

Nature of Business

Business Structure

Broadband Internet Services	Governmental Project Services	Silk Screen Printing Business		Label Printing Business	Total Information Technologies Solution Services
Simat Technologies PCL.		Hinsitsu (Thailand)	Hinsitsu Precision	Simat Label	RGTECH Simat
The Parent Company		Subsidiary (70% Shareholding)	Subsidiary (78.27% Shareholding by Hinsitsu)	Subsidiary (100% Shareholding by Hinsitsu)	Associated (49% Shareholding)

Nature of Products or Services

Total Information Technology Solution Services

The Company provides services of the Total Information Technology Solution by sales of computer hardware, software development and nationwide maintenance services. The target customer groups are the retail business, warehouse, logistics, manufacturing and government project which require the efficient information collection technologies.

- (1) Group of hardware products and software sold together with said hardware. Principal hardware products that the Company provides are mobile or hand-held computers and devices that support barcode and RFID technologies. Hardware devices that the Company provides have operating system for stand-alone usage. The Company has developed particularized software which is MobileNet system. This software enables hand-held computers of the Company to connect with customer's database and other computers from long distance. Typically, the Company will sell MobileNet together with hardware of the Company.
- (2) Group of software products engaged by Simat Soft (subsidiary) focus on software development by design and analysis the program based on the need of particular customers (customized software) including with the software relating to the information technologies which help gather information real time and accurate especially the information about inventories or any other assets with a large number of items and difficult to audit and help organization to manage business efficiently. Simat Soft has the tax privileges under BOI for exemption of corporate income tax for 8 years. BOI and SIPA has the policy to support either government or private sector to develop software to support the expansion of IT market.
- (3) Business of maintenance service providing for hardware device and software sold by the Company and also maintenance of customers' computer devices used with products sold by the Company.

Manufacturing and sales of label product

Label business is engaged by Simat Label (subsidiary) to provide services of design, develop and conversion of printed objects with glue for customer in manufacturers of electric appliance and electronics with provision and development of specific raw materials and design of production process to meet the specific requirements of the customer need. Revenue is continuous revenue from customer's repetitive order / The order increases as the customer's sale increases since the printed object with glue is attached at the customer's product / Profit is higher than sales of low grade or low price label as the company's product is unique by customer's need such as heat resistance, elastic or low level of tolerance. The target customer group is the manufacturers of smart phones, electric appliances and electronic parts.

Manufacturing and sales of Silk Screen product

Silk Screen printing business operated by Hinsitsu (Thailand) Co., Ltd. (Subsidiary) provides design, develop and produce Silk Screen and sticker label used in Electrical Appliance, electronics and communication equipment for customers in Electrical Appliance and electronics industries by supply and develop raw material as well as design manufacturing process for specific products as required by customers. Revenue is repetitive order since products deemed a part of Electrical Appliance and electronics parts, which must obtain regular orders up to sales volume of products. Customer groups are Electrical Appliance and electronics equipment business.

Broadband business

Broadband business which provides the hi-speed internet through optical fiber network (FTTx) for city of Nakornratchasima, Chiangmai, Khonkaen and Bangkok Metropolitan under the brand of "Sinet". The target customers are home-use consumer and Small and medium enterprise (SME).

Governmental Project Business

The Company entered into the contract of Project "High Speed Internet in Remote Area (Zone C) Group 4 Northeastern 2" with National Broadcasting and Telecommunication Commission ("NBTC") at project value of 2,248 MB with project details summarized as follows:

Project Name:	High Speed Internet in Remote Area (Zone C) Group 4 Northeastern 2
Target Area:	Comprises of Kalasin, Mahasarakham, Yasothorn, Roi-Ed, Srisaket, Amnat Charoen and Ubon Ratchathani
Project Value:	2,248 MB
Scope of Work:	Divided into 5 categories as follows: <ol style="list-style-type: none"> 1) Provide service of public wi-fi in target villages 2) Provide service center building of high speed internet for Universal Service Obligation (USO Net) 3) Provide service room of high speed internet for Universal Service Obligation (USO Wrap) 4) Provide service of public high speed internet for schools

- 5) Provide service of public high speed internet for Tambon Health Promotion Hospital

Operation Period: Divided into 3 Phases as follows

- 1) Phase 1 Provide service equipment, installation, test run before services (300 days)
- 2) Phase 2 Continuous Management and Maintenance for 5 years (60 month)
- 3) Phase 3 Delivery equipment after the end of Phase 2 (60 days)

Revenue Recognition: Start revenue recognition in Quarter 1/2019 onwards.

Nature of Business

Business segment	Country	Operate by	% Holding	Nature of business	Nature of revenue and profit	Main customer group
Total Information Technologies Solution Services	Thailand	RGTECH Simat (Associated)	49%	To provide total Information Technologies services including sales of hardware, software development and nationwide maintenance services	Revenue from sales of hardwares increases as the branch expansion increase of main customer group in retail business and the replacement of equipment / Fixed revenue from the maintenance contract / Project base revenue from both government and private project / With total solution including software development and nationwide maintenance services, profit is higher than sales of hardware only	Retail/ Transport and logistic/ FMCG / Manufacturing/ Government project
	Vietnam	SINO TRADING Group (Associate)	40%	Sales of hardwares and maintenance services		
Silkscreen Printing Business	Thailand	Hinsitsu (Thailand)	70%	A manufacture of Silk-Screen Printing Product such as a control panel of electric appliance for microwave, washing machine, etc.	Continuous revenue from customer's repetitive order / The order increases as the customer's sale increases / High margin products with high skilled and high printing technologies	Manufacturers of electric appliances
	Thailand	Hinsitsu Precision (Thailand) (78.27% Shareholding by Hinsitsu)	55%	Business sticker production Buy and sell stickers, label, main plates and raw materials for making stickers.		
Label Printing Business	Thailand	Simat Label (Subsidiary)	86%	To provide services of design, develop and conversion of printed objects with glue for customer in manufacturers of electric appliance and electronics with provision and development of specific raw materials and design of production process to meet the specific requirements of the customer need	Continuous revenue from customer's repetitive order / The order increases as the customer's sale increases since the printed object with glue is attached at the customer's product / Profit is higher than sales of low grade or low price label as the company's product is unique by customer's need such as heat resistance, elastic or low level of tolerance	Manufacturers of electric appliances and electronic parts
Internet Broadband	Thailand	Parent Company	-	To provide high-speed internet through fiber optic network in area of Nakornratchasima, Chiangmai, Khonkaen and Bangkok Metropolitan under the brand "SINET"	Repetitive revenue or monthly revenue / Fixed cost is high such as depreciation and the first-time installation cost when first time customer applies / Profit will arise when the number of customer increases above the break-even point	Home-use consumer / Small and medium enterprise (SME)
		Simat Telecom (Subsidiary)	100%			
Government Project	Thailand	Parent Company	-	The contract with NBTC to provide high speed internet in remote area (Zone C) Group 4 Northeast 2. The project has 2 phase which are the Phase 1 to delivery & install the equipments and the Phase 2 to provide internet service & maintenance for 5 years	Revenue is divided into 2 categories. 1) Revenue recognition in Phase 1 is to recognize revenue according to the percentage of completion for the delivery and installation of equipment. 2) The repetitive revenue from internet service and maintenance for 5 years after Phase 1 is completed.	Government project