 868 | — | (114) | (8,330) |
| Deferred tax credited/(charged) to profit or loss during the year *(note 11)* | (11,360) | 209 | (868) | 24,725 | 721 | 13,427 |
| Deferred tax charged to other comprehensive income during the year | — | (165) | — | — | — | (165) |
| **At 31 December 2021** | (21,412) | 1,012 | — | 24,725 | 607 | 4,932 |

At 31 December 2021, deferred tax assets have not been recognised in respect of unused tax losses of THB29,111,000 (2020: THB11,128,000) arising both in Hong Kong and Thailand that are available indefinitely and will expire in five years for offsetting against future taxable profits, respectively, as they have arisen in the Company and certain subsidiaries that have been loss-making and it is not probable that taxable profits will be available against which such tax losses can be utilised. Besides, the Group has recognised a deferred tax asset of THB24,725,000 relating to unused tax losses of a subsidiary which is loss-making in current year. Such tax losses are considered to be able to be utilised against the Group's taxable profits expected to arise in next year based on the profit forecast of such subsidiary prepared based on orders on hand.

## 26. DEFINED BENEFIT OBLIGATIONS

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

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

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| At 1 January | **4,840** | 4,756 |
| Pension cost charged to profit or loss: | | |
| Current services costs | **970** | 531 |
| Interest cost | **79** | 111 |
| Net benefit expense *(note 8)* | **1,049** | 642 |
| Remeasurement losses/(gains) in other comprehensive income: | | |
| Actuarial gains arising from changes in demographic assumptions | **(107)** | (1,906) |
| Actuarial losses/(gains) arising from changes in financial assumptions | **(372)** | 418 |
| Actuarial losses/(gains) arising from experience adjustments | **(348)** | 930 |
| | **(827)** | (558) |
| At 31 December | **5,062** | 4,840 |

### (b) Principal assumptions

Actuarial valuation is performed frequently enough to ensure that the present value of the defined benefit obligations does not differ materially from its carrying amount. The most recent actuarial valuations of the present value of the defined benefit obligations as at 31 December 2021 were carried out at 31 December 2021, by an independent actuary, who is a member of the Society of Actuaries of Thailand, using the projected unit credit method. The material actuarial assumptions used in determining the defined benefit obligations for the Group's plan are as follows:

| | 2021 | 2020 |
|---|---|---|
| Discount rate | **1.58%** | 1.37% |
| Expected rate of salary increase | **4.69%** | 5.75% |
| Turnover rate | | |
| — Under 40 years old | **15.00%** | 14.00% |
| — 40 to 49 years old | **24.00%** | 19.00% |
| — 50 to 59 years old | **10.00%** | 10.00% |

## 26. DEFINED BENEFIT OBLIGATIONS (Continued)

### (b) Principal assumptions (Continued)

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

| | Increase in rate | Increase/ (decrease) in net defined benefits obligations | Decrease in rate | Increase/ (decrease) in net defined benefits obligations |
|---|---|---|---|---|
| | % | THB'000 | % | THB'000 |
| **At 31 December 2021** | | | | |
| Discount rate | 0.50% | (147) | 0.50% | 153 |
| Expected rate of salary increase | 0.50% | 143 | 0.50% | (138) |
| Turnover rate | 0.50% | (132) | 0.50% | 138 |
| **At 31 December 2020** | | | | |
| Discount rate | 0.50% | (174) | 0.50% | 184 |
| Expected rate of salary increase | 0.50% | 170 | 0.50% | (163) |
| Turnover rate | 0.50% | (161) | 0.50% | 171 |

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

At 31 December 2021 and 2020, the Group do not expect to pay any defined benefit obligations during next year. The average duration of the defined benefit obligations as at 31 December 2021 is 7 years (2020: 9 years).

## 27. PREFERENCE SHARES OF A SUBSIDIARY

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

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

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

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

As at 31 December 2021 and 2020, IAH had a total of 377,400 IAH Preference Shares with a par value of THB100 each totaling THB 37,740,000 in issue. The Group recognised dividend on these IAH Preference Shares amounting to THB1,887,000 (2020: THB1,887,000) as finance costs in profit or loss during the year.

## 28. SHARE CAPITAL

| | 2021 HK$'000 | 2020 HK$'000 |
|---|---|---|
| Authorised: | | |
| 10,000,000,000 ordinary shares of HK$0.01 each | **100,000** | 100,000 |

| | 2021 HK$'000 | 2021 THB'000 | 2020 HK$'000 | 2020 THB'000 |
|---|---|---|---|---|
| Issued and fully paid: | | | | |
| 400,000,000 ordinary shares of HK$0.01 each | **4,000** | **15,977** | 4,000 | 15,977 |

## 29. RESERVES

(a) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(b) The balance of the merger reserve represents the paid-up ordinary share capital of subsidiaries prior to the Reorganisation less the cost of acquisition of a subsidiary pursuant to the Reorganisation.

## 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

**(a) Non-cash transactions**

The Group had non-cash additions to right-of-use assets and lease liabilities of THB11,505,000 each in respect of lease arrangements for office premises during the year ended 31 December 2020.

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

### (b) Changes in liabilities arising from financing activities

| | Pledged bank deposits THB'000 | Lease liabilities THB'000 | Due to ultimate holding company THB'000 | Interest payable on IAH Preference Shares THB'000 | Bank and other borrowings THB'000 |
|---|---|---|---|---|---|
| At 1 January 2020 | 98,847 | 2,024 | 11,485 | 1,900 | 105,034 |
| Changes from financing cash flows: | | | | | |
| Repayment of the amount due to ultimate holding company | — | — | (10,429) | — | — |
| New bank and other borrowings | — | — | — | — | 420,793 |
| Repayment of bank and other borrowings | — | — | — | — | (282,050) |
| Lease payments | — | (4,313) | — | — | — |
| Gross decrease in pledged bank deposits | (8,058) | — | — | — | — |
| Gross increase in pledged bank deposits | 24,082 | — | — | — | — |
| New leases | — | 11,505 | — | — | — |
| Accretion of interest | — | 445 | — | — | — |
| Dividend on IAH Preference Shares | — | — | — | 1,887 | — |
| At 31 December 2020 and 1 January 2021 | 114,871 | 9,661 | 1,056 | 3,787 | 243,777 |
| Changes from financing cash flows: | | | | | |
| Repayment of the amount due to ultimate holding company | — | — | (1,056) | — | — |
| New bank and other borrowings | — | — | — | — | 260,092 |
| Repayment of bank and other borrowings | — | — | — | — | (240,360) |
| Lease payments | — | (4,373) | — | — | — |
| Gross decrease in pledged bank deposits | (5,015) | — | — | — | — |
| Gross increase in pledged bank deposits | 16,516 | — | — | — | — |
| Accretion of interest | — | 515 | — | — | — |
| Dividend on IAH Preference Shares | — | — | — | 1,887 | — |
| At 31 December 2021 | 126,372 | 5,803 | — | 5,674 | 263,509 |

### (c) Total cash outflow for leases

The total cash outflow for leases is included in the consolidated statement of cash flows is as follows:

| | **2021 THB'000** | 2020 THB'000 |
|---|---|---|
| Within operating activities | **393** | 394 |
| Within financing activities | **4,373** | 4,313 |
| | **4,766** | 4,707 |

## 31. CONTINGENT LIABILITIES

### (a) Bank guarantees

At 31 December 2021, there was outstanding bank guarantees of THB149,745,000 (2020: THB202,749,000) issued by banks on behalf of the Group in respect of certain performance obligations as required in the normal course of business of the Group.

### (b) Letters of credit

At 31 December 2021, there was outstanding letter of credit of THB49,755,000 (2020: Nil) issued by a bank on behalf of the Group in respect of certain performance obligations as required in the normal course of business of the Group.

## 32. RELATED PARTY DISCLOSURES

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

| | *Notes* | **2021 THB'000** | 2020 THB'000 |
|---|---|---|---|
| Transaction with a related company controlled by a director of the Company: | | | |
| Purchase of equipment | *(i)* | **5,072** | 4,350 |
| Transaction with preference shareholders of IAH: | | | |
| Dividend payable | *27* | **1,887** | 1,887 |
| Transaction with an associate: | | | |
| Account receivable of IT integrated solutions | *18(d), (ii)* | **89,421** | — |
| Sale of IT integrated solutions | *(ii)* | **129,521** | — |

*Notes:*

(i) The transactions were conducted based on terms and conditions mutually agreed between the parties.

(ii) The transactions were conducted based on terms and conditions mutually agreed between the Group and an associate.

(b) Other than the balances with related parties as disclosed in note 23 and 18(d) to the financial statements, the Group had no outstanding balances with related parties as at 31 December 2021 and 2020.

(c) Details of the guarantees given by related parties in respect of the Group's bank loans are set out in note 24(b) to the financial statements.

(d) The compensation of the key management personnel of the Group:

| | **2021 THB'000** | 2020 THB'000 |
|---|---|---|
| Short term employee benefits | **18,426** | 18,388 |
| Post-employee benefits | **343** | 923 |
| Total compensation paid and payable to key management personnel | **18,769** | 19,311 |

## 33. FINANCIAL INSTRUMENTS BY CATEGORIES

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

## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities which are due to be received or settled within one year are reasonable approximation of their respective fair values, and accordingly, no disclosure of the fair values of these financial instruments is made. For non-current financial assets and liabilities, except bank and other borrowings, in the opinion of the directors of the Company, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made. The fair values of the non-current portion of bank and other borrowings, which are categorised as level 2 in the fair value hierarchy, have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The carrying amounts and fair value of bank and other borrowings are as follows:

| | Carrying assets | | Fair value | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | **THB'000** | THB'000 | **THB'000** | THB'000 |
| Bank and other borrowings | **256,652** | 236,920 | **239,695** | 229,340 |

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

### (a) Interest rate risk

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

If interest rates had been 10% higher/lower and all other variables were held constant, the Group's loss before tax for the year ended 31 December 2021 would decrease/increase by THB227,000 in loss (2020: decrease/increase by THB676,000 in profit).

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (b) Credit risk

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

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

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

#### *(i) Trade receivables and contract assets*

The Group provides for lifetime ECL for trade receivables and contract assets based on the credit rating of the debtors. The ECL also incorporate forward looking information such as forecast of economic conditions. The loss allowance provision as at 31 December 2021 is determined using rates ranged 0.02% to 0.15% (2020: from 0.02% to 0.15%). Since the loss on collection is not material hence no additional provision is considered, except for a specific loss allowance provision of 50% is made for a customer whose contract asset is considered as not recoverable since 2020.

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

#### *(ii) Rental receivable under a finance lease, other receivables and deposits carried at amortised cost*

The Group provides for 12-month ECL for all financial assets included in rental receivable under a finance lease, other receivables and deposits at initial recognition. Where there is a significant deterioration in credit risk or when the rental receivable under a finance lease and other receivables and deposits is assessed to be credit-impaired, the Group provides for lifetime ECL. The ECL incorporate forward looking information such as forecast of economic conditions. Based on the credit rating of the debtors, loss on collection is not material. In 2020, a specific lifetime loss allowance provision, using the default rate in respect of the credit rating of the debtor which was 87.5%, was made for a third party in which the loans receivable were considered as not recoverable. However, the loans receivable are settled and written off during the year.

Other than loan receivables, there were no financial assets included in rental receivable under a finance lease, other receivables and deposits written off during the year.

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (b) Credit risk (Continued)

***Maximum exposure and year-end staging as at 31 December 2021***

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 THB'000 | Stage 2 THB'000 | Stage 3 THB'000 | Simplified approach THB'000 | Total THB'000 |
| Trade receivables* | — | — | — | 1,091,339 | 1,091,339 |
| Contract assets* | — | — | — | 288,766 | 288,766 |
| Rental receivable under a finance lease | | | | | |
| — Normal** | 151,091 | — | — | — | 151,091 |
| Financial assets included in prepayments, other receivables and other assets | | | | | |
| — Normal** | 8,965 | — | — | — | 8,965 |
| — Doubtful** | — | 600 | — | — | 600 |
| Pledged bank deposits | 126,372 | — | — | — | 126,372 |
| Cash and cash equivalents | 62,140 | — | — | — | 62,140 |
| | 348,568 | 600 | — | 1,380,105 | 1,729,273 |

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (b) Credit risk (Continued)

***Maximum exposure and year-end staging as at 31 December 2020***

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1<br>THB'000 | Stage 2<br>THB'000 | Stage 3<br>THB'000 | Simplified approach<br>THB'000 | Total<br>THB'000 |
| Trade receivables* | — | — | — | 824,334 | 824,334 |
| Contract assets* | — | — | — | 278,531 | 278,531 |
| — Normal** | 157,840 | — | — | — | 157,840 |
| Financial assets included in prepayments, other receivables and other assets | | | | | |
| — Normal** | 10,281 | — | — | — | 10,281 |
| — Doubtful** | — | 23,001 | — | — | 23,001 |
| Pledged bank deposits | 114,871 | — | — | — | 114,871 |
| Cash and cash equivalents | 186,167 | — | — | — | 186,167 |
| | 469,159 | 23,001 | — | 1,102,865 | 1,595,025 |

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the credit rating is disclosed in note 35(b)(i) to the financial statements.

** The credit quality of the financial assets included in rental receivable under a finance lease and prepayments, other receivables and other assets are considered as "normal" when they are not past due and there is no information indicating that the financial assets have significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets are considered as "doubtful".

***Credit risk concentration profile***

The trade receivables of the Group were all from Thailand, which comprised two major debtors that together represented 98% (2020: 95%) of trade receivables.

### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and bank balances and the availability of funding through an adequate amount of committed credit facilities. At the end of reporting period, assets held by the Group for managing liquidity risk include cash and bank balances as disclosed in note 21 to the financial statements.

Management monitors rolling forecasts of the liquidity reserve and cash and bank balances of the Group on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits take into account the liquidity of the market in which the entity operates.

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### (c) Liquidity risk (Continued)

In addition, the Group's liquidity management policy involves monitoring liquidity ratios and maintaining debt financing plans.

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

| | On demand THB'000 | Less than one year THB'000 | One to five years THB'000 | More than five years THB'000 | Total THB'000 |
|---|---|---|---|---|---|
| **At 31 December 2021** | | | | | |
| Trade payables | 35,081 | 486,366 | 656,811 | — | 1,178,258 |
| Other payables | 5,674 | 11,613 | 7,548 | — | 24,835 |
| Bank and other borrowings | — | 137,997 | 126,991 | 3,109 | 268,097 |
| Lease liabilities | — | 6,089 | — | — | 6,089 |
| | 40,755 | 642,065 | 791,350 | 3,109 | 1,477,279 |
| **At 31 December 2020** | | | | | |
| Trade payables | 17,616 | 242,697 | 656,031 | — | 916,344 |
| Other payables | 5,206 | 7,261 | 7,548 | — | 20,015 |
| Bank and other borrowings | 3 | 183,551 | 62,130 | — | 245,684 |
| Lease liabilities | — | 4,372 | 6,089 | — | 10,461 |
| | 22,825 | 437,881 | 731,798 | — | 1,192,504 |

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

### (d) Capital management

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

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

## 36. EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this reporting period.

*Year ended 31 December 2021*

## 37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

| | 2021<br>THB'000 | 2020<br>THB'000 |
|---|---|---|
| NON-CURRENT ASSET | | |
| Investment in a subsidiary | — | — |
| CURRENT ASSETS | | |
| Due from a subsidiary | **334,663** | 302,588 |
| Prepayment, other receivables and other assets | **22,789** | 12,783 |
| Cash and cash equivalents | **19,687** | 19,063 |
| Total current assets | **377,139** | 334,434 |
| CURRENT LIABILITIES | | |
| Due to the ultimate holding company | — | 1,056 |
| Due to a subsidiary | — | 262 |
| Other payables and accruals | **7,428** | 3,184 |
| Total current liabilities | **7,428** | 4,502 |
| NET CURRENT ASSETS | **369,711** | 329,932 |
| NET ASSETS | **369,711** | 329,932 |
| EQUITY | | |
| Issued capital | **15,977** | 15,977 |
| Reserves | **353,734** | 313,955 |
| Total equity | **369,711** | 329,932 |

## 37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

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

| | Share premium account THB'000 | Accumulated losses THB'000 | Total THB'000 |
|---|---|---|---|
| At 1 January 2020 | 428,778 | (112,226) | 316,552 |
| Loss for the year and total comprehensive loss for the year | — | (2,597) | (2,597) |
| At 31 December 2020 and 1 January 2021 | 428,778 | (114,823) | 313,955 |
| Profit for the year and total comprehensive income for the year | — | 39,779 | 39,779 |
| At 31 December 2021 | 428,778 | (75,044) | 353,734 |

## 38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2022.

# DEFINITIONS

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

| | |
|---|---|
| "Audit Committee" | the audit committee of the Board |
| "BAAC" | Bank for Agriculture and Agricultural Co-operatives, a government-owned bank established in 1966 and focuses on providing banking services to farmers in the rural area in Thailand |
| "BAAC ATM Project" | includes (i) the projects which our Group, together with the ATM Terminal Provider up until June 2020, cooperates with BAAC since 2006 to set up and operate its ATM network, and was extended in 2019 to cover the period up to June 2027; and (ii) a project entered into with BAAC in 2014. |
| "BAAC ATM Terminal Provider" | the Consortium partner, a private company set up with limited liability in Thailand in 1989 and is an Independent Third Party of our Group. It is an established IT solutions provider that was invited by our Group to participate in the BAAC ATM Project to focus on the frontend system aspect of the BAAC ATM Project. It is a leading IT and digital solutions provider in Thailand which offers modern digital solutions and enterprise business solutions and IT infrastructure solutions. |
| "Board" | the board of Directors |
| "BVI" | British Virgin Islands |
| "Cayman Companies Law" or "Companies Law" | "Cayman Companies Law" or "Companies Law" |
| "CDM" | Cash Deposit Machine |
| "CDM Project" | A project relating to acquisition and installation of CDMs at convenience stores in Thailand |
| "CDM Project Service Contract" | Contract between Platt Nera and Joint Venture Company that requires the former to, inter alia, develop software and switches to run on the CDM machines, install CDM machines at convenience stores in Thailand and operate/maintain the CDM machines over a 10 years' (extendable for 2 further years) period. |
| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Company" | Platt Nera International Limited, an exempted company incorporated in the Cayman Islands with limited liability on 23 November 2018 |
| "connected person(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Consortium" | a consortium formed between our Group and the ATM Terminal Provider for the ATM Project pursuant to the Phase One Contract and the Phase Two Contract |
| "Controlling Shareholder(s)" | has the meaning ascribed thereto in the Listing Rules and, in the context of this Annual Report, means Pynk, Mr. Asvaplungprohm, Mr. Archadechopon and Ms. Talomsin |

| | |
|---|---|
| "Corporate Governance Code" | the Corporate Governance Code as set out in Appendix 14 to the Listing Rules |
| "COVID-19" | Coronavirus Disease 2019 |
| "Customer F" | a government-owned bank that provides various banking products and services in Thailand |
| "Customer F ATM Project" | the setup of and provision of related operations, support and maintenance services for 2,900 ATM machines for Customer F for 5 years between 2020 and 2025 |
| "Customer F Passbook Project" | the setup of and provision of related operations, support and maintenance services for 790 Passbook machines for Customer F for 5 years between 2020 and 2025 |
| "Director(s)" | the director(s) of our Company |
| "Executive Director(s)" | the executive Director(s) |
| "Group", "our Group", "we", "us" or "our" | our Company together with our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time |
| "HK$" | Hong Kong dollars and cents, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "IAH" | Info Asset Holding (Thailand) Co., Limited (formerly known as Intel Asset Holding Co., Limited), a company incorporated with limited liability on 6 September 2018 under the laws of Thailand, a subsidiary of our Company |
| "IAH Preference Share(s)" | the preference share(s) of nominal value of THB100 each in the share capital of IAH |
| "Independent Third Party(ies)" | person(s) or company(ies) which is (are) independent of and not connected with any of the Directors, chief executive or substantial Shareholders of our Company or our subsidiaries or any of our respective associates within the meaning of the Listing Rules |
| "Joint Venture Agreement" | the joint venture agreement entered into on 1 June 2021 among Platt Nera, Mr. Prapan Asvaplungprohm and Cash Machine Capital Co., Ltd. with respect of the formation of the Joint Venture Company |
| "Joint Venture Company" | Platt FinServe Company Limited, a company registered under the laws of Thailand and a joint venture company formed pursuant to the Joint Venture Agreement |
| "Listing" | the listing of the Shares on the Main Board on 16 July 2019 |
| "Listing Rules" | The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| "Main Board" | the Main Board of the Stock Exchange |

| | |
|---|---|
| "Memorandum" or "Memorandum of Association" | the amended and restated memorandum of association of the Company, adopted on 17 June 2019 and as amended from time to time |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules |
| "Nomination Committee" | the nomination committee of the Board |
| "PEA" | Provincial Electricity Authority, a state-owned enterprise in Thailand responsible for providing provincial electricity supply |
| "Platt Nera" | Platt Nera Co., Ltd., a company incorporated with limited liability on 28 October 2004 under the laws of Thailand, a subsidiary of the Company |
| "PRC" or "China" | the People's Republic of China, but for the purposes of this report and unless otherwise indicated, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan |
| "Prospectus" | the prospectus of the Company dated 28 June 2019 issued in relation with the Share Offer |
| "Pynk" | Pynk Holding Limited, a company incorporated with limited liability on 8 January 2019 under the laws of the BVI and a Controlling Shareholder |
| "Remuneration Committee" | the remuneration committee of the Board |
| "SFC" | the Securities and Futures Commission of Hong Kong |
| "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Share(s)" | ordinary share(s) of HK$0.01 each in the issued share capital of the Company |
| "Share Offer" | the public offer and the placing in connection with the Listing |
| "Shareholder(s)" | holder(s) of the Share(s) from time to time |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "substantial Shareholder(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Thai Government" | the Government of Thailand |
| "Thailand" | the Kingdom of Thailand |
| "THB" | Thai Baht or Baht, the lawful currency of Thailand |
| "TON" | Things On Net Co., Ltd., a company registered under the laws of Thailand |
| "%" | per cent. |