



SNC

บริษัท เอส เอ็น ซี ฟอर्मเมอร์ จำกัด (มหาชน)
SNC FORMER PUBLIC COMPANY LIMITED

ANNUAL REPORT 2018

รายงานประจำปี 2561

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Message from Chairman of the Board

Dear shareholders,

In 2018, Thailand's economic growth was at 4.2%, higher than the previous year which was only 3.8%. The key factors were the export volume with the total of 252.4 billion US\$ or the growth of 6.7% in almost every significant market including the expansion in the tourism sector in which Thailand welcomed more than 40 million tourists last year. Concerning industrial goods involving the Company's business, the air-conditioning industry produced more than 19.8 million units, higher than the previous year which was at 19.2 million units. The automobile sector revealed their increased annual production at 2.2 million; higher than that of the last year at 2.0 million units.



In 2018, the Company earned a total revenue of 6,499 million baht; lower than the year 2017 which was at 7,527 million baht. However, the amount of profit increased to 431 million baht from 401 million baht. These were mainly due to business restructuring, improvement of production and operation efficiency which can significantly reduce the cost according to plan. Moreover, the Company was awarded an Outstanding SET Sustainability Awards 2018, Thailand Sustainability Investment 2018 as well as an Outstanding Investor Relations Awards 2018, all from the Stock Exchange of Thailand. We have recertified the membership of Private Sector Collective Coalition Against Corruption along with rated an Excellence Corporate Governance scoring, all of which reflect its management, good corporate governance and the performance of management team and staff.

For the year 2019, the Board of Directors would pay critical attention to the improvement of company's competitiveness, human resource development, and investment in manufacturing facilities, automation and robot in order to respond to the customer's needs regarding product's quality, on-time delivery and reasonable price. I am confident that with our enthusiastic steadiness in sustainable development, we have always been ready for an intensely competitive environment in the industry and be able to sustain the growth in the long run.

A handwritten signature in dark ink, appearing to read 'Sathit Chanchaokul', written in a cursive style.

Sathit Chanchaokul

วิสัยทัศน์ / VISION

(SNC : SUPERSTORE)

เอส เอ็น ซี ศูนย์รวมของผลิตภัณฑ์และบริการแบบครบวงจรในอุตสาหกรรมรถยนต์, เครื่องทำความเย็น, เครื่องใช้ไฟฟ้าและอิเล็กทรอนิกส์ An ultimate ONE STOP SHOP & SERVICE CENTER of variety products and comprehensive services in Automotive, HVAC systems (Heating Ventilation & Air Conditioning), Electrical Appliances and Electronics industries.

พันธกิจ / MISSION

- | | |
|--|---------------------------------------|
| 1. คำนึงถึงคุณภาพของสินค้าเป็นอันดับแรก
Regard of the quality of products first. | Quality First |
| 2. สร้างความหลากหลายของผลิตภัณฑ์และบริการเพื่อตอบสนองความต้องการทุกรูปแบบของลูกค้า
Create a wide variety of products and services to meet all kinds of customers. | Differentiation |
| 3. สร้างผลิตภัณฑ์ที่มีคุณภาพในราคาที่ลูกค้าสามารถซื้อไปแข่งขันได้
Create quality products at a price that customer can buy to compete. | Cost
Effectiveness |
| 4. ตอบสนองความต้องการของลูกค้าด้วยความรวดเร็ว
Meet customer needs with speed. | Quick Response |
| 5. ปรับระบบการผลิตให้ยืดหยุ่นทันต่อสภาพแวดล้อมที่เปลี่ยนแปลงอย่างรวดเร็ว
Adjust production systems to take away flexibility to rapidly changing environment. | Flexible
Manufacturing
System |
| 6. ให้ความสำคัญกับผลิตภัณฑ์ที่เป็นมิตรกับสิ่งแวดล้อมและผู้มีส่วนได้ส่วนเสียทั้งทางตรงและทางอ้อม
Focus on products that are environmentally friendly and stakeholders, both direct and indirect. | Focus on Products
and Stakeholders |
| 7. มีจิตวิญญาณและความตั้งใจในเรื่องการบริการ เพื่อให้ลูกค้าได้รับความพึงพอใจสูงสุด
A mental switch and signal intentions on the service to customers satisfaction | Service Mind |

Profile of the Directors, Executives and Authorized Persons



Forefront, from left 1) Mrs. Chanisa Chutipat 2) Mr. Satit Chanjavanakul 3) Mr. Chaisak Ankasuwan

4) Mr. Wisan Wuttisaksin

Backside, from left 1) Mr. Somboon Gurdlin 2) Mr. Samitt Palitagram 3) Dr. Somchai Thaisa-nguanvorakul

4) Pol.Lt.Gen. Maj. Nopsak Poovatatanasedj 5) Mr. Suchat Boonbanjersri

Mr. Satit Chanjavanakul (71 Years)

Chairman of the Board of Directors

Independent Director

Appointment Date: April 30, 2009

Education

- Master of Business Administration, Thammasat University
- Master of Science, Textile Technology, University of Leeds, U.K
- Bachelor of Industrial Engineering, Chulalongkorn University
- Top Executive Program in Commerce and Trade (TEPCOT), Class 1
- Director Accreditation Program Training (83rd)
- Capital Market Academy, Class 5
- International Advanced Management Program, MIT, USA
- National Defence Course for the Joint State-Private Sector, Class 4414
- Hubert Humphrey Fellowship Program, Planning & Resource Management, Massachusetts Institute of Technology (MIT), USA.

Experience Background

- 2009 - Present Chairman of the Board of Directors
SNC Former Public Company Limited
- 2013 - Present Director
Thai Agro Energy Public Company Limited
- 2004 - Present Audit Committee
Asia plus Group Holdings
Public Company Limited
- 2016 - Present Independent Director
Asia Plus Securities Public Company Limited
- 2009 - Present Audit Committee
Crown Seal Public Company Limited
- 2009 - Present Audit Committee
Lalin Property Public Company Limited
- 2013 - Present Director
Witcorp Company Limited
- 2010 - Present Director
Thai Airlines Holdings Company Limited
- 1991 - Present Director
SPC Home Ideas Company Limited

No. of shares and % of shares holding

: None

Relationship: None**No. of meeting attendances in 2018: 5/6**

Dr. Somchai Thaisa-nguanvorakul (62 Years)

Chairman of Executive Committee

Director

Appointment Date: April 19, 2004

Education

- Doctor of Philosophy Program in Public Administration, Ubon Ratchathani University
- Honorary Doctorate degree in Business Administration in Finance, Rajamangala University of Technology Isan
- Master of Public and Private Management (Class#3), National Institute of Development Administration (NIDA)
- Bachelor of Political Science, Ramkhamhaeng University
- Certificate in Management, University of California, Berkeley, CA, USA
- Capital Market Academy Leader Program (CMA) Class 10 Capital Market Academy
- The Senior Executive Program (SEP) Class 19 Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Advanced Security Management Program (ASMP) Class 5 The Association National Defence College of Thailand under the Royal Patronage of His Majesty the King
- Director Accreditation Program (DAP) Class 31
- Director Certification Program (DCP) Class 55
- หลักสูตร Director Certification Program Update (DPCU)

- Leadership Development Program (LDP) Class 3

- Advanced Audit Committee Program (AACP) Class 25

- Advanced Master of Management (AMM) Class 1

Graduate School of Public Administration, National Institute of Development Administration

No. of shares and % of shares holding

12,060,522 shares equal to 4.19 %

Relationship: Executive and major shareholder

No. of meeting attendances in 2018: 6/6

Experience Background

- 2004 - Present Chairman of Executive Committee SNC Group
- 2018 - Present Audit committee Thaiunionfeedmill Company Limited
- 2014 - 2018 luminaries of Market for Alternative Investment – MAI
- 2014 - 2018 Director of The Stock Exchange of Thailand
- 2014 - 2018 Sub-Committee Corporate Governance-and Social Responsibility The Stock Exchange of Thailand
- 2014 - 2016 Director of Thai Listed Companies Association
- 2016 - 2018 Chairman of the Sub-Committee Securities Investor Protection Fund The Stock Exchange of Thailand
- 2016 - 2018 Sub-Committee Derivatives Investor Protection Fund Thailand Futures Exchange Public Company Limited (TFEX)

Mr. Chaisak Ankasuwan (70 Years)

Independent Director

Audit committee

Chairman of Nomination and

Remuneration Committee

Date of acquiring the position: April 3rd, 2014**Education**

- Bachelor of Law, Thammasat University
- Master of Public Administration, Public and Private Management Program, National Institute of Development Administration (NIDA)
- The National Defense College (NDC 4414)
- Training program - Business commissioning for directors and top level management of state enterprise and Public, Batch 2, Public Director Institute (PDI)
- Training program - Director Accreditation Program (DAP), Class 51/2006
- Training program - Director Certification Program (DCP), Class 129/2010
- Training program – Top level management, Batch 10, Capital Market Academy

No. of shares and % of shares holding: none**Relationship:** none**No. of meeting attendances in 2018:** 6/6**Experience Background**

2014 - Present Independent Director

Audit committee

Chairman of Nomination and Remuneration Committee

SNC Former PCL

2016 - Present Independent Director

Audit committee

Rich Sport PCL

2013 - Present Vice Chairman

One to One Contacts PCL

2009 - 2011 Vice Chairman

The Transport Co., Ltd.

2009 - 2011 Director

Thai Airways International PCL

2005 - 2011 Chairman

Aeronautical Radio of Thailand Co., Ltd.

2005 - 2008 Director

Airports of Thailand PCL

2004 - 2010 Director

Thai Aviation Industries Co., Ltd.

2004 - 2007 Director

Tourism Authority of Thailand (TAT)

Mr.Wisan Wuttisaksin (69 Years)

Independent Director

Nomination and Remuneration Committee

Appointment Date: July 27, 2012

No. of shares and % of shares holding

none

Relationship: none

No. of meeting attendances in 2018: 6/6

Education

- Master of Public and Private Management,
National Institute of Development
Administration (NIDA)
- Bachelor of Laws, Ramkhamhaeng University
- Director Certification Program (DCP125/2009)
- Financial Statements for Directors (FSD6/2009)
- Role of the Compensation Committee (RCC 12/2012)
- Diploma, National Defence College, The Joint State-
Private Sector Course Class of 15
- Politics and Governance in Democratic Systems for
Executive Course, Class of 8
- Chief Executive officer Development Program, Fiscal
policy Research Institute Foundation, The Kellogg School
of Management and the Maxwell School of Citizenship
and Public Affairs
- Senior Executives on Justice Administration, Class of 12

Experience Background

- 2012 - Present Independent Director
SNC Former Public Company Limited
- 2011 - 2017 Advisor Office of The National
Broadcasting and Telecommunications
Commission
- 2012 - 2013 Independent Director
Thai Oil Public Company Limited
- 2009 - 2011 Advisor on Customs Control
Development
Customs Department

Mr. Suchat Boonbanjerd Sri (60 Years)

Independent Director

Chairman of Audit committee

Date of acquiring the position: December 25th, 2014**Education**

- Master degree, Wharton School, University of Pennsylvania, USA.
- Bachelor degree (2nd Class honor), Economics, Quantitative Analysis, Chulalongkorn University
- Training program - Director Certification Program (DCP)
- Training program - Audit Committee Program (ACP)
- Training program - Executive Development Program (EDP)
- Training program - Leadership Development Program (LDP)

No. of shares and % of shares holding

517,000 shares or 0.18%

Relationship

None

No. of meeting attendances in 2018: 5/6**Experience Background**

2014 - Present Independent Director

Head of Audit committee

SNC Former Public Company Limited

2014 - Present Head of Audit committee and
Independent Director

Salee Printing PCL

2002 - Present Subcommittee

Independent Director

Srithai Superware PCL

2018 - Present Director

Pylon Public Company Limited.

2011 - Present Chairman

EDP Foundation

2005 - Present Director

Steeler Steel Works Co., Ltd.

2001 - Present Chairman

Practicum Engineering Co., Ltd.

2000 - Present Chairman

Knight Club Capital Asset Management Co., Ltd.

Mrs. Chanisa Chutipat (58 Years)

Independent Director

Audit committee

Date of acquiring the position: December 25th, 2014

Education

- Bachelor of Commerce and Accountancy, Thammasat University
- Master of Business Administration (Accountancy), Thammasat University
- Training program - Director Certification Program (DCP), Batch 71
- Training program - Top level management, Capital Market Academy, Batch 1
- Leading at The Speed of Trust PacRim Group
- Senior Executive Program Batch 19
- Strategy and Innovation for Business in Asia Batch 1
- Problem solving and decision making ๗๐๓ Kepnor Trego

No. of shares and % of shares holding

none

Relationship: none

No. of meeting attendances in 2018: 6/6

Experience Background

2014 - Present Independent Director

Audit committee

SNC Former Public Company Limited

2017 - Present Advisor

Siam Piwat Co., Ltd.

2015 – Present Director The Right Livelihood Foundation

2017 – Present Director and Treasurer Bangkok Observation Tower Foundation

2014 - 2017 Managing Director
Siam Piwat Co., Ltd.

2013 - 2014 Deputy Manager Operation
The Securities Exchange of Thailand

2009 – 2012 Assistant Manager Finance and
Administration The Securities Exchange of
Thailand

Pol.Lt.Gen. Maj Nopsak Poovatatanasedj (60 Years)

Independent Director

Nomination and Remuneration Committee

Date of acquiring the position: December 25th, 2014

Education

- Bachelor of Science, Mahidol University

- Bachelor of Medicine, Mahidol University

- Faculty of Medicine Siriraj Hospital, Mahidol University

- Dermatologist Card Specialist (Dermatology)

The Medical of Thailand

- Executive Police (27 th) (Bor Tor Sor 27)

No. of shares and % of shares holding

none

Relationship: none

No. of meeting attendances in 2018: 6/6

Experience Background

2014 - Present Independent Director

Nomination and Remuneration
Committee

SNC Former Pblc Company Limited

2018 - Present Doctor (Sor Bor)

Police Hospital (Equivalent Deputy
(Commander)

2017 - 2018 Doctor Child Large (Sor Bor 7)

Police Hospital (Equivalent Deputy
(Commander)

2013 – 2017 Doctor (Sor Bor 6) Police Hospital

(Commander)

2010 – 2013 Doctor (Sor Bor 5) Internal Medicine

Police Hospital

2008 – 2010 Deputy Commander Institute of

Forensic Medicine Police Hospital

2005 – 2008 Doctor (Sor Bor 5) Nuttawut Somdejya

Hospital Police Hospital

1995 – 2005 Doctor EK Internal Medicine Police

Hospital

1988 – 1995 Master Doctor Internal Medicine

Police Hospital

Mr. Somboon Gurdlin (60 Years)

- Vice Chairman of Executive Committee
- Managing Director - Subsidiary
- Chairman of Risk Management Committee
- CG & CSR Committee

Appointment Date: April 19, 2004

Education

- Master of Business Administration, Burapha University
- Bachelor of Political Science, Ramkhamhaeng University
- Director Accreditation Program (DAP) (32nd)
- Executive Development Program (EDP) 15

No. of shares and % of shares holding

7,949 shares equal to 0.002 %

Relationship

Executive

No. of meeting attendances in 2018: 6/6

Experience Background

- 2011 - Present Vice Chairman of Executive Committee
Group of SNC Former Public Company Limited
- 2015 - Present Chairman of Risk Management Committee
CG & CSR Committee
SNC Former Public Company Limited

Mr. Samitt Palitagram (52 Years)

- Vice Chairman of Executive Committee
- Chairman of CG & CSR Committee
- Risk Management Committee
- Director

Appointment Date: April 19, 2004

Education

- Master of Economics, National Institute of Development Administration (NIDA)
- Bachelor of Industrial Engineering, Chulalongkorn University
- DAP Training (33rd)

No. of shares and % of shares holding

483,690 shares equal to 0.17 %

Relationship

Executive

No. of meeting attendances in 2018: 6/6

Experience Background

- 2011 - Present Vice Chairman of Executive Committee
Group of SNC Former Public Company Limited
- 2015 - Present Risk Management Committee
CG & CSR Committee
SNC Former Public Company Limited

Miss. Sineenart Thaisa-nguanvorakul (30 Years)

Assistant Chairman of the Executive Committee

Education

- Master of Business Administration, HULT International Business School
- Master of Science in Financial Investment and Risk Management, National Institute of Development Administration
- Financial Derivatives, Kelley School of Business, Indiana University
- Bachelor of Economics, Thammasat University.
- Innovation Driven Enterprise to Initial Public Offering (IDE to IPO) 1
- Executive Development Program (EDP) 15

No. of shares and % of shares holding

8,373,700 shares equal to 2.90%

Relationship

Executive

Experience Background

2018 - Present Assistant Chairman of the Executive Committee
SNC Former Public Company Limited

Mr. Surapol Yamkasem (61 Years)

Assistant Chairman of the Executive Committee

Education

- Bachelor of Political Science, Ramkhamhaeng University
- Director Accreditation Program (DAP) (20th)
- Director Certification Program (DCP) (55th)

No. of shares and % of shares holding

179,210 shares equal to 0.06 %

Relationship

Executive

Experience Background

2015 - Present Assistant Chairman of the Executive Committee
SNC Former Public Company Limited

2004- 2014 Director
NC Former Public Company Limited

Mr.Rattapoom Nantapatawee (47 Years)

Managing Director Accounting and Finance Department

Education

- Master of Private and Public Management,
National Institute of Development Administration
(NIDA)
- Bachelor of Accounting, Ramkhamhaeng University
- Certificate of Auditing, Thammasat University
- Executive Development Program (EDP) (14th)
- Director Accreditation Program (DAP) (118th)

No. of shares and % of shares holding

24,422 shares equal to 0.01%

Relationship

Executive

No. of meeting attendances in 2018: 6/6**Experience Background**

- 2015 - Present Managing Director Accounting &
Finance Department
Group of SNC Former Public Company Limited
- 2007 - 2014 Deputy Managing Director
Accounting & Finance Department
Group of SNC Former Public Company Limited
- 2004 - 2007 Accounting Manager
SNC Former Public Company Limited
- 1997 – 2003 Audit Manager
PricewaterhouseCoopers ABAS Limited

Profile of the Head of Internal Audit Manager

Mr. Pornchai Sirikitpanichkul

(Age 42 years)

Internal Audit Manager

Education

- Bachelor of Business Administration, Accounting
Burapha University
- Tax Auditor
- Certified Professional Internal Auditors of Thailand
(CPIAT)
- CAC SME Certification (CAC Auditor)
- Student Activity Budget Committee Burapha
University Student Council
- President of Student, Business Administration,
Accounting, Burapha University
- Guest speakers IA Clinic discussion on Anti
corruptions : Together we'll win - The Internal Audit
Association of Thailand & The Stock Exchange of
Thailand
- Training program for the CAC SME Independent
Auditor Certification Program - Thai Institute of
Directors Association (IOD)
- Training program for CAE Forum 2018
Digitalization: Empower IA New Gen - The Stock
Exchange of Thailand
- Training program for Cybercrime : The Looming
Threat to Global Economy - Risk and Internal
Control Club of Thailand
- Training program for Integrated Audit - Federation
of Accounting Professions.

- Training for Disrupting Corruption Program - Thai
Private Sector Collective Action Program In anti-
corruption (CAC)
- Training Program for Digital Evolution in IA -
Internal Auditor Association of Thailand & The Stock
Exchange of Thailand
- Training Program courses SMEs Business accounting
standards and Tax laws the year 2018 , Tax Auditor
Association of Thailand

Experience Background

- 2011 – Present Internal Audit Manager
SNC Former Public Company Limited
- 2005- Present Tax Auditor
- 2009 - 2011 Special Instructor Faculty
of Business Administration, urapha
- 2006 - 2011 Accounting Audit Manager
FASB Auditing and Consulting Company
Limited, Chonburi
- 1999 - 2005 Deputy Manager
Thai Account Company Limited, Chonburi

Duties and responsibilities

1. Review and assess the Company's internal control system
2. Ensure credibility of accounting information, financial statements, accounting record method and accounting standard
3. Ensure and maintain assets and benefit of the Company
4. Review the operation based on good corporate governance
5. Consult, advise or provide opinion to perform according to the operation manual

Profile of Head of Compliance

Miss Rattaporn Leenawatta (Age 38 years)

Secretary of the Company

Head of Compliance Department

Education

- Master of Business Administration, Finance and Banking Ramkhamhang University
- Bachelor of Accounting (honor), Sripatum University
- Certified Public Accountant (CPA)
- Tax Auditor (TA)
- Corporate Secretary Development Program
- Training program Strategic CFO in Capital Markets
- Training program Investor Relation (IR)

Experience Background

2010- Present Company Secretary and Accounting & Finance Manager

SNC Former Public Company Limited.

2007- 2010 Company Secretary and Head of Accounting & Finance Department

SNC Former Public Company Limited.

Duties and responsibilities

1. Advise on legal and regulations which the Board of Directors has to recognize and perform accordingly and manage activities of the Board of Directors in order to enable the directors to efficiently and effectively perform their duties.
2. Monitor the Board of Directors, executives and all staff to perform according to the corporate governance policy and business ethics.
3. Oversee the disclosure of information and information memorandum as required according to the regulations and notifications of the SET and SEC.
4. Arrange shareholders' meeting and Board of Directors' meeting to be in line with laws, articles of association and other rules.
5. Prepare shareholders' meeting minutes and monitor the Company to perform according to the resolution of the shareholders' meeting.
6. Prepare and keep document such as director registration, invitation letters for Board of Directors' meetings, minute of Board of Directors' meetings, annual reports, invitation letters and minutes of the shareholders' meetings.
7. Keep and maintain report on the interest of the directors or executives.
8. Contact and communicate with general shareholders to inform the rights of shareholders and the Company's news and information.

1. Policy and Business Overview

The group of SNC Former Public Company Limited comprises of 14 companies, including SNC. There are 9 subsidiaries held directly by SNC, 4 subsidiaries held by its subsidiary and 1 jointly controlled company. At present, the business operation of the Company's group can be classified in 4 groups as follows:

AUTO = parts for automobile air conditioner

PART = parts for electric appliances

OEM = OEM for electric appliances

OTHER = Other operations such as mold

Company	Type of business			
	AUTO	PART	OEM	OTHER
SNC Former Public Company Limited (SNC)				
1.1 Branch 2	✓	✓		✓
1.2 Branch 4				✓
<u>Direct subsidiaries</u>				
SNC Pyongsan Evolution Company Limited (SPEC)		✓		
SNC Cooling Supply Company Limited (COOL)	✓			
Immortal Part Company Limited (IMP)		✓		
Paradise Plastic Company Limited (PRD)	✓	✓		
SNC Creativity Anthology Company Limited (SCAN)			✓	✓
SNC Atlantic Heat Pump Company Limited (SHAP)			✓	
Meisou SNC Precision Company Limited (MSPC)				✓
SSM Automation Company Limited (SSMA)	✓	✓		
Odin Power Limited (ODIN)				✓
<u>Indirect subsidiaries</u>				
Ultimate Part Company Limited (UMP)		✓	✓	
Infinity Part Company Limited (IPC)	✓	✓		
Yala Fah Saard Limited (YALA)				✓
Odin Myanmar Limited (ODINMM)				✓
<u>Associates</u>				
SNC Atlantic Water Heater Asia Company Limited (SAWHA)		✓		

1.1 Vision and Mission

Vision: SNC Superstore : An ultimate ONE STOP SHOP & SERVICE CENTER of variety products and comprehensive services in Automotive, HVAC systems (Heating Ventilation & Air Conditioning), Electrical Appliances and Electronics industries.

Mission

- 1) Quality First : Regard of the quality of products first.
- 2) Differentiation : Create a wide variety of products and services to meet all kinds of customers.
- 3) Cost Effectiveness : Create quality products at a price that customer can buy to compete.
- 4) Quick Response : Meet customer needs with speed.
- 5) Flexible Manufacturing System : Adjust production systems to take away flexibility to rapidly changing environment.
- 6) Focus on Products and Stakeholders : Focus on products that are environmentally friendly and stakeholders, both direct and indirect.
- 7) Service Mind : A mental switch and signal intentions on the service to customers satisfaction.

Objective and Goal

The Company has drawn up business plan with financial goal and growth rate at 10% per year since 2019-2022. In order to maximize its profitability, the Company committed to achieving such goal through following strategies:

Product Strategy

The Company's goal is to respond to variety of requirement by the customer and focus on 2 major customer groups as follows:

- 1) Domestic electric appliance manufacturer including manufacturer of air conditioning, refrigerator, washing machine especially those leading brands from Japan, Korea, USA etc. These manufacturers place their major production base in Thailand. Various products are supplied by the Company to this customer group including copper tube, metal sheet parts, plastic parts and heat exchanger. Apart from parts of electric appliance, the Company is engaged as OEM for certain customers.
- 2) Automobile parts manufacturer group to which products are supplied by the Company including aluminum tube, rubber tube, plastic parts and formed sheet metal.

Quality Strategy

In order to establish confidence and optimum satisfaction among the customer, the Company needs to produce product of best quality to meet the customer's requirement. To achieve this, the Company has implemented standard quality management system in order to improve its management and product quality continually based on the Plan-Do-Check-Action (PDCA) and ISO. Not only will the customer receive product and service of quality as needed but also have trust in the Company.

The Company has mobilized human resource, tools and machine suitable for each business in order to produce product of quality. It has also put in place clear quality policy to be observed by all staffs while the results are monitored regularly to ensure that product quality meet the customer's requirement for all steps.

Quick Response Strategy

In this today world of intense business competition, the Company realizes that the customer's demand is diverse and may be changed quickly while it's our duty to be able to respond to such demand. The Company focuses on the following:

- 1) Cost that is appropriate and fair for customer and the Company (Cost).
- 2) Plant location must not be too far from the customer's office in order that delivery and response to customer's need can be done conveniently (Location).
- 3) Flexibility in production process enables us to manufacture variety of product in due time and may adjust such process to meet the demand of new product required by the customer (Flexibility).

Service Strategy

Although the company is considered a production company but we realizes the significance of service work to help optimize our customer's satisfaction. We therefore have our own motto as follows: "We are the Marketing Team" which means that all personnel are the Company's representative in rendering service for the customer.

Moreover, in order to get more flexibility, the Company has put in place its unique managerial system called "MINI MD" which will help respond to the customer's need in each respect including production, quality, deliver or price more rapidly and efficiently.

Another mean to provide service of optimum efficiency is to require the Company's executive both medium and top level, to visit the customer on regular basis to ensure that the customer voice is heard properly and rapidly.

Environmental Strategy

The Company carries out its business by taking into account possible environmental impact inside or outside the Company. Below are some significant strategies:

- 1) External environmental impact as a result of the Company's core business relating to air conditioning which uses refrigerant that may have impact on global weather. The Company has developed our products by using new type of refrigerant (R32) that helps decrease ozone depletion and global warming.

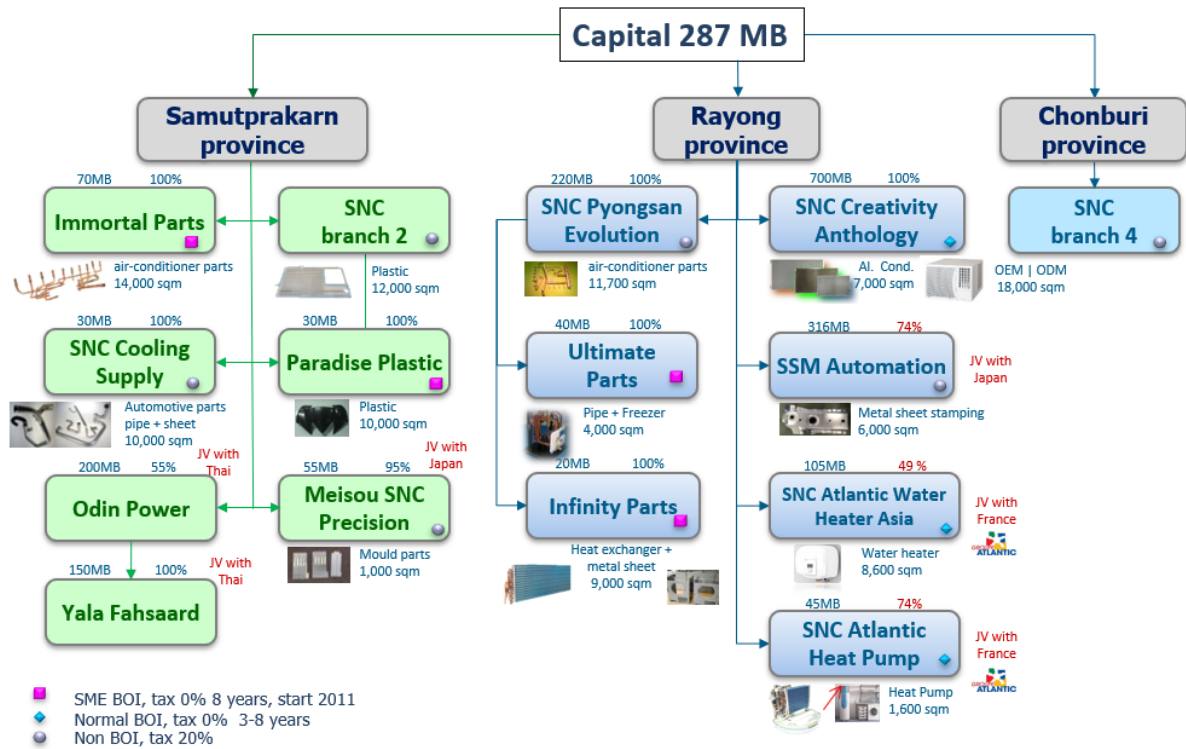
- 2) Internal environmental impact: To maintain internal environment for the benefit of working condition, the Company places importance upon 5S system where all staffs are encouraged to give priority to this matter and internal operation is carried out based on "3 R" principle consisting of Reduce, Re-use and Recycle to ensure that all personnel realize value of the Company's resources and use them in most effective manner.

1.2 Significant change and development

In the year 2018-2019, continued to implement the organization adjustment policy by merging similar businesses together, share human resources and assets. The large production base is located in Rayong, which has both water supply systems and solar power systems. The company will maintain the income of upstream work which is a profitable job. And focus on controlling production costs and administrative expenses. Stop business operations that do not generate profits Operate, according to anti-corruption and corruption policies leads to sustainability

1.3 Capital Structure of the Company's group

Business and shareholding structure of the group of SNC Former Public Company Limited can be summarized in diagram as follows:



2. Nature of Business Operation

At present, the business operation of the group of the Company can be classified in 4 main product lines as follows:

- 2.1 Parts for automobile air conditioner
- 2.2 Parts for Electrical Machine
 - 2.2.1 Copper tube parts
 - 2.2.2 Metal fabrication parts
 - 2.2.3 Plastic parts
 - 2.2.4 Heat Exchanger
 - 2.2.5 Insulator pipe
- 2.3 OEM for Electrical Machine
- 2.4 Other operations

In 2018, the revenues from parts of automobile air conditioner, parts for Electrical machine, OEM for Electrical machine and other operations were 20%, 48%, 32% and 1% of total revenues, respectively (reference to notes to the financial statements section segment information).

2.1 Parts for automobile air conditioner

1) Product Characteristics

Parts for automobile air conditioner mostly are made from aluminum tube, fabricated and assembled with metal parts and sold as a set to major air conditioner manufacturers who will deliver and distribute to automobile manufacturers further. The Company's product samples are Inlet/Outlet Pipe Assembly, Header, Suction Pipe, Flange Inlet/Outlet, Pipe and Hose Assembly, Liquid Pipe, Pipe Assembly with Flange, Discharge Pipe, Insulator Pipe Assembly, Hose-Header Assembly, Compressor Part

Parts for motorcycles, The component Plastic, Sheet Metal and sent to Motorcycle manufacturer directly.

1. Machine Part



Machine part is product which fabricated from aluminum, Extrusion, Die – Casting, stainless steel pipe, metal, brass to be components of automobile air conditioning system, diesel pump, compressor and automobile parts, etc. Machine part will be manufactured for internal assembly and be delivered to customer groups such as Keihin, Denso, Hanon, Calsonic , etc

Product	Customer	Car
Connector	Keihin	Honda, Ford, VW
	Denso	Toyota
	Hanon	Ford, Mazda
	Calsonic	Nissan, Isuzu
Yoke	NSK	Isuzu, GM

2. Aluminum Pipes



Aluminum pipes are products that assembled aluminum pipe with aluminum connector to be components of automobile air conditioning system and be delivered to customers such as Keihin, Denso, Hanon, Calsonic, Valeo.

Product	Customer	Car
Pipe Ass'y	Keihin	Honda
	Keihin USA	Ford
Pipe Suction	Denso	Toyota, Hino
Pipe Discharge	Hanon	Ford, Mazda
Pipe Inlet	Calsonic	Isuzu
Pipe Outlet		
Pipe Liquid	Valeo	Mitsubishi

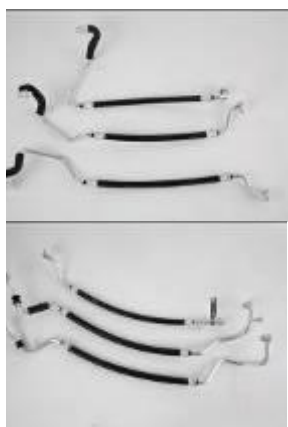
3. Steel Pipes



Steel pipes are products that assembled steel pipe with steel bracket and hardened with MF-Zn+3 and EDP to be components of cooling system. The main customer groups are Denso, Calsonic, Hanon.

Product	Customer	Car
Water Pipe	Denso	Toyota
	Calsonic	Isuzu
	Hanon	Ford

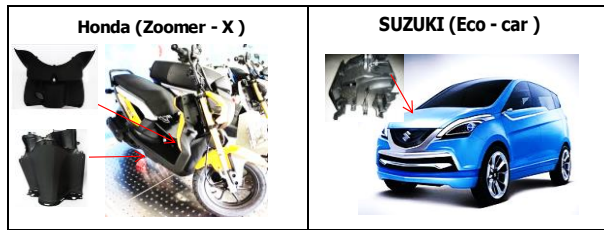
4. Hose Assembly



Hose assembly is product that assembled aluminum pipe with hose to be used in automobile air conditioning system. The Company manufactures the product for Valeo group to be used for Mitsubishi Triton and Pajero Sport for both domestic and export sales.

Product	Customer	Car
Hose Discharge	Valeo Keihin	Mitsubishi, Nissan New Civic 2016
Hose Suction		
Hose Liquid		

5. Plastic



Products of plastic group for automobile air conditioner system is parts of Honda, Suzuki, Yamaha, Kawasaki

6. Stamping & Forging

- Metal Stamping is component of Pipe Water and Bracket in automobile air conditioner system which the Company has expanded its products to other parts (viper) such as Stay Wiper

Pipe Water and Bracket



Stay Wiper



Product	Customer	Car
Stay Wiper	Denso	Toyota
Bracket	Denso	Toyota

- is a component of the car structure. The metal is passed through the process of stamping and welding into the body of the car.



- Aluminum Stamping is expandable product of Stamping Process from Metal to Aluminum by using as components of Evaporator and Condenser of Automobile Air Conditioner system.

Side Plate EVA



Side Plate Ass'y



Product	Customer	Car
Side Plate EVA	Keihin	Honda / Mitsubishi
Side Plate Ass'y	Keihin	Honda

- Aluminum Forging, the production of Aluminum Forging will start in 2014 targeting to produce parts for automobile air conditioner system such as Header End, Flange

Header End



Flange



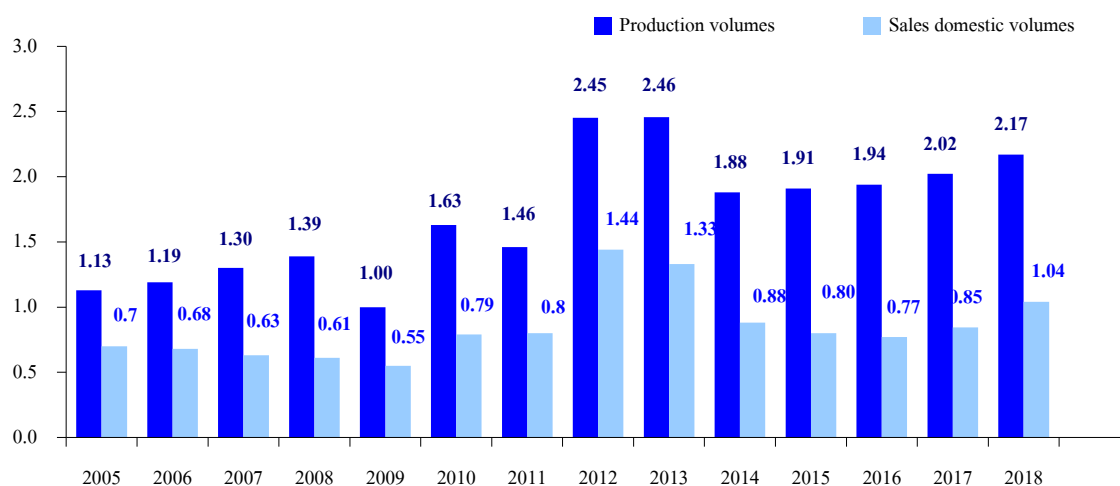
Forging



Automobile Air Conditioner Parts			
Customer	ค่ายรถ	ชื่อรุ่น	ชิ้นส่วนประกอบ
Keihin (TTH) Keihin USA (TUS) Keihin China (TCH)	Honda, Mitsubishi Honda, VW, Ford Honda	Civic, Accord, CRV, New Triton, City, Jazz Civic, Accord, Passat, Cross blue, Focus, Ranger, City, Jazz	Automobile Air Conditioner Parts
Denso Thailand	Toyota	Revo, Fortuner, Camry, Yaris	Intercooler Parts, Compressor Parts Intercooler Parts
Hanon system Hanon India	Ford, Mazda, GM Mahindra	New Ranger, Focus, Fiesta, Everest, Ecosport Mazda 2, Captiva	Automobile Air Conditioner Parts
Calsonic	Isuzu Nissan Mitsubishi	New D-Max March , Almera New Triton, Pajero sport	Automobile Air Conditioner Parts
Valeo Group	Nissan Mitsubishi	Navara, Teana, Sunny Lancer, Triton, Pajero Sport	Automobile Air Conditioner Parts
Delphi	Isuzu	D-Max	Diesel Pump Parts
Siam NSK	Isuzu GM	D-Max Colorado	Steering System Parts
Sanden	Nissan	March	Automobile Air Conditioner Parts
Suzuki	Suzuki	Celerio, Ciaz	Automobile door Parts
H-one	Mitsubishi ISUZU	Mirage, Attrage, Triton, Pajero Sport MU X	Automobile body Parts
Topre	Honda	Civic, CR-V	Automobile body Parts

2) Marketing and competition

Domestic automobile production volumes during 2005-2018



Source: Thailand Automobile Institute, Automotive Industry Club, the Federation of Thai Industries

A. Product Marketing

The Company's first priority is to focus on the product quality and customer satisfaction; therefore, it has consistently developed marketing strategies which are:

Strategy for customers

1. Quality First : regardless of the quality of the product first. The internal audit process is called "Process Reject" to check the quality of goods or material at each stage of production. The staff at each stage of production to ensure the quality of goods or raw materials before entering the production process and pay out of their own. With the slogan " not accept not do not waste."
2. Differentiation: create variety of products and services to response to all kinds of products needs
3. Cost Effectiveness : manufacture high quality product at the competitive price for its customers
4. Quick Response : response to the customers' needs promptly
5. Flexible Manufacturing system: adapt production system to be ready for the rapid change of the environment
6. Focus on Products and Stakeholders : focus on environmentally friendly product as well as direct and indirect stakeholders
7. Service Mind : possess mind, soul and determination for service to maximize customers' satisfaction
8. Building Confidence : with production management system for both quality and capacity enable

the Company to support customers' orders

9. KPI to Quality and Delivery Awards.

Strategy for building motivation within organization

1. Create motivation by focusing on return in order to motivate good track record and good performance employee by using evaluation daily result to evaluate the return to the employee.
2. Create motivation to middle management (MINI MD) by providing return based on the performance and evaluation based on KPI of the organization for Operator and Supervisor staff.
3. Improve organization development via 5S activities and Zero Claim in order to create awareness to staff for 5S, Safety and constant quality improvement by focusing to create competition in 5S, Safety concern and quality in organization.
4. Evaluation of Radar Chart to assess the knowledge and competencies Competency-based organization is the knowledge, skills and behavioral habits that are essential to the functioning of the party. To achieve higher standards generally divided into two categories evaluated.
 - 4.1 (Knowledge) 9 Basic Needs
 - 4.2 Competency

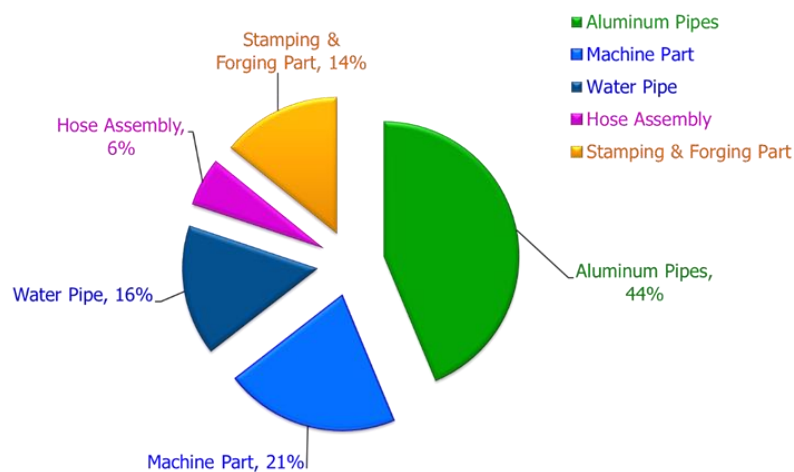


5. Job Description prepared by the ISO 9000 or TS16949 and target revenue per capita per day (Income per Head) which requires the measurement and concluded Income per Head on a daily basis and targeting Income. per employee per Head
6. "Team Building" improve the lives of working as a team.
 - 6.1 So that employees understand the values and culture of the organization. Ready to be deployed correctly.
 - 6.2 Teamwork
 - 6.3 Communication
 - 6.4 Good relationships at all levels.

In 2016, the Company will focus on development and building human resources which are the fundamental of industrial factory in order to be ready for AEC next year. The Company will develop skill

of existing staff and recruit staff at High Vocational Certificate level in order to increase expertise of high skill staff. The objective is to level up quality and working to equal to First Tier and be able to compete with both local and foreign players.

B. Distribution Portion



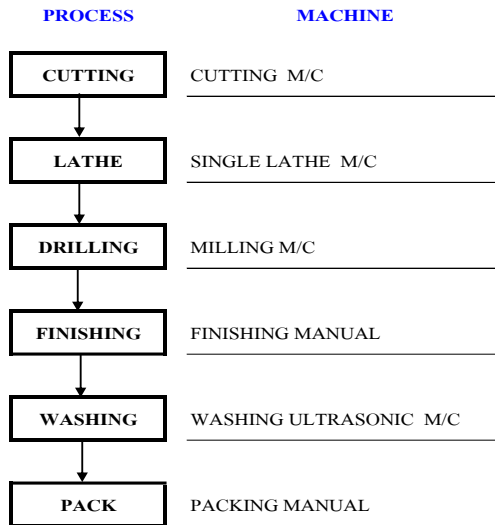
In 2559, sales in the automotive business increased from the year 2558 to be 13% by the year 2560 is expected to achieve sales growth of 1%, which is the result of the Order of China and America customers KEIHIN sales. domestic policy continues because due to the imposition by the co_2 making domestic sales slowdown.

The impact on the car industry in the country with effect from

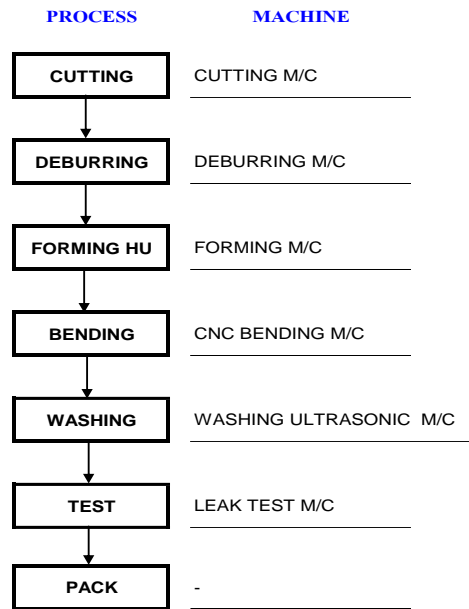
1. The stability of the government and the policy remains unclear.
2. The economic environment does not promote domestic spending.

3) Product Procurement

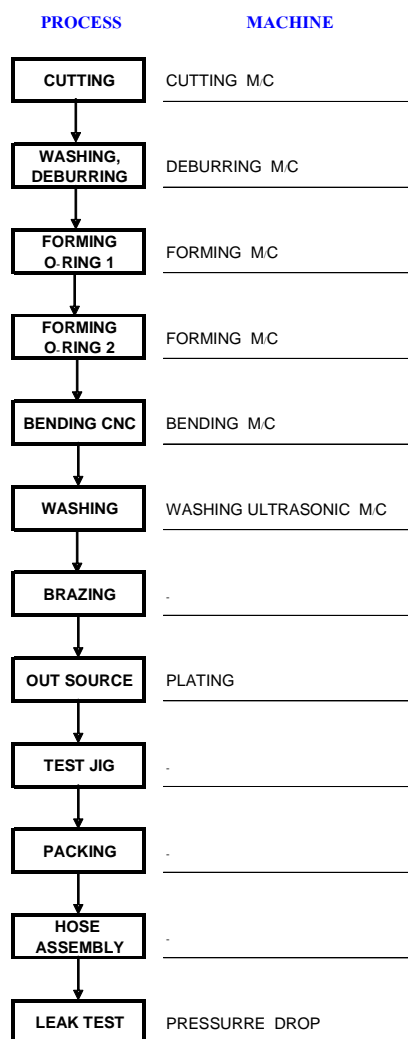
- Machine Part



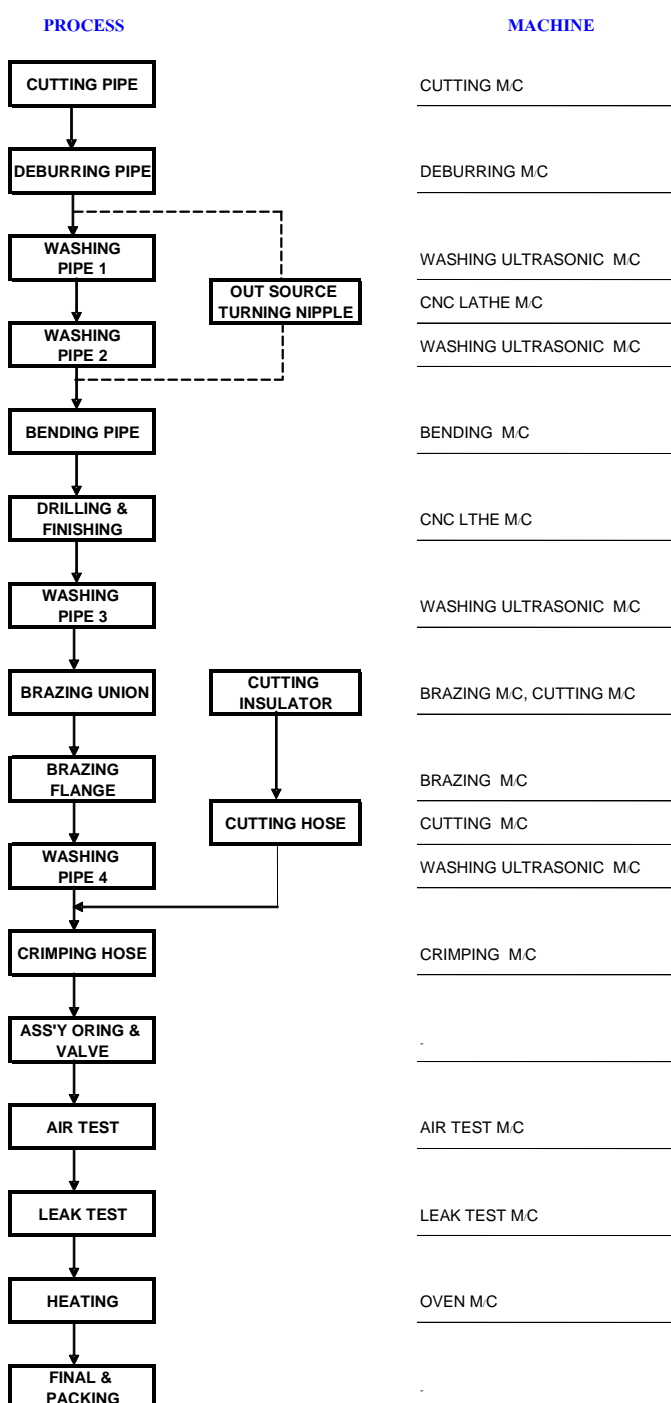
- Aluminum Pipes










- Steel Pipe



-HoseAssembly



Production Capacity in 2018

	Production Line	Capacity per Month (pieces)
	Aluminum Pipes	800,000
	Hose	65,000
	Steel Pipes	250,000
	Machine Parts	1,200,000
	Inter Cooler Tube	70,000
	Plastic	15,000
	Forging &Stamping	2,000,000

Note :

1. Production Capacity is estimated based on 8 hours / shift : 2 Shift / day : 25 days / month
2. Current capacity used 60-65%



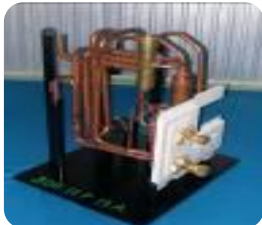
2.2 Parts for cooling machine






2.2.1 Copper Pipe Parts

At present, parts for cooling machine are made from copper. There is no other material which able to replace copper for 100%. Therefore, parts for cooling machine still use copper as major component.

1) Product Characteristic

Air conditioner parts made of copper pipe that the Company manufactures are

<p>1) Inlet pipe ,Outlet pipe ,Header pipe for connecting Condenser</p>  	<p>2) Suction pipe , Discharge pipe for connecting Compressor and Condenser together</p> 
<p>3) Accumulator using as pressure receiver tube</p>	<p>4) Strainer using for filter out dust in the system to protect the obstruction in the system</p>

	
<p>5) U-Bend for connecting Condenser</p> 	<p>6) Capillary Tube Ass'y. Using as pressure reducing pipe in the system</p> 
<p>7) Pipe Connector (Pipe Kit) using for installation to connect Indoor and Outdoor systems</p> 	

Besides, the Company also manufactures copper parts to assemble to be compressor such as Suction Pipe, Muffler Pipes, Oil Pipe, Discharge Pipe

 <p>Suction Pipe</p>	 <p>Suction Tubes</p>	 <p>Suction Pipes</p>	 <p>Muffler Pipes</p>
 <p>Oil Pipes</p>	 <p>Discharge Tubes</p>	 <p>Discharge Pipes</p>	 <p>Process Tubes</p>

At present, the Company has developed copper parts to reduce raw material cost with customer by using copper plated steel or aluminum welded with copper to produce compressor parts such as Inlet Tube, Dis Joint Pipe, Inlet Pipe Ass'y , etc..



Copper plated steel



Aluminum welded with copper

Besides, the Company is developing copper plating process to be able to plate at required specific position (area) in order to reduce cutting process which is a costly and time consuming process. The outcome of the development will enable the Company to reduce its production cost.

2) Marketing and Competition

Customer group of air conditioner parts consist of

- 1) Customer group from Japan such as Daikin, Mitsubishi, Fujitsu, Sharp, Panasonic, MACO, MACOT
- 2) Customer group from Korea such as LG, Samsung
- 3) Customer group from China such as Haier
- 4) Customer group which is the export such as Japan, Middle East, Europe and U.S.A.

The Company's distribution channels include manufacturing parts and direct delivery to air conditioner manufacturer and the customer will assemble with its parts, manufacturing and assembly in OEM production line and then deliver to customer as well as direct export to foreign countries.

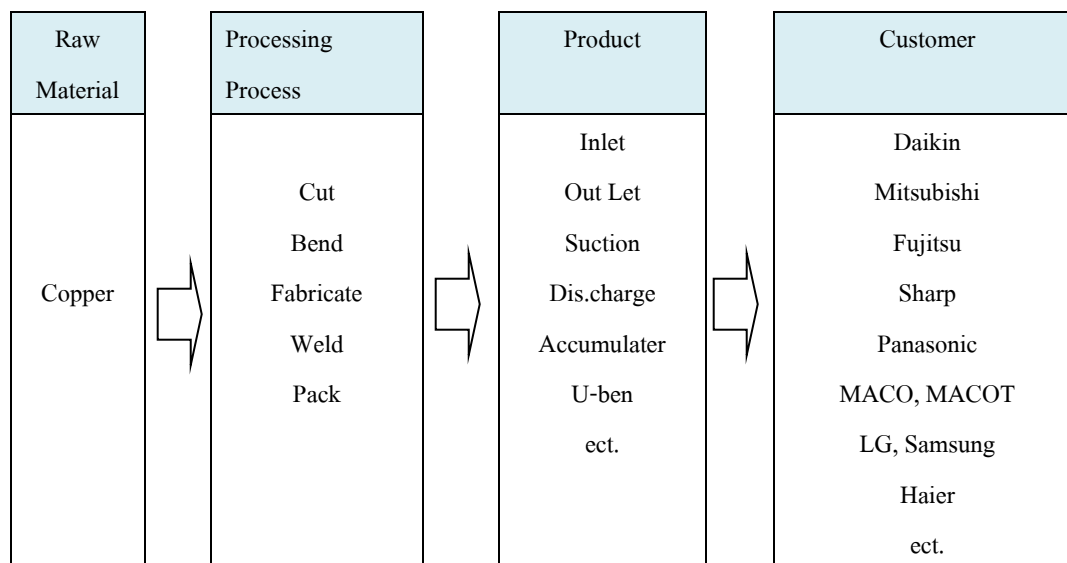
Customer group of compressor parts mostly are customers who manufacture compressors and deliver to assembly factory of air conditioner and cooling machine which are distributed to both domestic and overseas. Almost compressor manufacturers in Thailand are the Company's customers which are Siam Compressor, Hitachi Compressor, Kulthorn Kirby, Emerson, TCFG, Kulthorn Premier, Daikin, LG. Besides, the Company has prepared additional production for export market.

Expansion and growth rates of air conditioner parts are in accordance with the growth of customers and economic. In 2013, the Company invested more in plants, machinery and improved new production line by separating to be SMEs to be granted tax privileges as well as properly relocated production base in order to be able to support the growth toward AEC in 2015. The compressor industry grows in line with cooling machine industry for air conditioner, refrigerator and freezer.

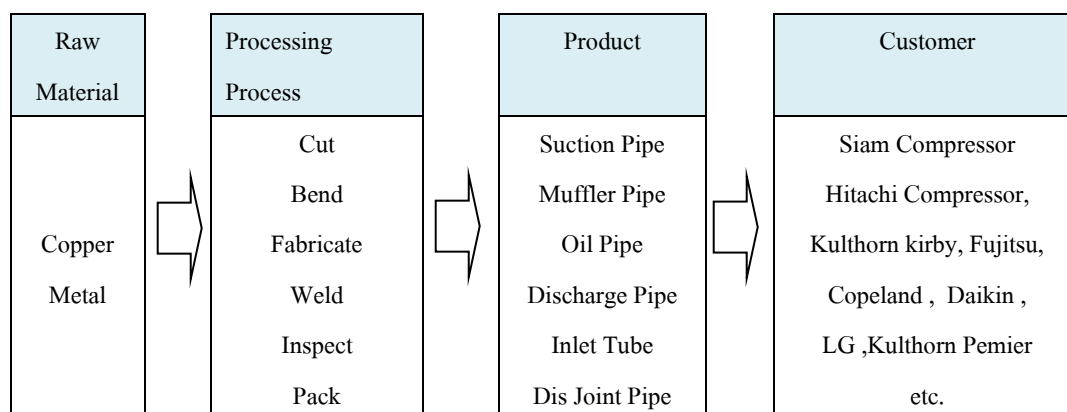
3) Product Procurement

A Production Process

- Air Conditioner Parts



- Compressor parts



The Company purchases copper directly from both domestic and export and the copper will be delivered to the plant and pass the production process of each part according to the ISO quality standard in order to manufacture product in accordance with the customers' requirement before deliver to customer (according to production diagram)

At present, the Company's plants that manufacture parts are at Samutprakarn and Rayong, therefore, the capacity is more than million pieces per year. All plants can manufacture all parts and replace each other as well as can increase production capacity by adjusting working hours according to the customer's requirement.

B Raw Material

Most of the raw materials are under standard as required by customer and all suppliers pass the standard certification of customer. The lead time is around 2 weeks after receiving purchase order. The Company purchases copper from both domestic and overseas (China) and has to consistent with condition as agreed with the customer in order to obtain the good quality of raw material with proper cost. The purchase price is the price as determined with the customer.

C Machinery and production equipment

Main machinery for production line are CNC Cutting Machine, Punching Machine, CNC Bending Machine, CNC Fabrication Machine, Automatic Welding Machine, Welding Table which the Company has plan to exploit automatic system more in the future.

The machinery of each process is modern machines form cut, bend, fabricate and weld process which the Company bought directly from the manufacturer and distributor in Thailand in order to protect the maintenance problem. There are some machines that the Company built itself and also has maintenance system to protect the broken down during production. Machines used in SNC group are machines from same manufacturer and can be replaced among each other; therefore, the Company has flexibility in production. For other production equipment such as Jix Fixture mold, the Company has unit to manufacture production equipment to support each other of each plant.

2.2.2 Metal Fabrication

1) Product Characteristics

At present, parts to be assembled to be the product using various raw materials such as metal, plastic, wood or other materials in order to make the product durable, nice-looking with high quality, suitably for use and low production cost. However, metal parts still play the major material of the product as the price is not too high, and its durability as well as the various technologies can fabricate metal in any required forms.

The Company manufactures metal fabrication parts and the plants that can manufacture are plants at Samutprakarm and Rayong. The Company's major customers of metal fabrication for air conditioner are Daikin, Mitsubishi, LG, Siam Compressor, Other.

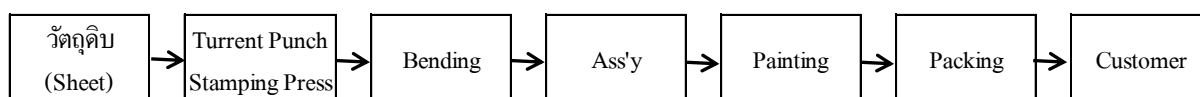


2) Marketing and Competition

Due to its high standard of quality, delivery and good service, the Company has been trusted by both existing customers and new customers by providing more production order. The Company views that its competitor is its customer. Therefore, the Company has to produce better, cheaper and faster than the customer can do. Since the Company is SNC Super Store which provides total solution production and has MINI MD system to serve customers, it is able to decrease the customer's purchase burden. Therefore, the Company has constantly grown with its customers.

3) Product Procurement

A Production Process



Raw materials in form of bar, pipe and sheet will be passed the production process by using various machine such as cutting machine, plating machine, bending machine and stamping machine which are all modern machinery. After such process, the parts will be assembled or painted and deliver to customer for assembly before sending to consumer.

B Raw Material

Raw material, which the Company uses for production in form of bar, pipe or sheet, will be according to the customers' requirement for quality, price and source. Almost raw materials are standard using in general industry. With regard to the sources, the Company imports from Japan, China and Korea as determined by customers. Regarding to the price, the Company will determine with the customer in order to protect the risk from raw material price fluctuation

C Machinery

Since the Company has policy to be Super Store, the Company has standard and modern machines together with efficient production technique. All the machines including plating machine, cutting machine and stamping machine are controlled by CNC system. Machines of each production line are also replaceable, therefore, the Company can manufacture high quality product with low cost. Besides, the Company also prepares spare part and has annual maintenance plan in order to protect the breakdown of machines and be able to lengthen the using time to serve the customers' need.



2.2.3 Plastic Parts

1) Product Characteristics

The characteristic of the product is plastic part manufactured by Injection Molding system for electric appliance assembly such as refrigerator, electrical fan, air conditioner, etc.

2) Marketing and Competition

The main customers are leading manufacturers of electric appliance in the market such as Sharp, Mitsubishi, Toshiba, and Daikin. Although this industry has fierce competition but the Company obtains purchase orders for new products from electric appliance group constantly. Because the Company can maintain the quality of product, cost and on-time delivery (QCD : Quality Cost Delivery). Besides, the Company has invested in software Mold flow to improve its quality and analyze the problem of mold using in production process which can help its customers for the participation in product development and reducing the production cost of customers.

The Company has policy to satisfy its customer by using SNC ONE STOP SERVICE, therefore, the plastic parts manufacturing is one of the component to support such policy by building satisfaction, simplicity and time saving of the customer when dealing with SNC for parts which the customer can get metal parts and plastic parts in the same period.

3) Product Procurement

A Raw Material

Raw materials are various kinds of plastic such as ABS, PP, PSGP, PSHI, PE, AS, PA. Customers will determine type and grade of the raw material in order to maintain the quality and price. Almost all raw materials are produced by local, some types have to import from oversea as they are special raw materials. The price of raw material will fluctuate according to the market price. The customers will contact with

supplier for the price and volumes per quarter and if there is any change, they will inform in advance in order to adjust the product price in relation to the raw material price. Therefore, the Company has no risk burden with regard to the raw material price.

B Machinery

Machines for plastic manufacturing are imported machines with high technology, rapid operation and energy saving. Therefore, the Company is confidence on the machinery efficiency as well as the maintenance management to make the machines operate smoothly and effectively. Besides, the previous year, the Company invested in its machinery to increase production capacity and support customer requirement which has tendency to increase.

2.2.4 Heat Exchanger

2.2.4.1 Heat Exchanger made from copper

1) Product Characteristics

Cooling machine in residential or building in general has major component for heat exchanger known as “Coil”(Heat Exchanger) which are evaporator coil and condenser coil and be the components to exchange heat and coldness within air conditioner. General coil structure comprises of 3 main components which are:

- A) Aluminum Fin to be plate fin for heat exchanging between outside air and fluid in copper tube
- B) Hairpin to be fluid flow path to build mechanism for heat exchanging with outside air
- C) Side Plate to attach aluminum plate with copper tube and be the connector to hold coil with other structure in air conditioner

The Company manufactures 3 main components and assemblies to be evaporator coil and condenser coil for air conditioner production further.

2) Marketing and Competition

Since the Company’s customers partly manufacture this products themselves and partly buy directly from coil manufacturer. Therefore, the Company has to compete with other coil manufacturers and its customers. However, the Company still has competitive advantage for cheaper cost than competitor. The coil manufacturing is complicated task; therefore, the transportation cost is quite high. The Company focuses this business only for manufacturing parts for air conditioner assembly. More than 90% of its production is Window Type Air-Conditioner OEM production for Fujitsu General. The remaining production is for air conditioner production that the Company assembles and distributes directly to foreign customers (ODM group) and distributes as heat exchangers to local air conditioner manufacturers.

Almost heat exchangers that manufactured by the Company are for its own air conditioner assembly. Therefore, the competition will be among its customers. If the Company is able to control the cost lower than its customers, the customers will trust the Company to manufacture for them further. The Company

also has activities and plan to consistently control and improves the production effectiveness in order to maintain its competitiveness.

3) Product Procurement

A Production Process and Capacity

1. Aluminum Bare Fin, Blue Fin or other colors as required by customers. Aluminum will be fabricated with Fin Press according to the customers' pattern
2. Copper Tube. Soft copper tube will be passes through shearing process using Hairpin Bender for specific length. Aluminum fabricated by Fin Press will be inserted with Hairpin Tube sheared with Hairpin Bender. Coil size will be determined at the insert coil table with Insert Hairpin process. The coils will be passed the Expander Machine to compress such coils for the size required. After that, the coils will be passed through Dry Oven to eliminate oil slick from previous process with 160 °C for 5 minutes. Then the coils will be assembled by welding U-pipe and Header with automatic Brazing or Manual Brazing. All coil production processes from the beginning to final process have to be passed the standard quality control process and the products have to be manufactured based on customers' specifications.

Diameter of copper tube	Capacity per month (pieces)
7.00 mm	20,000
7.94 mm	40,000
9.53 mm	60,000
Total	120,000

B Raw Material Procurement

Raw materials used in the production are standard products under the supplier's condition and comply with supplier' international standard conditions. The lead time for production is 1-2 weeks for copper tube and 4-5 weeks for aluminum depends on the difficulty of raw material production. The Company purchases copper tube from major copper tube manufacturers in Thailand while the Company imports aluminum from China. The Company determines and informs the delivery time and amount required to supplier in order to obtain on-time delivery. From past until now, raw material price has been fluctuated and rapidly changed. Besides, the customers' business plans always adjust to fit with environment. The Company has dealt with its customers and suppliers for its purchase and selling system such as the selling price to its customers will be the average price of copper for the last 2 months for current transaction, the purchase price from its suppliers will be the average price of copper for the last 2 months as well in order to mitigate the risk from raw material price

C Environmental impact

Most raw materials to be assembled to be heat exchanger are metal, copper and aluminum. The waste from production process will be sold to waste buyer and be back to raw material manufacturer for recycling. Therefore, the environmental impact is minimal. Meanwhile, the plant at Laem Chabang which located in Industrial Estate has to monitor waste water and gas emission from the plant and report to Industrial Estate every month which the Company is able to control all environmental levels.

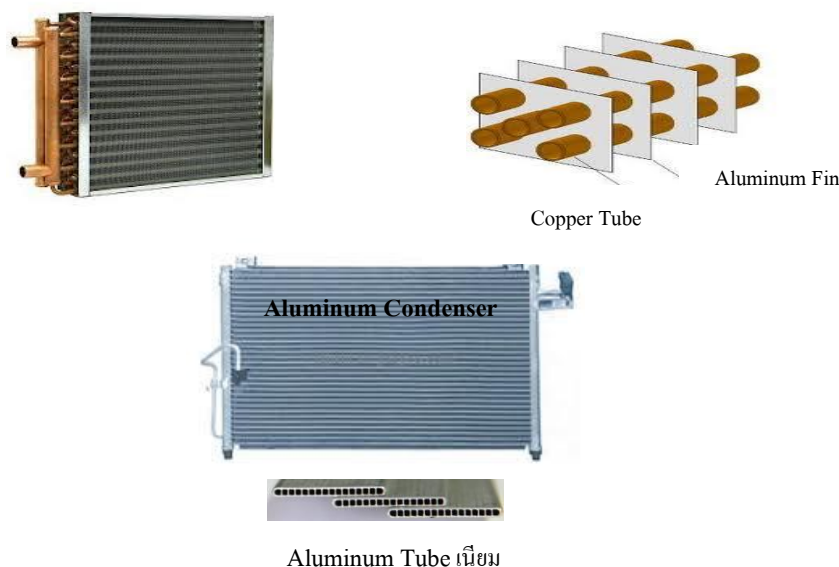
2.2.4.2 Heat Exchanger made from aluminum

1) Product Characteristics

Residential air conditioner industry is a major market of Thailand and SNC Former Public Company Limited manufacturers and distributes various parts of residential air conditioner. One of the major components of air conditioner is heat exchange which a set of air conditioner comprises 2 heat exchangers, evaporator and condenser.

At present, condenser used in residential air conditioner mainly is Aluminum Fin-Copper Tube Type, F&T Type) (see the picture below) while Aluminum Condenser which used extensively in automobile air conditioner system has not been widely used in residential air conditioner.

Current Condenser (Fin & Tube)



Due to the fluctuation of global copper price during past 5-6 years together with the demand of efficient air conditioner for high energy saving enable residential air conditioner manufacturers tend to develop their products by using more Aluminum Condenser instead of F&T Condenser.

SNC Former Public Company Limited anticipated such market tendency, therefore, it has established SNC Creativity Anthology Company Limited (SCAN) at Rayong to manufacture and distribute Aluminum Condenser by using technology from Keihin Thermal Corporation from Japan which Keihin is a

manufacturer of air conditioner parts and system for leading automobile manufacturers. Its major customer is Honda.

The outstanding characteristic of Aluminum Condenser comparing to F&T Condenser is using aluminum as major component. Aluminum is lighter and cheaper than copper and the price fluctuation is less than copper price. Besides, the design of fluid flow path is different which Aluminum Condenser has more surface touching cooling fluid. Therefore, heat exchanging is more efficient. To replace F&T Condenser with Aluminum Condenser in residential air conditioner will improve system for energy efficiency and using less fluid. The total weight will be less. Such difference will be noticeable for large air conditioner (from 12,000 BTU/ hour)

However, the obstacle of not widely using Aluminum Condenser in residential air conditioner is corrosion and leak of aluminum after using for a while. Each manufacturer has its own technology for material using, design and production. Since SCAN anticipated this obstacle, it employs technology from Keihin from Japan. Keihin has knowledge and experience for more than 30 years in manufacturing this product for Honda and others. Besides, SCAN has established Development Center in the organization. The initial investment for building, machinery and equipment is more than 80 million baht to support product design of each customer's requirement, build confidence of the product and constantly improve production cost in order to be able to compete with other players.

2) Marketing and Competition

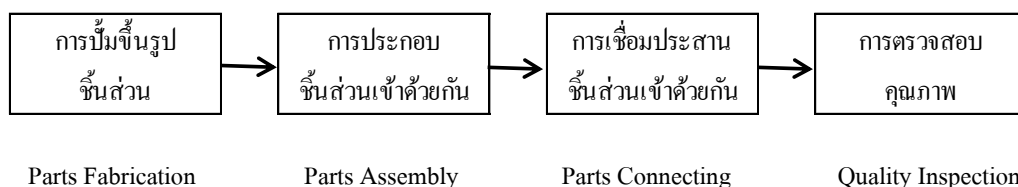
Regarding its marketing, SCAN's target customers are leading residential air conditioner manufacturers in Thailand especially manufacturers from Japan. In 2016, SCAN has started its marketing activities during building and plant construction as well as machinery installation by meeting and discussing with a couple major customers which obtained good response from them.

With regard to the competition, at present there are 4-5 Aluminum Condenser manufacturers for residential air conditioner in Thailand, mostly are manufacturers from Korea and Japan. This kind of product is quite new. The customers who are air conditioner manufacturers still not widely use but all manufacturers are under product development by using Aluminum Condenser. Therefore, in the next 1-2 years, Aluminum Condenser market for air conditioner has potential to grow greatly.

3) Product Procurement

Year 2013 was the preparation year of SCAN. SCAN constructed 5,000 square meters plant and already installed necessary machinery for production during quarter 4, 2013. The initial production capacity is at 100,000 machines per year and with additional machinery in 2014, the production capacity will increase to 500,000 machines per year.

SCAN's Production process of Aluminum Condenser will be as follows:



All parts will be mostly made from aluminum except in-out fluid line which will be made from copper. All materials will be bought mainly from domestic suppliers.

2.2.5 Insulator pipe

1) Type of business and product

The company is an insulated copper tube for air conditioner: Pipe kit for Air Conditioners manufacturer. The outstanding characteristic of the product is nonflammable. The product is not a fuel and it produces little smoke when it burns. It contains flame retardant with its self-extinguishing characteristic. It will not cause flame spread. The company focuses on manufacture for export. The main customer is OK_KIZAI who will send the products to Daikin in Australia, the Philippines and etc.

2) Marketing and Competition

The industry of air conditioner parts both in Thailand and overseas is quickly growing as per the change of weather and higher temperatures, including higher standard of the products emphasized on safety for users and eco-friendly. Because there are a lot of competitors in the industry of air conditioner parts, the company must have the outstanding characteristics for the selling point to become a leading manufacturer. SFHI Company therefore built the manufacturing line stressed the importance of world standard quality and the productivity which is able to respond to the diversity of customer demand in order to build customer trust and confidence that the products of SFHI Company can meet customer's needs more than other competitors' products.

3) Procurement

3.1 Raw materials

Most of the raw materials which are used for manufacture will tally with the customer's standard referring to the world standards such as JIS, UL standard. The raw materials are imported from overseas and procured from world's standard companies in the country. There are 3 main raw materials: copper tube, embossing foam sheet and master batch. According to the agreement with the customers, for acquiring good quality raw materials with suitable costs, prices tallies with the agreement.

3.2 Machines

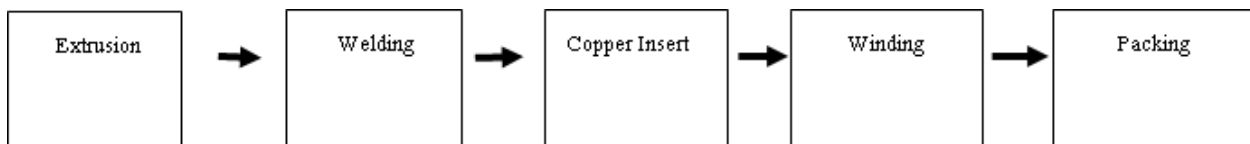
The company uses the machines imported from overseas. The company purchases machines directly from the manufacturers and the company's staff are trained to use the machines by the manufacturers in order to use and maintain them correctly. The main machines used in the manufacturing line were extruder, slitter, tubing and copper insert and winding. The company has a plan to bring the automatic system to use more in the future for reducing production costs. Furthermore, for flexibility of manufacture, the machines of SNC Group are compatible. For other manufacturing equipment such as Jet Fixture, the company owns the division of equipment manufacture to support each factory.

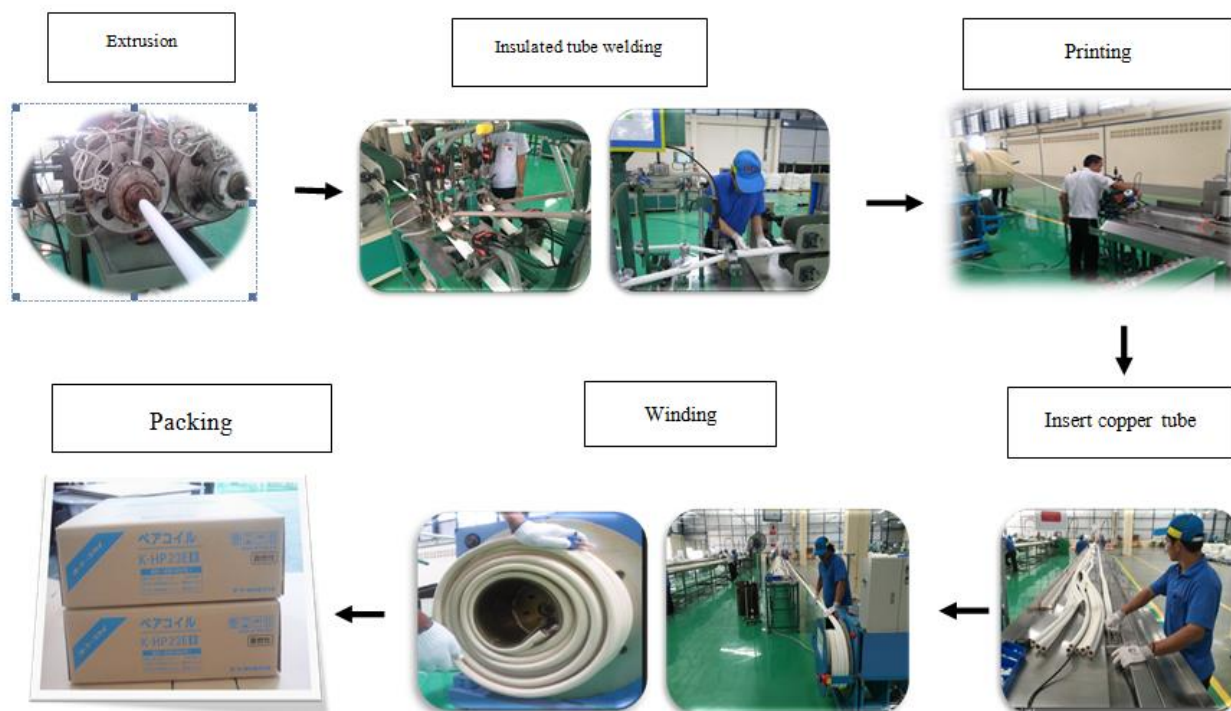
3.3 Human resources development

Human resources are regarded as the importance to develop competitive ability of a company. The company has the important policy regarding quality and competency which tally with work by using Radar Chart to evaluate and develop staff's potential including offering scholarships to the staff to continue studying for upgrading knowledge and skills in order to support growth of the company in the future and high competitive situation. For the way of management, the company keeps going by following the plan of building Mini MD.

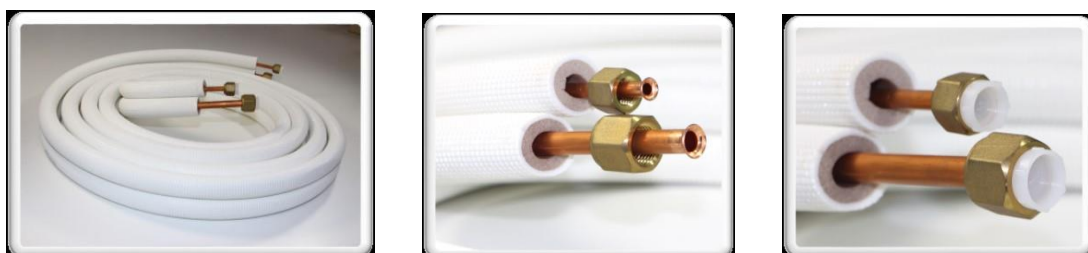
3.4 Manufacture

Manufacture is divided into 5 main processes as follows: extrude insulated tube to cover inner tube and then bring the insulated tube to cover with the cut embossed foam sheet and join them with heater's head. Bring the tube to print in size, model, length and logo as per the customer's order and then insert the copper tube which is cut to the specific length into the insulated tube. Wind the tube and check completeness before packing for sale.





Product sample : Insulated copper tube for air conditioner: Pipe kit for Air Conditioners)



2.3 Original Equipment Manufacturer for cooling machine (OEM and ODM)

2.3.1 Original Equipment Manufacturer for air conditioner

1) Product characteristics

The product of this business comprises of various characteristics depending on each customer's requirement. The main products are Window Type air conditioner, Wall Type air conditioner, Ducted Type air conditioner as well as big set of air conditioner ranging 100,000 – 300,000 BTU per hour. The Company also cooperates with customer to develop which is not air conditioner such as Heat Pump Water Heater. The Company's strength is be able to respond to its customer as they require since the Company is able to improve, adapt or design new product to fit with each customer requirement.

2) Marketing and Competition

Since the Company has no policy to launch its product under its brand, its aim is to be OEM (Original Equipment Manufacturer) and ODM (Original Design Manufacturer). The Company will develop its product to fit with each customer requirement. At present, the Company contacts with various foreign customers such as United Arab Emirates, Australia, United States of America, Japan, etc.

Target Customer

1. OEM Group, customers under this group comprise of
 - Fujitsu General (Thailand) Company Limited: products manufactured by the Company are Window Type air conditioner ranging from 8,000 – 27,000 BTU per hour
 - Sharp Appliance (Thailand) Company Limited: products manufactured by the Company are Condensing Unit for Wall Type air conditioner ranging from 5,000 – 9,000 BTU per hour
2. ODM Group, the Customers under this group comprise of
 - Well known air condition manufacturers and distributors. At present, the Company has developed the products with these target customers which are MITSUBISHI ELECTRIC, Goodman (USA), TRANE (Canada), etc.
 - Designer, distributor and installer of the air condition system for various projects in overseas. This group of customer has various projects under its responsibility and requires specific air condition system for each project. The major customer of this group is Westair Industries Inc. , Sakura Air Conditioner.
 - Products which are not air conditioner. This year the Company had developed product Air-to-Water Heat Pump with Atlantic from France, and is developing product in this group with various customers.

Revenues of 2 customers of OEM group are more than 90% of OEM air conditioner; the Company sells products directly to customer located locally. For ODM customers who mainly located in foreign countries such as United Arab Emirates, Australia, France, USA and Japan, etc., the Company exports directly to customers.

Competition Situation

In Thailand, there are only a few large and high potential OEMs of air conditioner similar to the Company. Most of OEMs are small plants with low capacity. Therefore, the Company's real local competitors are its own customers. As a result, the Company has to manufacture the products at the lower cost with high quality and more effectiveness to motivate its customers for their confirmation for the Company to be its air condition manufacturer center.

The competitors outside country are players from china because of the lower labor and material costs. However, according to consumer view, the air condition from China still has image of low cost with low quality product comparing to air condition from Thailand which has better image. Beside, the labor

welfare law of China which is stricter to the employers, the minimum wage in China which has been increased as well as tariff concern which air conditioner from China has to face when import to other countries enable the competitive advantages of Chinese players decrease especially the countries that entered into Free Trade Agreement with Thailand.

With regard to SNC, though there are several competitors from China and its size is smaller, the Company has experience and expertise in air condition parts industry for more than 30 years; its staffs are knowledgeable in design and development of air condition which be able to response to each customer requirement. Moreover, the image of Thai air condition enables the Company to be able to compete with other foreign players. Although, the world's well known manufacturer from Japan, Korea or United States of America have better technology than the Company, their production costs are higher as well.

Competition condition

There is no competition with other OEM manufacturers since almost all local OEM manufacturers have no sufficient capacity to support the customer. Besides, the Company has its own air conditioner parts manufacturing, it can control production factors which are quality, price and delivery time. Therefore, the Company has substantial competitive advantages above local OEM manufactures.

There are a few local entrepreneurs who engage in ODM of air conditioner for the export market such as Unifex Company Limited, Bitwise Company Limited, etc. Most of the players are Thai companies while the well-known foreign air condition manufacturers (such as Mitsubishi, Daikin, LG, etc.) are not focus on this market.

The Company has several competitors, mostly are located in various cities in China. Their strategies are mainly focus on low price. The Company will not compete on price but will focus on responding to each customer.

Besides, the Company has tried to expand the business of ODM by focusing on product development to add value to product the Company manufactured and assist the customer to have more choices.

3) Product Procurement

At present, the Company has one plant for manufacturing air condition for export market which is at Laem Chabang Industrial Estate. Most of its raw materials are purchased from local suppliers which can be categorized as follows:

- Compressor purchase from local suppliers such as Copeland and Siam compressor , part of compressors may directly import such as SANYO
- MOTOR mainly purchase from local suppliers
- Heat Exchanger manufacture from its internal production process
- Metal Parts manufacture from its internal production process

- Plastic Parts both purchase from local suppliers and manufacture from its group of company, the portion of purchase from local supplier is 80% of total value.

Besides, the Company also engages in assembly cooling machine for food industry such as Freezer which the Company's customers of this group are BIG, Air products.



2.3.2 Engaged for production and assemble of water heater

SNC - Atlantic Heat Pump Co., Ltd. (SAHP) was established on 24 March 2014 based on the joint investment of Thai and French parties with authorized capital of 45,000,000 baht. The Company is located at 88/18 Moo 2, Makhom Khu Sub-district, Nikhom Phattana District, Rayong 21180. Its main operation is to manufacture heat pump unit for large water heater (100-300 liters). The shareholding proportion is presented in the table below:

No.	Joint Investor	Shareholding percentage	Authorized Capital (Baht)
1	SNC Former Public Company Limited	74%	33,300,000
2	SA ATLANTIC SFDT JSC	26%	11,700,000
Total		100%	45,000,000

1. Business Nature and Products

SAHP's business of heat pump unit production and distribution has some special features as follows:

1. A joint investment between SNC and customers buying the product (ATLANTIC) with an aim to develop products that meet customer's need.
2. All products are exported to the customer in France for assembly as water heater with tank and other components.

2. Marketing and Competition

Heat Pump Unit manufactured SAHP is designed and developed under the cooperation of SNC Former Public Company Limited and ATLANTIC and specifically used as a component of ATLANTIC's water heater. The Company's customer (ATLANTIC) is also a shareholder in this company and thus marketing issue is not necessary.

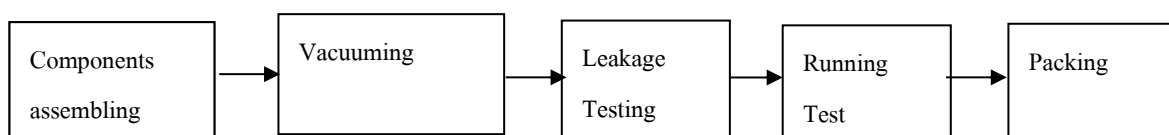
However, there might slightly have some competition with other manufacturers and suppliers and such has driven the Company to try to control its production cost at reasonable level and seek for cooperation with its client on how to save cost of materials while product quality is still maintained in order to enable the Company's client to compete with

No.	Joint Investor	Shareholding Percentage	Authorized Capital (Baht)
1	SNC Former Public Company Limited	95%	51,999,900
2	Meisou Co., Ltd.	25%	3,000,100
	Total	100%	55,000,000

other water heater manufacturers.

3. Product Supply

The production is generally classified into 5 major steps, namely, components assembling through brazing of machine base, compressor, copper tube and heat exchanger, vacuuming, leakage testing with Helium, running test and packing, respectively.



2.4 Other Operations

2.4.1 Production of plastic injection mold for high precision parts

MEISOU SNC PRECISION CO., LTD () was founded on 10 November 2014 based on joint investment of Thai and Japanese companies with its authorized capital amounting to 55,000,000 baht. The Company is located at 56/2 Moo 3, Bang Pla Sub-district, Bang Phli District, Samut Prakan. The Company's business involves the production of plastic injection mold for high precision parts in electronic industry. The shareholding proportion is shown below:

1. Business Nature and Products

MSPC's plastic injection mold is used for small and high precision parts generally and mostly used in smart phone, tablet, digital camera and eco-home appliance.

2. Marketing and Competition

The industrial sector involving manufacturing smart phone, tablet, digital camera and eco-home appliance has been expanded dramatically both in Thailand and other countries in CLMV group. In order to pursue its business success,

MSPC has to be able to manufacture plastic injection mold and its part of quality and price satisfied by customer as well as on time delivery. In addition, MSPC has to acquire production technology developed by MEISOU JAPAN (partner of MSPC) that can produce mold component at a very high precision level of 0.001 mm and 0.003 mm.

3. Product Supply

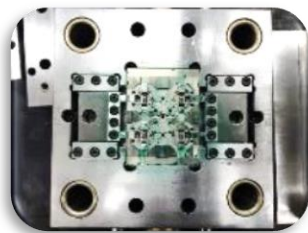
Starting with 3D CAD, mold components will be produced by CNC Macwining center for forming shape of the component, electric discharge machine, wire cut electric discharge machine and CNC grinding machine for fine forming. All manufactured components including those imported ones are then assembled to get instant mold which will be tested for quality before delivered to the customer.

Capacity Y2018

Production Line	Capacity per Month	Utilization rate
Part Mold	200 pieces	80%
Complete Mold	5 set	80%
- Small Mold	3 set	80%
- Big Mold	2 set	80%

Plastic Mold

1. Precision mold (Electronics)



2. Plastic mold (Home Appliance)



2.4.3 SSM Automation Company Limited (SSMA)

SSM Automation Company Limited (SSMA) was established on October 26, 2011 by joint venture between Thai and Japanese with registered capital of 316,000,000 baht located at 88/19 Moo 2, Makhanku District, Amphur Nikom

Pattana, Rayong 21180 to engage in manufacturing and fabricating metal parts for automobile and electric appliance parts. The shareholding portion is as follows:

No.	Partnership	Shareholding Portion	Registered Capital (Baht)
1	SNC Former Public Company Limited	74%	235,000,000
2	SUGIMOTO METAL MANUFACTURING CO., LTD	24%	76,000,000
3	MR. MASAHIRO SUGIMOTO	1%	3,000,000
4	MR. TADASHI SASAKI	1%	2,000,000
Total		100%	316,000,000



SSMA

1. Nature of business and product

Metal fabrication business of SSMA possess distinctive feature which is different from other general manufacturers in Thailand as SSMA mainly focuses on using Robot line, Transfer Line and Progress Line for its production lines. SSMA emphasizes on parts manufacturing for automobile and electric appliance industry, the details of each main product group are as follows:

1.1 Automobile parts

At present, SSMA manufactures automobile parts for H-One Parts (Thailand) Company Limited (automobile parts for Honda and Mitsubishi) and Kyokuyo Industrial (Thailand) Company Limited (automobile parts for Nissan)

1.2 Electric appliance parts

Major customers of this group are Mitsubishi Electric Consumer Product Company Limited, Sharp Appliances (Thailand) Company Limited, Electrolux Company Limited and SNC Former Company Limited, etc.

2. Marketing strategy and competition

Automobile industry in Thailand is the high growth industry whereas the competition in steel fabrication for automobile industry is also severe. To step up to be the leader, the player has to possess particular characteristics to be selling point for customers. Therefore, SSMA has built its production line by focusing on “Quality” and “Productivity”. SSMA invested in Robot Line, Transfer Line and Progress Line in order to ensure its customers that its products will be “cheaper”, “better”, and “faster”, products than other competitors’ products.

SSMA aims to be Tier 1 Supplier for automobile parts within 2016, while it will also manufacture parts and deliver to customers in electric appliance industry such as Mitsubishi Electric Consumer Product Company Limited (air conditioner), Sharp Appliances (Thailand) Company Limited (Sharp refrigerator), etc.

SSMA aims to become Tier 1 Supplier for auto parts by 2014 and we have already achieved that goal with Suzuki Motors (Thailand). In this 2015, we produce parts for another new model of SUZUKI car as Tier 1 Supplier. At the same time we also produce parts for customers in electric appliances industry e.g. Mitsubishi Electric Consumer Product (air-conditioner), Electrolux (refrigerator) etc.

3. Product Procurement

The production will be divided into 3 main procedures, cutting, fabrication and assembly. Firstly, the steel will be cut, followed by fabricated to be various parts and then assembled by connecting fabricated parts together. Subsequently, the product will be tested for its quality before packing and delivery to customer later. However, some products might be required only fabrication process (no assembly).

At present, SSMA has 4 production lines which are

- 3.1 Robot Line comprising of 800 ton and 500 ton press machine for 4 machines and 5 robots



Robot Line

3.2 Transfer Line comprising of 500 ton press machine and Transfer set



3.3 Progressive Line comprising of 250 ton and 80 ton press machines and feeder set



3.4 Tandem Line comprising of 300 ton press machines for 5 machines and 80 ton press machine for 2 machines



3.5. Blanking Line



2.4.4 SNC - Atlantic Water Heater Asia Co., Ltd. (SAWHA)

SNC - Atlantic Water Heater Asia Co., Ltd. (SAWHA) was founded on 13 June 2013 based on the joint investment of Thai and French companies with its authorized capital amounting to 105,000,000 baht. The Company is located at 88/9, 88/18 Moo 2, Makham Khu Sub-district, Nikhom Phattana District, Rayong 21180. Its main business activities involve the production of water heater (STORAGE TYPE WATER HEATER). Shareholding proportion is as follows:

No.	Joint Investor	Shareholding Percentage	Authorized Capital (Baht)
1	SNC Former Public Company Limited	49%	51,450,000
2	SA ATLANTIC SFDI JSC	51%	53,550,000
Total		100%	105,000,000



1. Business Nature and Products

SAWHA's business of water heater production and distribution has some special features as follows: This company originates from joint investment of SNC and its client (ATLANTIC) in order to customize the product as required by the customer and to sell to ATLANTIC INTERNATIONAL, a sale distributor of ATLANTIC. All manufactured products are sent to trading partner countries directly from SAWHA

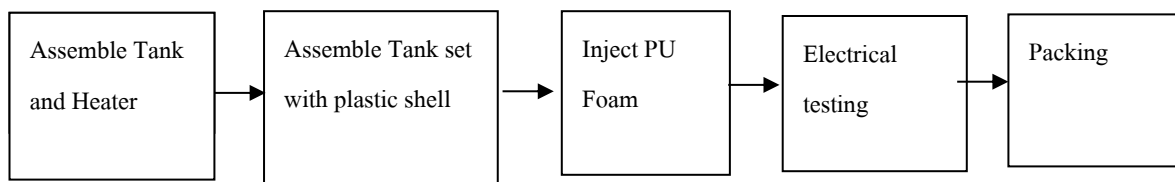
2. Marketing and Competition

Water heater manufactured by SAWHA is designed and develop and distributed to various countries by ATLANTIC where SAWHA is considered as a production base. The product has been popular in many countries. However, the main markets are those in Asia (India, Indonesia, Vietnam and Singapore etc.) and Europe.

This storage type water heater is manufactured by many manufacturers in Europe and China. The strategy for competition is to get beautiful modern design with quality of assembly. This requires the Company to control part quality especially plastic parts to maintain work quality. The Company also needs to work hand in hand with its customer on how to save material cost and on new design that meet customer's need and satisfaction in order to enable them to compete with other water heater manufacturers in the market.

3. Product Supply

Production is divided into 5 major steps; starting from the assembly of enamel-coated tank with heater, tank set testing for leak, assemble tank set with plastic shell, PU foam injection, electrical testing and packing.



3. Risk Factors

Risk factors from the Company's business operation that might significantly affect the investors' returns can be summarized as follows:

3.1 Operation Risk

3.1.1 Risk of fluctuation of raw material

The major raw materials of the Company are copper, aluminum, brass, metal and plastic. Copper, the main raw material, is the commodity product imported from other countries. Its price is fluctuated in relation to the global price (LME : London Metal Exchange) . The fluctuation of the copper price may affect the production cost of the Company to be higher. However, the management of the Company has set the guideline to mitigate the risk of copper price fluctuation in the future by:

1. Have meeting with the customer to discuss on copper selling price and it is agreed to use Rolling price, the average selling price of the previous quarter or otherwise use the price of the previous month to dictate current price. Currently, the Company buys copper from 2 major suppliers abroad and has reserved another 2-3 domestic suppliers to avoid risk of material shortage.
2. Each order for copper is based on the production plan given by the customer in the meeting listing details for number and quantity for order in each month.
3. Supervise order placement and inventory management to maintain least amount of inventory in hand.
4. In case the customer reserves copper from supplier and asks the Company to place order, the Company shall do so at the price reserved by the customer and use such price in determining selling price to the customer in order to avoid price risk.

3.1.2 Risk of dependency on a major customer

The Company has four major customer whose its revenues are at 45% of total revenues. If these customers terminates the appointment or materially decrease its purchase volume, the performance of the Company may be affected. Nevertheless, the Company has good relationship with such customer. The Company is able to respond to its demand for the product quality, reasonable price, punctual delivery and the effectiveness of pre-post sales service. Therefore, the customer is confident with the Company and there is potential to do more business together in the future. Since the beginning, the Company and the customer carry out product development (R&D) and production plan together. Such cooperation strengthens the relationship. In order to diversify its revenues structure, the Company procures new customer by increase customer base of ODM and co-develops the product with the customer. Besides, the Company has increased its customer base in the other group. Therefore, its retail customers have increased considerably from the previous year. The top executives has implemented the policy to find new customers per current customers

and keep the ratio of 30 : 70 including considering the effect on the ratio of each major customer, if the base is moved, it must not affect the company's profits more than 50%.

3.1.3 The risk that customers will move orders to other countries

The major customers of the SNC are the oversea manufacturers of household's air-conditioners and car's air-conditioners whose production bases are in Thailand. If the customers decide to shift their production base to other countries, such as China and Vietnam, that the operation cost is probably cheaper than Thailand so the SNC's operation may be affected from such decision. However, Thailand is a hub of air-conditioners manufacturing which is full of material and spare-parts supply for air-conditioners industry. In addition, the important factors that customers keep the production bases in Thailand because of the concern about the copy right and intellectual property issue in China. The racial conflict issue in some country may interrupt the business operation and the infrastructure problem in other developing countries which may not support various manufacturing industries as Thailand

3.1.4 Risk from competitors from abroad investing in Thailand

According to the implementation of ASEAN Economic Community (AEC), more foreign investors from China, South Korea and others have come to set up production base in Thailand to enjoy tax incentives and this has resulted in more competition and impact on the Company's operation. However, the management has already made a plan for mitigating possible risks as follows:

1. Quality aspect- try to maintain and control product quality to meet the customer's need.
2. Delivery aspect- on time delivery
3. Price aspect-review excess capacity in order to get full capacity of the machine on 24-hour basis, offer low cost policy to the customer in order to persuade the customer to increase their order, extend business opportunity to the extent that the total production and revenue will rise with surplus profit to compensate fixed cost and ultimately get better operation figures. The customer will get reasonable price to maintain their competitiveness.
4. Service aspect – respond to information and customer's need immediately before and after sale, get customer's impression through its readiness for help and cooperation, build up good relation and make them feel that the customer are more like the Company's partner.

3.1.5 Risk of technological change impacting on business

Today consumers want equipment and device which can facilitate their daily life and also long for modern technology. The manufacturer therefore must adjust and change their methods of manufacture by designing and developing to be modern and be able to respond to customer demand. This can increase a higher competitive situation which focuses on quality, quick response and competitive price. The method of manufacture will be

changed and develop continuously. If a company do not study and explore new technology and methods to prepare for supporting the diversity of production, it might lose business opportunities.

Our company established the research and development institute to study and provide new technology to support the departments of company's group to cumulate the old products and increase business opportunities by developing new products and designing products with customers.

3.1.6 Cyber threat attack risk

Due to the current business move to industrial 4.0, various technologies implement to increase business and communications efficiency. So, many risks occur from information technologies usage. Such as the threat from Hacker, computer virus attack. That is cause of data loss and system interruption.

SNC aware for that risk, there are various solutions to prevent potential damage. Such as IT security awareness training program at all level to provides knowledge on information threats to be aware of the best practices to prevent potential damage. Additional hardware equipment and applications control risk for data loss during import and export company's important data. And review the company's policy for Disaster Recovery Plan for continuous business operations, etc.

3.2 Financial Risk

Risk of fluctuation of foreign exchange rate

The Company imports raw material and exports its products with credit term around 30-60 days, the fluctuation of foreign exchange rate may affect the Company's operation. The raw material cost in foreign currency is 15% of Purchase of raw materials and sales in foreign currencies 8% of total sales.

4. Assets for business operation, as at 31 December 2018.

4.1 Fixed assets for business operation

The major fixed assets which the Company and subsidiaries utilize for business operation are as follows:

Details	Net Book Value (MB)	Obligation
Assets utilized for main business		
- Land and land improvement		
Rayong 4 plots of land Total 161.19 rais Owner	189.84	Free of obligation
Samutprakarn 2 plots of land Total 6 rais Owner	30.50	Free of obligation
- Building and plant		
Head Office Owner	63.69	Free of obligation
SPEC Owner	390.86	Free of obligation
SCAN Owner	236.82	Free of obligation
Other plants Rental	133.38	Free of obligation
- Machine, equipment and assets under installation		
Machinery Owner	1,050.20	Free of obligation
Tool and plant equipment Owner	110.02	Free of obligation
Office equipment and furniture Owner	15.38	Free of obligation
Vehicles Owner	5.45	Free of obligation
Assets under installation Owner	38.99	Free of obligation
Total assets utilized for main business	2,265.13	
Assets for other use		
- Land at Rayong for business expansion in the future 105.66 rais Owner	103.33	Free of obligation
- Plant and land at Rayong rent to an associated company 1.31 rais Owner	60.14	Free of obligation
-Laem Chabang factory Owner	68.66	Free of obligation
Total assets for other use	232.13	
Grand Total	2,497.26	

	Lessor	Lease Agreement	Term	Location	Area	Rental Fee/month
1) SNC Cooling Supply	KRC Development Co., Ltd.	Building Plant	3 years (1 Jan 18- 31 Dec 20)	333/6 Moo 6, Bangpreang, Bangbor, Samutprakarn	8,000 sq.m.	840,000
	ST Property & Logistics Co.,Ltd.	Building Plant	2 years 2 month (1 Nov 18 - 31 Dec 20)	122/24 Moo 6, Bangpreang , Bangbor, Samutprakarn	2,000 sq.m.	263,158
2) Immortal Part	Warehouse Said Siri Co., Ltd.	Building Plant	2 years (1 Jan 19 - 31 Dec 19)	333/2 Moo 6, Bangpreang , Bangbor, Samutprakarn	4,000 sq. m.	484,211
	Warehouse Said Siri Co., Ltd.	Building Plant	1 year (1 Jan 19- 31 Dec 19)	333/4 Moo 6, Bangpreang , Bangbor, Samutprakarn	9,000 sq. m.	994,737
	ST Property & Logistics Co.,Ltd.	Building Plant	1 year (1 Nov 18 - 31 Oct 19)	122/25 Moo 6, Bangpreang , Bangbor, Samutprakarn	1,500 sq. m.	126,316
3) SNC Former Branch 2	Bangpreang Patana Co., Ltd.	Building Plant	1 year (1 Jan 19 – 31 Dec 19)	128/888 Moo 1, Bangsaotong, Bangsaotong, Samutprakarn	7,600 sq. m.	550,000
4) SNC Former Branch 4	Laemchabang Industrial Estate	Land Plant	10 years (1 Oct 17 – 30 Sep 27)	49/40 Moo 5, Laemchabang Industrial Estate, Tungsukhla, Sriracha, Chonburi	48 rais 42.51 sq.wah	1,087,200
5) Paradise Plastic	KRC Development Co., Ltd.	Building Plant	3 years (1 Jan 19 – 31 Dec 21)	333/5 Moo 6, Bangpreang , Bangbor, Samutprakarn	6,000 sq. m..	630,000
	ST Property & Logistics Co.,Ltd.	Building Plant	1 year (1 Nov 18 – 31 Oct 19)	122/25 Moo 6, Bangpreang , Bangbor, Samutprakarn	4,500 sq. m..	378,947

Summary of major contracts of the Company and its subsidiaries**Intangible Assets**

The intangible assets of the Company and its subsidiaries, software and rights to use license and other benefit, were at 59.15 million baht. The intangible assets are shown at cost less any accumulated amortization. The amortization is calculated on a basis of straight line method over the estimated useful life of the intangible assets. (Details are shown in the notes to the financial statements Article 14)

4.2 Investment policy in subsidiaries and associated companies

The Company has policy to invest in subsidiaries and associated companies which engage in automobile parts, electric appliance parts and business that related to its existing operations in order to strengthen its long term capability support its business expansion, and adding value to the Company in the long run. Tax privileges granted from BOI is also another major factor for its consideration.

Details of investment in subsidiaries and associated companies are shown in the notes to financial statements section 10 ,11.

5. Legal Disputation

As at December 31, 2018, the Company had no following legal disputes:

- Legal dispute which may have negative impact on assets of the Company or its subsidiaries.
- Legal dispute which may significantly impact on the Company's business operation.
- Legal dispute which does not arise from normal course of business.

6. General Information

6.1 Company Information

SNC Former Public Company Limited (“the Company”), registration number 01075 47000 371, was established on March 1994. The Company was listed on the Stock Exchange of Thailand (“SET”) on October 2004 and its abbreviation of the securities listed on the SET is SNC.

The Company engages in parts manufacturing for automobile air conditioner and cooling machine as well as OEM for cooling machine.

The Company’s paid up capital was 287,777,339 baht. SNC Holding Company Limited, a registered company in Thailand, is the major shareholder of the Company holds 30% of its paid up capital.

The Company’s head office is located at 333/3 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560. Telephone No. 0-2108-0370-76 Fax No. 0-2108-0367-8 Homepage www.sncformer.com

Branch 2 :

128/888 Moo 1, Taparuk Road,

Bangsaotong District, Amphur Bangsaotong,

Samutprakarn 10540

Tel No. 0-2763-8961-3 Fax No. 0-2763-8964

Branch 4 :

49/40, Moo 5, Laemchabang Industrial Estate,

Tungsukhla District, Amphur Sriracha,

Chonburi 20230

6.2 Juristic persons which the Company holds at least 10% of their shares

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
<i>Subsidiaries which SNC Former Public Company Limited holds their shares directly.</i>			
<u>SNC Pyongsan Evolution Company Limited</u> 88/9, 88/18-20 Moo2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7202-6 Fax No. 0-3891-7207	Engages in parts manufacturing for cooling machine as well as OEM for cooling machine	220 million baht 22,000,000 common shares Par value 100 baht per share	99.99%
<u>SNC Cooling Supply Company Limited</u> 333/6 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560		30 million baht 300,000 common shares	99.99%

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
Tel No. 0-2108-0370-76 Fax No. 0-2108-0367-8	Engages in parts manufacturing for automobile air conditioner	Par value 100 baht per share	
<u>Immortal Part Company Limited</u> 333/2, 333/4 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0370-76 Fax No. 0-2108-0369	Engages in parts manufacturing for cooling machine	70 million baht 700,000 common shares Par Value 100 baht per share	99.99%
<u>Paradise Plastic Company Limited</u> 333/5 Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 062-592-0744 Fax No. 0-2763-8964	Engages in plastic parts manufacturing for electric appliance and automobile	30 million baht 300,000 common shares Par Value 100 baht per share	99.99%
<u>SNC Creativity Anthology Company Limited</u> 88/21-24 Moo 2, Makhamku District, mphur Nikom Pattana, Rayong 21180 Tel No. 0-3802-6750-8 Fax No. 0-3802-6759	Production of air-conditioning parts for cars and housing. Manufacturing components for refrigeration and refrigeration manufacturing and assembling.	700 million baht 7,000,000 common shares Par Value 100 baht per share	99.99%
<u>SNC Atlantic Heat Pump Company Limited</u> 88/18 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7202-6 Fax No. 0-3891-7207	Engages in manufacturing of heat pump for water heat pump	105 million baht 1,050,000 common shares Par Value 100 baht per share	74%
<u>Meisou SNC Precision Company Limited</u>	Production and manufacture of molds and die	55 million baht 550,000 common shares	95%

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
122/24 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0360-66 Fax No. 0-2108-0367-8		Par Value 100 baht per share	
<u>SSM Automation Company Limited</u> 88/19 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7211-5 Fax No. 0-3891-7216	Engages in manufacturing and fabricating metal parts for electric appliance and automobile	316 million baht 3,160,000 common shares Par Value 100 baht per share	74%
<u>Odin Power Co., Ltd.</u> 333/3 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0360-66 Fax No. 0-2108-0367-8	Investing in alternative power plant	200 million baht 2,000,000 common shares Par Value 100 baht per share	55%
<i>Subsidiaries which shares indirectly held by SNC Pyongsan Evolution Company Limited</i>			
<u>Ultimate Part Company Limited</u> 88/18 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7202-6 Fax No. 0-3891-7207	Engages in parts manufacturing for cooling machine and OEM for freezer	40 million baht 400,000 common shares Par Value 100 baht per share	99.99%
<u>Infinity Part Company Limited</u> 88/18 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7202-6 Fax No. 0-3891-7207	Engages in parts manufacturing for cooling machine	20 million baht 200,000 common shares Par Value 100 baht per share	99.99%
<i>Subsidiaries which shares indirectly held by Odin Power Company Limited</i>			
<u>Yala fah saard Company Limited</u>	Produce and distribute biomass from waste	150 million baht	100%

Name and address	Type of Business	Paid-up Capital	Shareholding Portion (%)
333/3 Moo 6, Bangpreang District, Amphur Bangbo, Samutprakarn 10560 Tel No. 0-2108-0360-66 Fax No. 0-2108-0367-8		1,500,000 common shares Par Value 100 baht per share	
<i>Associates</i>			
<u>SNC Atlantic Water Heater Asia Company Limited</u> 88/9, 88/18 Moo 2, Makhamku District, Amphur Nikom Pattana, Rayong 21180 Tel No. 0-3891-7202-6 Fax No. 0-3891-7207	Engages in manufacturing water heater	105 million baht 1,050,000 common shares Par Value 100 baht per share	\ 49%

6.3 Other References

Registrar

Thailand Securities Depository Company Limited

93, 14th, floor, the Stock Exchange of Thailand Building,

Ratchadapisek Road, Dindaeng, Bangkok 10400

Tel No. 0-2009-9000 Fax No. 0-2009-9992

Auditor

KPMG Phoomchai Auditing Company Limited

1 Empire Tower , South Sathorn,

Yannawa, Bangkok 10120

Tel No. 0-2677-2000 Fax No. 0-2677-2222

7. Securities Information and Shareholders

7.1 Registered Capital and Paid Up Capital

As at December 31, 2018, the Company's registered capital and paid-up capital was 287,777,339 baht, comprised of 287,777,339 common shares, at par value of 1 baht per share.

7.2 Shareholders

7.2.1 List of shareholders

List and shareholding portion of the top-ten major shareholders of the Company according to the latest book closing date on November 14, 2018 are as follows:

No.	Name	Shareholding	
		No. of shares	%
1	Thaisa-nguanvorakul Group *	113,015,822	39.27
2	THAI NVDR CO.,LTD	16,137,036	5.61
3	Mr.Anucha KittanamongkhonChai	13,850,000	4.81
4	SE ASIA (TYPE B) NOMINEES LLC	4,533,100	1.58
5	Mr. Pitak Pisetsit	4,020,000	1.40
6	Mr.Sakol Naamlerdchai	2,577,000	0.90
7	Ms.Onubon Chomdech	2,000,000	0.69
8	Mr.Winai Tungkham	2,000,000	0.69
9	1 A.M. VALUED STOCK FUND-DIVIDEND FUND IVAL-D	1,811,500	0.63
10	MR. KENJI KODAMA	1,768,511	0.61
	Total	161,712,969	56.19

Remark *Thaisa-nguanvorakul Group comprises of SNC Holding Company Limited 31.62%, Dr. Somchai Thaisa- nguanvorakul 4.19%, Khun Sineenart Thaisa- nguanvorakul 2.84%, Khun Anongnart Thaisa-nguanvorakul 0.59% and Khun Chanisara Thaisa-nguanvorakul 0.03%

7.2.2 Shareholders of SNC Holding Company Limited

No.	Name	Shareholding	
		No. of shares	%
1	Dr. Somchai Thaisa-nguanvorakul	2,235,157	22.13
2	Mrs. Anongnart Thaisa-nguanvorakul	1,193,594	11.82
3	Miss Sineenart Thaisa-nguanvorakul	1,000,000	9.90
4	Miss Netchanok Thaisa-nguanvorakul	1,000,000	9.90
5	Miss Chanisara Thaisa-nguanvorakul	1,000,000	9.90
6	Mr. Keichin Nakamoto	757,500	7.50
7	Mr. Kenji Kodama	505,000	5.00
8	Mr. Fumiaki Takahashi	505,000	5.00
9	Miss Pilailuck Koonrukprom	257,500	2.55
10	Mr. Tosaporn Thaisa-nguanvorakul	257,500	2.55
11	Mr. Somboon Gurdlin	252,500	2.50
12	Others	1,136,249	11.25
	Total	10,100,000	100.00

7.2.3 Shareholders of Institutional Investors

No.	Name	Shareholding	
		No. of shares	%
1	Thai NVDR Company Limited	16,137,036	5.61
2	SE ASIA (TYPE B) NOMINEES LLC	4,533,100	1.58
3	1 A.M. VALUED STOCK FUND-DIVIDEND FUND 1VAL-D	1,811,500	0.63
4	SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	1,512,800	0.53
5	Bcap open fund mid small cg etf	1,069,500	0.37
6	EAST FOURTEEN LIMITED-DFA EMERG MARKET CORE EQ PORT	1,031,100	0.36
7	OTHER	5,115,426	1.77
	Total	31,210,462	10.85

For the good governance of the Company and to show transparency management, there is no cross shareholding or pyramid shareholding among the group of companies.

As at February 22, 2018, The Company had 5,576 minority shareholders, accounted for 60.13% of total issued shares and such information was disclosed in the SET's website.

7.3 Other Securities

The Company has no any other shares or securities.

7.4 Dividend Payment Policy

The dividend payout policy of the Company is not less than 50% of its net profit after tax and legal reserve, provided that the said payment shall have no impact to the Company's business significantly and should take other factors such as future performance, financial status, liquidity, business expansion plan and economics condition into consideration. Such dividend payment shall subject to the shareholders' approval or the Board of the Directors' approval.

Past dividend payment of SNC Former Public Company Limited

Dividend payment of the fiscal year	2013	2014	2015	2016	2017	2018
Dividend per share (Baht)	1.0	0.66	0.90	0.90	0.90	1.00
Earnings per share (Baht)	1.47	1.31	1.42	1.40	1.39	1.50
Dividend payout ratio (%)	68%	50%	63%	64%	65%	67%

Remark: * The Board of Directors' meeting on February 6, 2019 passed the resolution for the dividend payment for the operation result of year 2018 for the year end period which was the last period at 0.50 baht per share, the dividend will be paid on April 26, 2019. After adding up with the interim dividend at 0.50 baht per share, the total dividend payment will be 1.00 baht per share.

Subsidiaries' Dividend Policy

Subsidiaries will pay dividend to the parent company (SNC) by considering retained earnings and cash on hand of subsidiaries.

8. Management Structure

8.1 Board of Directors

As at December 31, 2018, the Company's Board of Directors comprised of 9 directors. Include

- Independence director : 6 directors (More than one half of the Company's Board of Directors)
- Non- executive director : 6 directors (For 67% of the Company's Board of Directors)
- Female independence director : 1 director is Mrs. Chanisa Chutipat.

No.	Name		Position
1	Mr. Satit	Chanjavanakul	Chairman of the Board of Directors Independence Director
2	Dr. Somchai	Thaisa-nguanvorakul	Chairman of Executive Committee
3	Mr. Wisan	Wutthisaksilp	Independence Director
4	Mr. Chaisak	Angkasuwan	Independence Director
5	Mr. Suchat	Boonbanjerd Sri	Independence Director
6	Mrs. Chanisa	Chutipat	Independence Director
7	Pol.Lt.Gen. Maj Nopsak	Poovatanasedj	Independence Director
8	Mr. Somboon	Gurdlin	Director and Executive Committee
9	Mr. Samitt	Palitagram	Director and Executive Committee

Ms. Ratanaporn Leenawat is the Company Secretary.

The definition of the Company's director's independence is more stringent than those provided by the Capital Market Supervisory Board as follows:

- 1) Holding shares not more than 0.5% of the total shares with voting rights of the Company, its subsidiaries, which shall be inclusive of the shares held by related persons.
- 2) Not being or having previously been a director who takes part in management, an employee, a staff member or advisor who receives a regular salary, or a controlling person of the Company, its subsidiaries unless the termination of being in such position had occurred at least 2 years before an appointment as the Company's independent director.
- 3) Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, sibling and child as well as child's spouse, of its executives, its major shareholders, its controlling persons or such other persons who will be nominated to be executives or controlling persons of the Company or its subsidiaries.

- 4) Having no current or previous business relationship with the Company, its subsidiaries, its major shareholders or its controlling persons which may interfere his /her independent discretion, and not being or having previously been a major shareholder or controlling person of the company which has a business relationship with the Company, its subsidiaries, its major shareholders or its controlling persons, unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.
- 5) Not being or having previously been an auditor of the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder or partner of the audit office of the auditor of the Company, its subsidiaries, its major shareholders or its controlling persons unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.
- 6) Not being or having previously been any professional service provider including legal advisor or financial advisor who receives more than 2 million baht annually from the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder, controlling person or partner of such professional service provider unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.
- 7) Not being a director appointed as a representative of the Company's directors, major shareholder or a shareholder who is related to the Company's major shareholder.
- 8) Not operating any business which has the same nature and significant in competition with the Company, its subsidiaries or not being a major shareholder in partnership or a director who takes part in the management, an employee, a staff member or advisor who receives a regular salary or holding shares more than 1% of total shares with voting rights of other company who operates same business and significantly competes with the Company and its subsidiaries.
- 9) Having no characteristics that may affect the giving of independent opinions on the operation of the Company and its subsidiaries.

Authorized Directors

The Company's authorized directors are Dr. Somchai Thaisa-nguanvorakul jointly with Mr. Somboon Gurdlin or Mr. Samitt Palitagram, one of the directors totaling 2 persons are authorized to sign on behalf of the Company with the Company's seal affixed.

Scope of duties and responsibilities of the Board of Directors

1. Manage the Company to be in line with the laws, its objectives, Articles of Association, the resolution adopted at the shareholders' meeting as well as the Principles of Good of Corporate Governance, the guideline of the SET and the SEC. This excludes the matters required the shareholders' resolution such as matters as stated by laws that required shareholders' resolution, the connected transactions and the acquisition or disposition of significant assets according to the regulations of the SET or any other laws, etc.

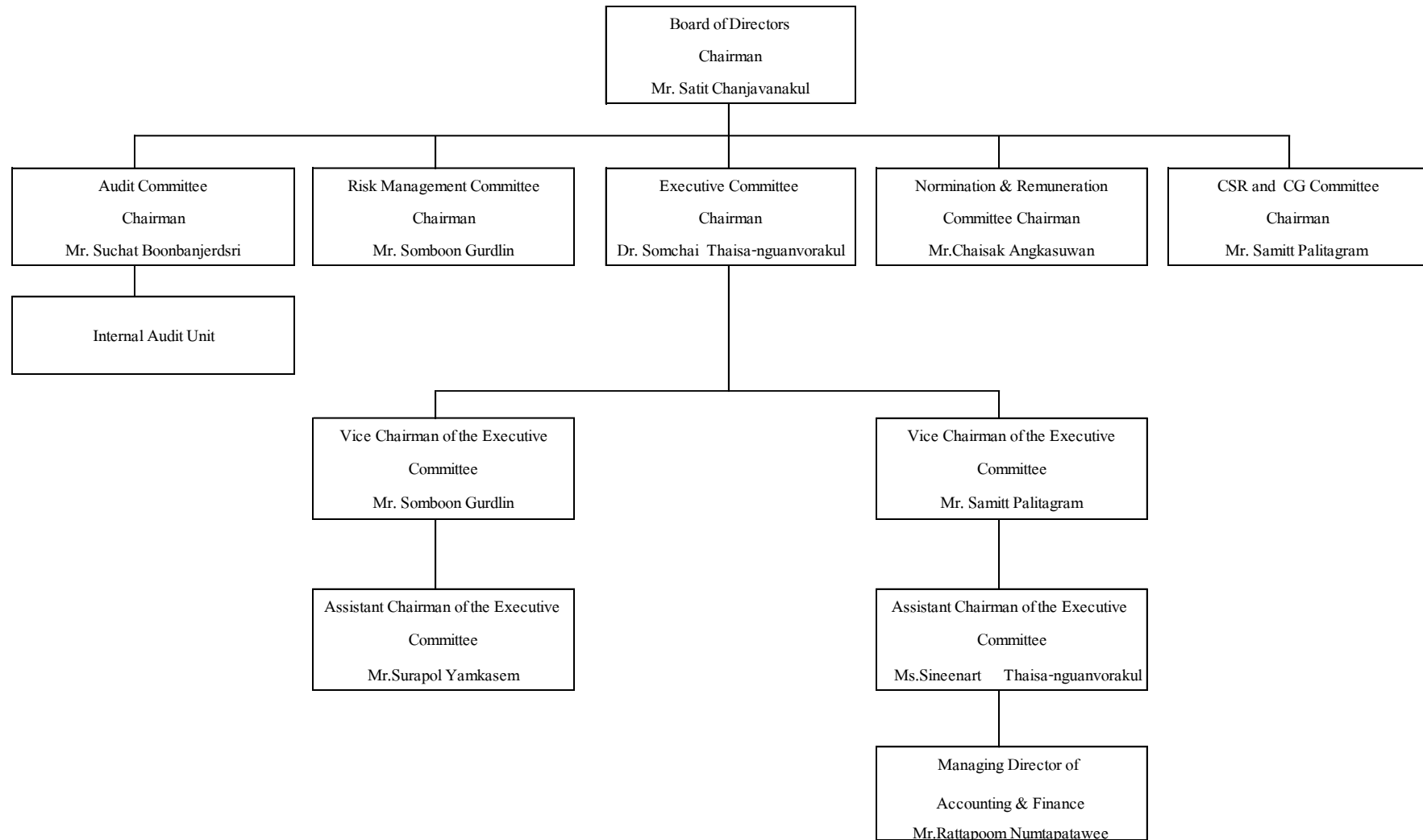
2. Approve the amendment of the Company's Articles of Association, capital increase, capital reduction, newly issued shares allotment and amendment of rights of the common share.
3. Approve the establishment of any companies or taking over any benefits in any other companies.
4. Approve the investment, borrowing, raising funds, applying for loan from commercial bank or receiving any financial support.
5. Approve the matters that may cause the mortgage or any other contingent liabilities to business operation, assets or the whole or important parts of assets, except the normal business matters.
6. Approve any loan or credit providing apart from the normal business.
7. Provide or not provide consent in the matter that may cause the whole or part of the Company's business to under any others control apart from the Board.
8. Approve any accusations or any compromises or agreements according to any other appeals apart from the normal business.
9. Appoint one director to assume the Chairman of the Board and may appoint the Deputy Chairman as the Board deem appropriate.
10. Approve the adjustment and amendment of the Company's authorized directors.
11. Appoint any directors to be the Executive Committee and appoint the Chairman of the Executive Committee as the Board deem appropriate.
12. Appoint the Remuneration Committee and Nomination Committee as the Board deem appropriate.
13. Appoint the Company's Secretary and the Secretary to the Board as the Board deem appropriate.
14. Approve the adjustment and amendment position and/or authority of Managing Director
15. Determine vision, business direction and strategy of the Company.
16. Approve major policies including objectives, financial goal, and business plan and ensure that the determined plan has been implemented as well as govern the management to operate effectively and efficiently according to the determined policy
17. Determine the guideline for the risk management covering all aspects and ensure that the managements have put in place the effective risk management system.
18. Approve the appropriate remuneration policy as proposed by the Remuneration Committee
19. Assess the performance of the Executive Committee, the Chairman of the Executive Committee and the executives.
20. Fairly oversee the benefits and rights of both major shareholders and minorities, including providing proper communication channels to each shareholder group and all stakeholders.
21. Consider carefully in regard to the connected transaction and determine the clear guideline for entering into any connected transaction and for the utmost benefit to the Company and the shareholders.
22. Ensure the accuracy, clearly, transparency and trustworthiness of the information to be disclosed.
23. Arrange for the Board of Directors' meeting at least quarterly or the Chairman of the board might call an extraordinary meeting if deem necessary. Agenda of the meeting has to be clearly specified in advance with

sufficient information and will be submitted with a written notice calling the meeting to all directors not less than 7 days prior to the date of the meeting in order to provide enough time set aside for directors to analyze the important information. Where it is necessary or urgent to preserve the rights or benefits of the Company, the meeting may be called by other methods and an earlier meeting date may be chosen. Moreover, the Board shall maintain the certified minutes of meeting and keep them for future reference and audit. All directors are encouraged to express their opinions independently with sufficient time upon the Chairman of the Board's consideration. At a meeting of the Board, at least one half (1/2) of the total number of directors present shall form a quorum.

24. Has responsibility to attend all shareholders' meetings.
25. Able to access and communicate independently with the Company's management and Secretary to the Board in order to request for additional information regarding business operation and any other information apart from the normal matters in the regular meeting every quarter.
26. Regularly arrange the meeting among the non-executive directors to discuss any matters in relation to the Company's business operation and interesting issues without management attending
27. Prohibited to engage in trading of the shares of the Company's group by using the material information that has not yet been disclosed to the public for personal or other interest. Furthermore, as stated in the Company's ethics, directors, executives and employees shall prevent from trading the shares of the Company's group one month prior to the public announcement of the financial statements.
28. Prohibited to operate any business which has the same nature as and is in competition with the business of the Company or become a partner in an ordinary partnership or become a partner with unlimited liability in a limited partnership or become a director of any other private or public company operating business which has the same nature as and is in competition with the business of the Company, unless he or she notifies the shareholders' meeting prior to the resolution for his or her appointment.
29. Notify the Company without delay when such director has an interest in any contract which is made by the Company or the number of shares or debentures of the Company's group held by such director has been increased or decreased.
30. Devote for the Company and seek no any personal or other interest as well as not possess any actions that conflict or compete with the Company or subsidiaries. Director shall also promote all level of employees to hold high level of morality and virtue, with strongly concentration on internal control and audit in order to lessen the deception might arise and misusing of power, including the illegal actions.
31. Maintain the leadership and be a role model for the good performance.

8.2

Management Structure



As at December 31, 2018, the Company group comprised of 6 executives as follows:

No.	Name		Position
1	Dr. Somchai	Thaisa-nguanvorakul	Chairman of the Executive Committee
2	Mr. Samitt	Palitagram	Vice Chairman of the Executive Committee
3	Mr. Somboon	Gurdlin	Vice Chairman of the Executive Committee
4	Mr. Surapol	Yamkasem	Assistant Chairman of the Executive Committee
5	Ms. Sineenart	Thaisa-nguanvorakul	Assistant Chairman of the Executive Committee
6	Mr. Rattapoom	Nuntapatawee	Managing Director – Accounting and Finance Department

Scope of duties and responsibilities of Executive Committee

1. Operate or perform according to the policy, business plan and budget that have been approved by the Board of Directors.
2. Hire, appoint, transfer person at the number that appropriate and necessary to be the Company's executive or employee to perform in any position, including determine scope of duties and proper remuneration. Also be authorized to remove and lay off any employee as appropriate.
3. Determine commercial terms such as credit line, payment term, sales and purchase agreement and the change of commercial terms, etc.
4. Approve the payment for the project that be approved by the Board of Directors and any expenses/payments for the Company's business at the amount of not more than 300 million baht per time.
5. Consider investment for a range of projects including purchase and sales of assets and propose to the Board of Directors for approval.
6. Have the power to represent the Company to deal with external individual for any related business that is useful to the Company.
7. Approve the appointment of a range of advisors when necessary to the operation.
8. Perform any matters in relation to the Company's general operation.

The above authorization of the Managing Director has to be under laws, regulations, the Company's Articles of Association and shall not allow the Managing Director to approve the transaction which cause or may cause the potential conflict of interest with the Company or its subsidiaries. To enter into any connected transaction or the acquisition or disposition of assets of the Company or its subsidiaries according to the definition as determined by the SEC and the SET, the Company shall perform according to the rules and procedures as stated in the Notifications of such matters.

Duties and responsibilities of the Chairman of the Executive Committee

The Chairman of the Executive Committee is responsible for managing the Company to be in line with the policy, target, budget and plan approved by the Board of Directors upon trustworthiness and due care basis and ensures that the interest of the Company and shareholders has been taken care properly. The duties and responsibilities of the Chairman of the Executive Committee include the followings matters:

1. Determine mission, objective, guideline and policy of the Company's group including administer overall operation, product and relationship with customers and report directly to the Board of Directors
2. Ensure the preparation and submission of business policy of the Company's group, including the business plan and budget, to the Board of Directors for approval, and report work progress according to the approved plan and budget to the Board of Directors every 3 months
3. Ensure the operation implementation in relation to the policy, plan, and budget approved by the Board
4. Be the authorized person to manage the Company's group according to its objectives, Articles of Association, policy, guideline, as well as the resolution adopted at the Board of Directors' meeting and/or the shareholders' meeting
5. Be the authorized person to order, contact, command, implement, and sign legal contracts, documents, orders, announcements, or any correspondence with government agencies, state enterprises, or other parties; and engage in any necessary and appropriate action that would facilitate the abovementioned duty
6. Assign power of attorney and/or delegate specific tasks to other persons, provided that such assignment and/or delegation comply with the power of attorney and/or rules, regulations, or directives of the Board and/or the Company

Legal Disputes

In the past 10 years, the Company's directors and executives has not been dismissed, discharged, or accused of any corruption or prosecution of bankruptcy or conviction of criminal case or dispute or undergoing lawsuit judgment.

8.3 The Secretary of the Company

The current secretary of the Company is Miss Rattaporn Leenawatta (Profile of the secretary of the Company, details of education and experience shown in attachment 1) and her duties and responsibilities are as follows:

1. Advise on legal and regulations which the Board of Directors has to recognize and perform accordingly and manage activities of the Board of Directors in order to enable the directors to efficiently and effectively perform their duties.
2. Monitor the Board of Directors, executives and all staff to perform according to the corporate governance policy and business ethics.
3. Oversee the disclosure of information and information memorandum as required according to the regulations and notifications of the SET and SEC.

4. Arrange shareholders' meeting and Board of Directors' meeting to be in line with laws, articles of association and other rules.
5. Prepare shareholders' meeting minutes and monitor the Company to perform according to the resolution of the shareholders' meeting.
6. Prepare and keep document such as director registration, invitation letters for Board of Directors' meetings, minute of Board of Directors' meetings, annual reports, invitation letters and minutes of the shareholders' meetings.
7. Keep and maintain report on the interest of the directors or executives.
8. Contact and communicate with general shareholders to inform the rights of shareholders and the Company's news and information.

8.4 Remuneration of the Board of Directors and Executives

Remuneration of the Board of Directors

Remuneration of the Board of Directors is considered by comparing with other companies in the same industry listed in the SET as well as the appropriateness, experience, duty, scope of work and responsibility including contribution from each director.

In 2018, the Board of Directors received financial , which was meeting allowance as follows:

No.	Name	Remneration	Meeting Allowance(Baht)										Assigned company Vehicles	Toal
			BoD		AC		RC&NC		Risk		ESG			
1	Mr. Satit Chanjavanakul	720,000	⊙	100,000								480,000	1,300,000	
2	Dr. Somchai Thaisa-nguanvorakul	-	○	60,000								-	60,000	
3	Mr. Chaisak Ankasuwan	360,000	○	60,000	○	40,000	⊙					-	460,000	
4	Mr. Wisan Wuttisaksin	360,000	○	60,000			○					-	420,000	
5	Mr. Suchat Boonbanjerd Sri	360,000	○	50,000	⊙	60,000						-	470,000	
6	Mrs. Chanisa Chutipat	360,000	○	60,000	○	50,000						-	470,000	
7	Pol.Gen.Maj. Nopsak Poovatanasedj	360,000	○	60,000			○					-	420,000	
8	Mr. Somboon Gurdlin	-	○	60,000					⊙		○	-	60,000	
9	Mr. Samitt Palitagram	-	○	60,000					○		⊙	-	60,000	
	Total	2,520,000		570,000		150,000		-		-	-	480,000	3,720,000	

BoD = Board of Directors

AC = Audit Committee

RC&NC = Remuneration & Normination Committee

Risk = Risk Management Committee

ESG = ESG Committee

⊙ = Chairman

○ = Director

Executives Remuneration

Remuneration of the executives will be considered based on performance of each person and the Company's operation result as well as the performance according to the pre-determined goal of each business unit. Besides, the Company shall explore and compare its remuneration to the leading companies which are in the same industry to obtain sufficient information for its remuneration determination. In 2018, the Company paid remunerations to 6 executives of the Company and its subsidiaries as follows:

Items	Million Baht
Salary	14.75
Assigned company vehicles	3.22
Bonus	2.82
Provident Fund	0.91
Telephone expenses	0.34
Social Security	0.05
Others	0.67
Total	22.76

Shares holding of the Board of Director and executives

	Name	No. of Shares			
		December 31, 2017	During the year Trading the shares		December 31, 2018
			Buy	Sell	
1	Mr. Satit Chanjavanakul	-	-	-	-
	Spouse and Underage Children	-	-	-	-
2	Dr. Somchai Thaisa-nguanvorakul	12,060,522	579,800	-	12,060,522
	SNC Holding Company Limited	91,000,100	-	-	91,000,100
	Spouse and Underage Children	1,698,300	-	-	1,698,300
3	Mr. Somboon Gurdlin	7,949	-	-	7,949
	Spouse and Underage Children	-	-	-	-
4	Mr. Samitt Palitagram	433,690	50,000	-	483,690
	Spouse and Underage Children	-	-	-	-
5	Mr. Suchat Boonbanjerd Sri	517,000	-	-	517,000
	Spouse and Underage Children	-	-	-	-
6	Mrs. Chanisa Chutipat	-	-	-	-
	Spouse and Underage Children	-	-	-	-
7	Mr. Chaisak Ankasuwan	-	-	-	-
	Spouse and Underage Children	-	-	-	-
8	Mr. Wisan Wuttisaksin	-	-	-	-
	Spouse and Underage Children	-	-	-	-
9	Pol.Lt.Gen. Maj. Nopsak Poovatanasedj	-	-	-	-
	Spouse and Underage Children	-	-	-	-
10	Ms.Sineenart Thaisa-nguanvorakul	6,945,400	1,428,300	-	8,373,700
	Spouse and Underage Children	-	-	-	-
11	Mr.Surapol Yamkaseam	172,910	-	100,000	172,910
	Spouse and Underage Children	-	-	-	-
12	Mr.Rattapoom Nuntapatawee	24,422	-	-	24,422
	Spouse and Underage Children	-	-	-	-

8.5 PersonnelNumber of staffs

As at December 31, 2018, the staffs of the Company and subsidiaries can be classified by each department as follows:

Main Department	No. of staffs
Automobile air conditioner parts production	436
Cooling parts production	697
OEM for cooling machines	145
Metal Sheet parts production	123
Other business lines production	53
Quality Control	9
Marketing	27
Human Resource	20
Information Technology	56
Research, development and maintenance	25
Purchasing and logistic	38
Accounting and Finance	59
Warehouse	61
Others	1,749
Total	436

Employee Compensation

The Company considers the employee as its family member who deserves care without discrimination. The Company therefore has policy toward fair compensation and good welfare for its employees as well as maintenance of good and safe working environment. Also, the Company has appointed the Welfare Committee in accordance with the regulation issued by the Ministry of Labour; constituting of employer and employees and to be specifically in charge of employee welfare. This can create the motive for them to loyally work for the Company in order to establish sustainable growth and mutual benefit for the Company and the employee. This policy also applies to subsidiaries and affiliates.

Staff Remuneration

The expenses related to staffs of the Company and its subsidiaries are as follows:

Details	Unit : Million Baht			%
	2018	2017	Increase (decreased)	
Salary	445.74	492.34	(46.60)	(9%)
Overtime	115.98	127.91	(11.93)	(9%)
Welfare	71.66	91.79	(20.13)	(22%)
Bonus	86.39	90.00	(3.61)	(4%)
Special remuneration	-	13.86	(13.86)	(100%)
Provident fund	14.26	15.37	(1.11)	(7%)
Employee benefits	6.27	(2.85)	9.12	(320%)
Compensation expense for employees	12.60	7.81	31.00	397%
Others	15.14	22.71	(7.57)	(33%)
Total	768.04	858.94	(64.69)	(8%)

Human Resource Development Policy

1. HR unit is responsible for new staff recruitment by announcing the position vacancy through various channels such as internet, notification at the society and communicate to all staffs. HR will convene the interview in order to get the staffs that possess qualifications according to the Job Description. After hiring new staff, HR will arrange for demonstration new staff before transporting to other units.
2. Apply Human Needs Theory of Maslow to be principal for human resource management in order to comply with various levels of the staffs which are officer level / low level management, middle level management and high level management.
3. Originate questionnaire for annual training requirement to allow staff to offer their preferred training course.
4. Operate QCC activities by indicating staff to join Action Plan activities at least 2 events per year in order to support team activities, to exchange idea and to employ benefit from this concept.
5. Daily Management & Policy Management by allowing all staff to be aware of their work target, work quality and accomplishment process by themselves, providing analysis system, reporting and evaluation as well as feedback information to workers.
6. Possess employee competency assessment SNC 9 Basic Need Skill Matrix which divided into 3 types: 1) Functional Competency 2) Core Competency 3) Work Permit. The Company will review the assessment once a year in order to issue work certification.
7. Provide employee evaluation system for remuneration and annual bonus consideration as well as arrange activities to support outstanding staff.
8. HRD unit has to assess training efficiency by evaluating both training and satisfaction of training course.
9. Develop staff to have multi skill and multifunction in order to increase staff capability to be ready for the change.
10. Develop future leader by developing leadership and adding new knowledge to strengthen management expertise and be prepared to be the leader for both existing and future businesses and offering internal and external training as well as providing fund for higher education.
11. Maintain staff who has good performance and high capability by preparing his career path such as work rotation, special assignment in order to provide opportunity for the staff to show his utmost competency.
12. The Company has established 4 Q policy which are

Quality of Product	Manufacture high quality products
Quality of Service	Provide high quality service
Quality of Environment	Focus on good environment
Quality of work life	Provide good work life

9. Corporate Governance

9.1 Corporate Governance Policy

The Board of Directors of SNC Former Public Company Limited confirms that the good corporate governance is the major factor to show the effective and transparent of the management system in order to build up the confidence and the assurance of the shareholders, investors, stakeholders and related parties and eventually bringing the success to the business, adding value and supporting the sustainable growth of the Company.

The Board of Directors has prepared code of conduct and business ethics so that the directors, executives and all employees realize and perform in relation to the good corporate governance as well as prepared good corporate governance manual which complied with the Principles of Good Corporate Governance for Listed Companies. The main ideas for the corporate governance are as follows:

1. Rights of Shareholders

The Board of Directors recognize the shareholders rights and avoid any actions that violate those rights including any action that can be considered in violation of the shareholders' rights to study the Company's information and attend the shareholders' meeting should be prohibited. Basic shareholder rights are rights to buy, sell or transfer shares, share in the profit of the Company, obtain relevant and adequate information on the Company in a timely manner and on a regular basis, participate and vote in the shareholders' meeting to elect or remove members of the board, appoint the external auditor and make decisions on any transactions that affect the company such as dividends payment, amendments to the company's articles of association or the company's bylaws, capital increases or decreases, and the approval of extraordinary transactions, etc.

Besides, each shareholder should be treated equally as defined in the Company's articles of association and related laws as follows:

- 1.1 Right to obtain information on the date, time, venue, and all agenda items with complete support data related to the matters required decision at the shareholders' meeting in advance for sufficient time and be on-time. The Company will also inform shareholders of the criteria and procedures governing the Company's shareholders meetings, process for attending the meeting, assigning a proxy, including the voting procedure. All information regarding shareholders meetings should be posted on the company's website before sending out the notice of the meetings so that shareholders can study all information prior to receiving the notice.
- 1.2 Right to attend the shareholders' meeting, express the opinions, ask questions, provide recommendations and participate in decision making for material changes. The Chairman of the meeting will allocate appropriate time and encourage the shareholders to express the opinions and ask questions related to the Company's operation. The Company encourages the shareholders to submit their questions, proposed agenda as well as nomination of any qualified candidates to be considered as the Company's Board of

Directors to the Company prior to the meeting. All directors will attend the shareholders' meeting to answer the shareholders in regard to the relevant matters.

2. Equitable Treatment of Shareholders

2.1 Shareholders' Meeting

The Board of Directors arranges the shareholders' meeting in the way that the shareholders are treated equally. The Company shall arrange for the shareholders' meeting at least once a year within 4 months after the fiscal year end. In case there is a special agenda that may affect or relate to shareholders' benefits or relate to any matters as stated by laws that required shareholders' resolution, the Company has to call for an extraordinary shareholders' meeting on a case by case basis.

2.1.1 Pre-shareholders' meeting

The Company shall provide equitable treatment to all shareholders by disclosing information in regard to shareholders' meeting both Thai and English on the Company's website, <http://www.sncformer.com>, 30 days prior to the meeting and submit such document to the shareholders more than 21 days prior to the meeting. Besides, the Company will announce in daily newspaper for 3 consecutive days before the meeting so that the shareholders can study in advance. Moreover, the Company will facilitate the shareholders to propose additional agenda and nominate qualified candidates to be appointed as the Board of Directors 3 months prior to the meeting. The Company has a pre-determined criteria for considering the additional agenda as proposed by the shareholders and determines procedure for the shareholders to nominate any candidates to be appointed as directors by proposed to the Nomination Committee with their qualifications and consents. Shareholders with management positions should not add any agenda items without notifying other shareholders in advance if not necessary, especially if it is an issue that will require shareholders to spend time to study relevant information before making their decisions. The Board of Directors also encourages the shareholders, who could not attend the meeting, to appoint their power of attorney to attend and vote for them. The Board of Directors will provide an option to shareholders by nominating independent director for their choice as their proxy and using the proxy form which the shareholders are able to specify their votes on each agenda.

2.1.2 Shareholders' meeting date

The Company will facilitate shareholders by providing staff to greet and assist each shareholder checking the document in order to attend the meeting. Also the Company will prepare stamp duty for shareholder who is the proxy grantor / holder. Before commence the meeting, the secretary of the meeting has to inform the quorum of the meeting, the vote count procedure. During the meeting, the Company will give the opportunity to all attendances for any inquiry or opinion expression and the Company shall completely and clearly answer to all questions. The Company shall convene the meeting by each agenda in order without any additional agenda that is not specified in the invitation letter for

shareholders' meeting. For the appointment of the Board of Directors agenda, the voting has to be for each director. The minutes of all meetings have to be recorded completely and accurately, also the Company shall record the meeting in video tape and disclose on the Company's website.

2.1.3 Post Shareholders' meeting

The Company shall submit the resolution of the shareholders' meeting to the SET and disclose on the Company's website within 14 days after the shareholders' meeting

According to developing and improving the Shareholder Meeting as consecutively held, the Company is, in this year, ranked "excellent" from the evaluation of quality in holding Shareholder Meeting in the Project of Quality Evaluation of Shareholder General Meeting in 2018 as held by Thai Investors Association.

2.2 Conflict of Interest Policy

The Company has set the "Code of Conduct" for all staffs to perform accordingly and to ensure that they acknowledge its operation policy and shall not perform against the policy and benefit. All staffs have to disclose all conflict of interest transactions according to the code of conduct with regard to the conflict of interest as follows:

2.2.1 Director and staff shall avoid any actions that will conflict with the Company's interest, not only by contacting with the Company's trading parties such as partners, customers, competitors or exploiting any opportunity or information received as be the director or staff of the Company for own benefit and should avoid to be in the business that compete with the Company or do other work except for the Company's work which will affect own duty.

2.2.2 Director and staff shall avoid holding the shares of the Company's competitors in which it might affect the director and staff to act or not to act according to their duties or affect to the performance of their duties. In case the director and staff hold such shares prior to be the Company's director and staff

2.2.3 or before the Company entered into this business or inherited, such director and staff have to inform his supervisor according to his ranking.

3. Roles of Stakeholders

The Board of Directors set the policy to treat all stakeholders such as customer, employee, trading partner, shareholder, payable and society by realizing their legal rights or any conditions of the agreements. The Company shall not enter into any actions that be considered in violation of the stakeholders' rights in order to operate smoothly and build up the sustainable security and provide benefit fairly to all parties.

Policy for Shareholders Responsibility

1. Perform duties with honesty and at the maximum capacity and equally treat to all shareholders.
2. Regularly report to shareholders in relation to the Company's operation with complete and accurate information.

3. Report to the shareholders concerning the Company's prospects for both positive and negative aspects with sufficient rationale
4. Realize the importance of the basic shareholder rights which are:
 - 4.1 Right to buy, sell or transfer shares
 - 4.2 Right to share the profit of the Company
 - 4.3 Right to obtain relevant and adequate information of the Company
 - 4.4 Right to participate and vote in the shareholders' meeting to elect or remove members of the Board, appoint the external auditor, and make decisions on any transactions that materially affect the Company
 - 4.5 Right to be informed the criteria and procedures governing shareholders' meeting
 - 4.6 Right to express the opinion and ask question in the shareholders' meeting

Policy on Employee Treatment

1. Provide appropriate and fair remuneration and welfare

Transportation arrangement covering employees' residences	wedding allowance
on-site canteen offering clean food at reasonable price	maternity benefits
financial aid from elementary through college education for employees' children	financial aid in the event of death
scholarship at various levels for public institutions	welfare in the event of death of family member
provident fund which provide saving for employees	welfare for accommodation rental
annual health check up	welfare for joint fund between employer and staff
annual bonus	

2. Ensure and maintain working environment for life and asset safety of the employees.
3. Appoint, remove, reward or punish any employee by based on the appropriateness, knowledge and capability of such employee.
4. Consistently focus on staff development for knowledge, capability and skill and provide extensively opportunity for all staff.
5. Perform strictly according to the laws and regulations related to employee
6. Provide channel to staff to complain any matters that might be wrong action and set up the guideline to protect the staff or the informer of the wrong action

Policy on Customer Treatment

1. Deliver quality products per customer's request or higher than customer's expectation under the fair conditions.
2. Provide correct, sufficient and updated information related to the product and service to the customers so that they have sufficient information for decision making without misrepresentation of quality, quantity or any conditions of products and services.

3. Keep for all customers' confidential information and shall not illegally utilize such information for the interests of the Company or related parties.
4. Respond to customers' demand promptly and provide efficient system and channel for customer to complain about the quality of product and service.

Policy on Competitor Treatment

1. Encourage free and fair competition policy
2. Perform under the rules of fair competition.
3. Not unethically or inappropriately seek its partner's confidential information such as bribing the directors and staff of its competitors, etc.
4. Not destroy competitor's reputation by negative accusing

Policy on Trade Partner Treatment

1. Treat trade partner which recognized as its alliance and major success factor equally and consider for mutual benefit
2. Select trade partner transparently, systematically with standard as well as develop and maintain relationship sustainability with trade partner and contract partner
3. Trustworthiness with each other
4. Perform strictly under policy of partner treatment by selecting only standard partner and comparing price before order product and assess partner with international standard criteria

Policy on Creditor Treatment

1. Perform equitably and fairly to creditors and be based on fair benefit for both parties.
2. Perform according to the agreement or other conditions as agreed. If the Company could not meet any condition, the Company has to inform partner and/ or creditor in advance in order to find the solution together.
3. Under business negotiation, the Company shall avoid requesting, receiving or hiring for any dishonest benefits.
4. If there is any requesting, receiving or hiring for any dishonest benefits, the Company shall disclose to creditors and find out fair and rapid solution together.
5. Regularly report correct, complete and on-time financial statements to the creditors.

Policy on no violation of human rights of related parties

- 1 The Company shall not prevent or not offer privilege or treat unfairly to any person.
- 2 The Company shall not discriminate against any person because of his race, nationality, religion, gender, age, or education institution.
- 3 The Company considers right of employees with regard to body, asset and safety.
- 4 The Company provides freedom to employee to participate in politics under democracy.

Policy on no violation of intellectual property or copyright

- 1 The Company shall not violate intellectual property, patent and trademark of any person.

- 2 The Company's staff has duties to keep confidential of commercial information and business operating methodology of the Company, customers and partners.
- 3 The Company's staff has to employ computer for work not for other thing which is illegal, or against ethics, culture and tradition.
- 4 The Company's staff has to use legal software license and the Company do not allow for installation or utilization of illegal software license.

Corruption Policy

The improper giving of gift, asset or other benefit may cause supportive image or commitment which may affect the decision making in performing duty and the Company may loss its benefit eventually. Therefore, the Company does not allow such transaction. Thus, it has set up the policy of giving or accepting gift, asset or other benefit in its business ethics and be guideline to perform. In the previous year, the Company has operated various activities with regard to corruption as follows:

- No corruption transaction or morality violation
- No director resignation caused by the Company's corporate governance
- No negative reputation from failure of Board of Directors' duties in corporate governance

Policy for the Society and Community Responsibility

1. Be responsible for and assure that the environment and local tradition where the organization located shall be maintained.
2. Consistently arrange or participate in society, community and environment activities in order to improve the community and the quality of life by the Company's itself as well as cooperation with government and community.
3. Prevent accident and control waste at the lower level than the accepted standard.
4. Promptly and efficiently respond to the incident that affects the environment and community caused from the Company's operation providing full cooperation with government staff and related parties.
5. Encourage the Company's staff to have consciousness and responsibility for its society and environment under environment management (ISO 14001) as well as utilize resources efficiently.

4. Disclosure and Transparency

The Board of Directors shall ensure that all relevant information, both financial and non-financial, is disclosed correctly, accurately, on a timely basis and transparently through the SET's channel and the Company's website. Such information will be consistently updated so that the investor and related party have sufficient and equal information for the decision.

The material information both financial and non-financial that have to be disclosed are as follows:

1. Annual statements (Form 56-1) and annual report
2. Corporate Governance policy and the result of the policy implementation
3. Policies on environmental and social issues and the implementation of such policies

4. A statement of the Board of Directors' responsibilities concerning the Company's financial reports presented alongside the auditor report of the Company's annual report
5. Disclosure of the roles and responsibilities of the Board of Directors and other committees, including the number of the meetings and attendances of each director
6. Disclosure of the remuneration of the Board of Directors and the executives

Besides, the Company has set up the Investor Relation unit to communicate and promote useful information to the shareholders, investors, analysts and general public through various channels including analyst meeting, conference call as well as answer questions through phone and the Company's website, etc.

On November 27, 2018 The company got The Best Investor Relations Awards on SET awards 2018.



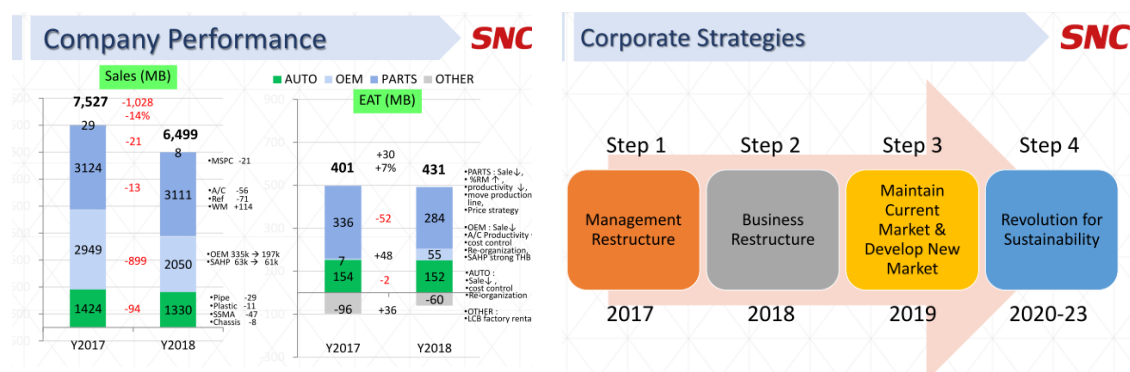
In 2018, The company provided investor relations activities follows.

1. Opportunity Day

The company joined the Opportunity Day to report operating results to investors, analysts and the media

In 2018 Opportunity Day were held 4 times.

No.	result	Date	Venue
1	Yearly 2017	February 14, 2018	Stock Exchange of Thailand
2	Quarter 1/2018	May 8, 2018	Stock Exchange of Thailand
3	Quarter 2/2018	August 7, 2018	Stock Exchange of Thailand
4	Quarter 3/2018	November 6, 2018	Stock Exchange of Thailand



2. Analyst Meeting

The analyst meeting is held for providing the opportunity for analyst to interview and discuss with management. In 2018, the analyst meetings were held as followings

No.	result	Date	Venue
1	Yearly 2017	March 23, 2018	Park Ventures Ecoplex 18 th Floor
2	Quarter 1/2018	Jun 26, 2018	Siwilai City Club at Central Embassy 18 th Floor
3	Quarter 2/2018	September 21, 2018	Mode Sathorn Hotel Bangkok
4	Quarter 3/2018	December 21, 2018	Park Ventures Ecoplex 18 th Floor



3. Site visit

The site visit is held for providing the opportunity for investors to visit the company's operation and create relationship together. In 2018, the site visits were held as followings

No.	Date	Plant
1	February 17, 2018	Rayong plant
2	May 19, 2018	Rayong plant
3	August 11, 2018	Samutprakarn plant
4	November 10, 2018	Rayong plant



5. Responsibilities of the Board of Directors

The Board of Directors plays an important role in corporate governance for the best interest of the company. The Board of Directors possesses leadership, vision, and independence in making decisions for the best interest of the company and all shareholders. The Board clearly separates its roles and responsibilities from those of management and monitors the Company's operations to ensure all activities are conducted in accordance with relevant laws and ethical standards. The Board of Directors also independently participates with the management in setting the Company's vision in order to determine the short-term and long-term plan, financial policy, risk management including the overall appearance. Besides, the Board governs the management to operate the Company effectively and efficiently in relation to the business plan such as establishment of the internal control system, performance assessment of the Company's group, etc. by considering the utmost benefit for its shareholders. The Board continuously has meeting to discuss the business direction and be the originator to support major actions such as human resources development policy, environmental development policy and culture of innovation establishment. The Board also realizes the

importance of the attending the useful seminars including exchanging ideas with the management from other organizations in order to bring the knowledge to improve the Company's group. The Company shall inform general information to the directors who be appointed in the first time and be responsible for expenses for the directors who attend any useful seminar to improve their performance as the directors.

All directors are qualified person with competency and established experience from different areas. The Board of Directors is in charge with the duty to determine the Company's vision and mission and to give approval on business operation direction, policy, strategies and goal for the management as a scope for developing business plan, supporting plan and annual budgetary. KPI is used for monitoring its operation. In 2018, the Board took part in revising and approving vision, mission and strategies to ensure harmonized operation.

The Board monitors the implementation of strategies and operation results of the management and requires progress report of operation and results to be presented on monthly basis in the management meeting.

Corporate Governance Policy and Business Ethics

The Board of Directors has set the written corporate governance policy and business ethics, therefore, directors, executives and all staff shall realize the ethics standard which the Company using to operate the business. Besides, the Board of Directors shall constantly review the policy and performance according to the policy at least once a year as well as monitor the operation to operate according to the policy.

The Company has set the operation frame for corporate governance and business ethics for various aspects as follows:

1. The Company's directors, executives and all staff have to confidently and faithfully operate business in accordance with the Company's corporate governance policy and business ethics.
2. The Company's directors, executives and all staff shall convey the corporate governance policy and business ethics to operate and manage business at all levels.
3. The Company's directors, executives and all staff shall adhere to the fairness and equal treatment to all stakeholders and perform for the benefit of the Company at the utmost capability with loyalty, transparently and be able to examined.

The Company is aware that having a good policy without strict implementation is not good for the organization; therefore, the Company promotes the good corporate governance, as follows:

- Provide training on good corporate governance;
- The President takes part in disseminating the good corporate governance by being invited as expert to convey the policies of and experiences in good corporate governance in a variety of occasions.

Leadership, Vision and Mission

The Board of Directors supervises for the establishment of vision, mission, target, policy, direction, long-term strategy, plan, budget and the corporate governance policy. The Board of directors assigns the executives to propose and the Board of Directors shall express the opinion and discuss with executives to get the same

opinion before approval consideration. The Board of Directors appoints the Chairman of the Executive Committee and Managing Director to be responsible for its strategy development and to implement such strategy. The Board of Directors also considers and clearly determines scopes, duties and responsibilities among the Board of Directors, subcommittees and the management.

Policy of its director to be director of other listed company

The Board of Directors has opinion that to ensure that the director can devote his time to govern the Company efficiently, such director should not be director of more than 3 listed companies and has to disclose details of appointment of each director in annual statement (Form 56-1) to notify shareholders. Such details can be able to see in SET website (www.set.or.th). At present, there is 1 director who are directors of other listed companies more than 3 companies. However, such appointment has no affect to their duties as the Company's directors. Policy of its director to be director of other company

To ensure the performance efficiency as the Company's director, the Board of Directors has set policy that its director can be director of other company not more than 5 companies and has to disclose details of appointment of each director in annual statement (Form 56-1) to notify shareholders. Such details can be able to see in SET website (www.set.or.th). At present, there are 5 directors who are directors of other companies more than 5 companies. However, such appointment has no affect to their duties as the Company's directors. There are 3 directors who are the directors of the Company's subsidiaries

Policy of its managing director to be director of other company

The Board of Directors has set the policy of its managing director to be director of other company which the managing director has to inform the Executive Committee for an approval prior to be director of other company and such company has not been operated in the same business as the Company or competed with the Company.

Board of Directors' structure

1. In order to balance operation power, the Company has separated position of Chairman of the Board of Director and Chairman of Executive Committee which such positions will not to be the same person. The Company's Chairman of the Board of Directors is an independent director and has no relationship with management.
2. The members of the Company's Board of Directors consisted of 9 persons, comprised of 3 executive directors, 6 non-executives director and 6 of them are independent directors according to the Company's Articles of Association which indicated that the Company shall maintain at least 5 directors at all time and the good corporate governance of which at least 1/2 of the entire Board of Directors have to be the independent directors.

3. The Company has clearly set term of service of directors to be in line with the principles of good corporate governance for listed companies and regulations of the SET as follows:

At every Annual General Meeting, one third of the directors who serving longest term shall retire from the office. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The directors who retire from the position may be re-elected from the shareholders' meeting. Term of service of each director is 3 years. In case any vacancy occurs for any reasons except for retirement as a result of the expiration of the director's term of service, the Board of Directors shall elect a person who possesses qualification and does not prohibit by law to be director and new director's term of service will be for the remaining term of service of such retired director. Such appointment has to be approved by the Board of Directors with the vote not less three quarters of the number of remaining directors.

4. The Company clearly determines the qualifications of the Audit Committee
5. The Board of Directors limits the number of years to be appointed as independent director for not more than 6 years. Currently, there are six independent directors who hold more than one year are, however, an independent director for a long time. No impact on independence and the performance.

Sub-Committee

1. Besides the Audit committee which is required by the regulations of the SET, the Company has arranged sub- committee for good corporate governance which are

Audit Committee

Audit Committee is responsible for correctness, accuracy and reliability of the Company's financial statements, sufficiency of internal control system, performance in accordance with the laws governing Securities and Exchange or laws concerning the business of the Company and providing opinion of the appropriateness of auditor and conflict of interest transaction.

Risk Management Committee

Risk Management Committee is responsible for determining strategy, controlling, supervising, monitoring and evaluating the risk management and also preparing warning system for all types of risk management to be at acceptable level and in accordance with the Company's risk management policy.

Remuneration and Nomination Committee

Remuneration Committee is responsible for setting the criteria independently and fairly for the appropriate and necessary remuneration, both financial and non-financial for the Board of Directors, Committees, Executive Committee and the management of the Company for each year. Is responsible for selection the candidates who will be appointed as the Board of Directors and the Company's management including arranging procedure those shareholders can participate in

director selection and appointment and then presents the candidate to the Board. The Board will present to the shareholders' meeting for appointment.

ESG Committee

ESG Committee are responsible for monitoring and supervising the Company's business operation to be in accordance with corporate governance and corporate social and environment responsibility.

Executive Committee

Executive Committee is responsible for monitoring and supervising the Company to perform in accordance with its strategy and business trend as well as build up the same working system of the Company and its subsidiaries.

2. The majority of the committee members are the independent directors for the transparency and independently operation
3. The Chairman of the Board of Directors and the Chairman of the Executive Committee are not the Chairman or member of any committee for independent operation of each committee.
4. In order to ensure the performance of subcommittee to be efficient and achievable of its duties and responsibilities as assigned by the Board of Directors, the subcommittee should have meeting at least twice a year to consider, consult and manage any aspects to accomplish its own responsibility.

Scopes and duties of the Board of Directors and the Management

The Board of Directors has clearly divided duties and responsibilities between the Board of Directors and the management. The Board also regulates that the Chairman of the Board of Directors and the Chairman of the Executive Committee have to be difference person and the scope, authorities and duties have to be separated clearly in order to balance between management and good corporate governance.

Development of directors and executives

The Board of Directors supports the training and knowledge providing to persons who related to the corporate governance system of the Company such as directors, audit committee, executives, the secretary of the Board of Directors, internal audit unit, SET contact person and the secretary of the Company, etc. in order to consistently improve the efficiency of performance and the work.

Currently, there are 8 of 9 directors attending training in the course in relation to the roles and functions of directors.

Orientation of new director

The Board of Directors has determined that all new directors have to attend the orientation in order to understand business as well as operation of the Company to be ready to perform duty as its director. Besides, the Company has policy to strengthen knowledge and new view points of all directors for corporate

governance, industry condition, technology, new innovation in order to support their performance to be directors promptly and efficiently.

In 2018, no new director.

Board Meetings

1. The Board of Directors shall set its meeting schedule in advance each year, the meeting must be held not less than six times. In 2018, the Board of Directors meeting were held for 7 times and notified the directors in advance so that each member of the board can manage time to attend the meetings. In case of critical issue, the Company may call for an additional meeting.

The Company determines the Schedule of 2019 Board of Directors Meeting in advance, as follows:

No. 1 on January 7, 2019	No. 4 on May 7, 2019
No. 2 on February 6, 2019	No. 5 on August 5, 2019
No. 3 on March 27, 2019	No.6 on November 4, 2019

2. The minimum quorum of the committee to vote at the meeting. Must be present for at least 2 out of 3 of its members.
3. The Chairman of the Board and the Chairman of the Executive Committee should set the Board meeting agenda together and ensure that all important issues are already included. Each member of the Board should be free to propose an issue for a meeting agenda.
4. Meeting documents should be sent to each director in advance at least 7 day of the meeting date. The document should be concise, with all relevant information. Any confidential issues should be brought to discuss during the meeting.
5. The Chairman of the Board should appropriately allocate the meeting time for complete management's presentation and comprehensive directors' discussion. The Chairman should encourage careful consideration in the meeting.
6. The Board should have access to additional information, under a prearranged condition, via the managing director, the company secretary or the executive designated as a contact person.
7. Non-executive directors should be able to meet, as necessary, among themselves without management team in order for them to debate their concerns. The meeting outcome should be notified to the Managing

In addition, the Non-Executive Committee meeting will be held annually, without executive directors. They can discuss any interested topics independently from the executive directors. The meeting was held on 12 December 2018.

No.	Name	Position	Meeting year 2018				
			Board of Directors	Audit Committee	Remuneration and Nomination Committee	Risk Management Committee	ESG Committee
1	Mr. Satit Chanjavanakul	Chairman of the Board of Directors	5/6	-	-	-	-
2	Dr. Somchai Thaisa-nguanvorakul	Chairman of Executive Committee	6/6	-	-	-	-
3	Mr. Chaisak Ankasuwan	Independent Director	6/6	4/4	2/2	-	-
4	Mr. Wisan Wuttisaksin	Independent Director	6/6	-	2/2	-	-
5	Mr. Suchat Boonbanjerd Sri	Independent Director	5/6	3/4	-	-	-
6	Mrs. Chanisa Chutipat	Independent Director	6/6	4/4	-	-	-
7	Pol.Lt.Gen. Maj. Poovatanasedj	Independent Director	6/6	-	2/2	-	-
8	Mr. Somboon Gurdlin	Director	6/6	-	-	6/6	7/7
9	Mr. Samitt Palitagram	Director	6/6	-	-	6/6	7/7

Board Self –Assessment

The Committee has managed to have self-assessment by the committees and also individual assessment and performance evaluation for CEO. The procedures for those assessments include the following:

1. Selection Committee and Remuneration Committee review the assessment form to ensure its completeness and compliance with the criteria and requirements.
2. The Committee evaluates performance on yearly basis.
3. The Secretary summarizes the assessment and reports to the Board.
4. The Committee causes to have improvement of working system to achieve more effectiveness.

Board of Directors Assessment

Board of Directors assessment aims to employ the assessment to improve the Board's performance.

The assessment criteria are as follows:

4	=	Excellent Operation
3	=	Good Operation
2	=	Fair Operation
1	=	Minimal Operation
0	=	No Operation

The Board of Directors conducts the Board self assessment annually to discuss and consider the performance and problem for further improvement. The topics of the self assessment are clearly defined in order to be benchmark for performance comparing.

The Board Self-Assessment comprises of 6 topics which are structure and qualification of the Board, scope, duty and responsibility of the Board, the Board's meeting, the Board's duty, the relationship with the management and the development of the directors and executives.

The summary outcome of the overall Board Self-assessment of 6 topics was shown that most of the operations were excellent and proper.

Sub-Committee Assessment

The Board of Directors has set Sub-Committee Assessment annually in addition to the assessment of the entire Board of Directors. The assessment criteria in 2018 are as follows:

4	=	Excellent Operation
3	=	Good Operation
2	=	Fair Operation
1	=	Minimal Operation
0	=	No Operation

The summary outcome

- Audit Committee was shown that most of the operations were excellent and proper
- Remuneration and Nomination Committee was shown that most of the operations were excellent and proper
- Risk Management Committee was shown that most of the operations were excellent and proper
- ESG Committee was shown that most of the operations were excellent and proper

Individual Assessment

Besides, the Board of Directors has set the individual assessment annually in addition to the assessment of the entire Board of Directors. The assessment criteria in 2018 are as follows:

4	=	Excellent Operation
3	=	Good Operation
2	=	Fair Operation
1	=	Minimal Operation
0	=	No Operation

The result of the assessment in 2018, each director is qualified and has performed duties and responsibilities excellently and properly in accordance with director guideline.

Chairman of Executive Committee Assessment (CEO)

The Board of Directors will assess performance of Chairman of Executive Committee annually by comparing to target achievement at the Company level and capability at the individual level.

Risk Management

The Board of Director determines the risk management policy for the organization by assigning the management to implement and report to the Board of Directors regularly. The Board of Directors shall review the risk management system and assess the effectiveness of risk management at least twice a year and whenever there is a change in risk level and shall focus on early warning signs and unusual transactions.

In 2018, the Board of Directors analyzed and assessed the risk of each business unit with the related departments and set the measurement to manage/control the risk of each unit. Such risk management plan was brought to discuss in the meeting of the Board of Directors and the progress report of the performance according to the plan would be considered regularly. The details of the major risk and risk management are shown in section risk factors.

Policy on the Report of Director's Conflict of Interest

The director and top executive are required to report any conflict of interest whether due to personal interest or other related party's interest in the management of the Company or its subsidiary at the time he has taken his position for the first time and on quarterly basis. The Company's secretary shall submit copy of such report to the Chairman of the Board and Chairman of the Audit Committee within 7 days from the date the Company has receive such report. This regulation is in accordance with the provision of the Securities and Exchange Act B.E. 2535 and for the purpose of audit and prevention of conflict of interest.

9.2 Sub-committee

The Company has set up 5 sub-committees which are Audit Committee, Risk Management Committee, Remuneration and Nomination Committee, ESG Committee and Executive Committee and clearly set up the scope of duties and responsibilities of each committee.

9.2.1 Audit Committee

The members of the Company's Audit Committee are as follows:

No.	Name	Position	Qualifications
1	Mr. Suchat Boonbanjerd Sri	Chairman of the Audit Committee	Independent Director with accounting and finance knowledge
2.	Mrs. Chanisa Chutipat	Audit Committee	Independent Director with accounting and finance knowledge
3.	Mr. Chaisak Ankasuwan	Audit Committee	Independent Director

Scope of duties and responsibilities of the Audit Committee

1. Ensure that the Company maintains accurate and sufficient financial statements.

2. Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, determine the independence of the internal audit unit and approve the appointment, transfer and dismissal of the head of internal audit unit or any other unit in charge of the internal audit.
3. Ensure that the Company performs in accordance with the laws governing Securities and Exchange, regulations of the SET and laws concerning the business of the Company.
4. Consider, select and nominate an independent person to be the Company's auditor and propose such person's remuneration, as well as attend a non-management meeting with an auditor at least once a year.
5. Consider the connected transactions, or the transactions that may lead to conflict of interest according to the notifications and regulation stipulated by the SET and ensure that such transaction is reasonableness and for the utmost benefit of the Company.
6. Prepare the report of the audit committee and disclose in the Company's annual report, such report has to be signed by the chairman of the audit committee and consisted of at least the following information:
 - an opinion on the accuracy, completeness and creditability of the Company's financial report
 - 6.1 an opinion on the adequacy of the Company's internal control system
 - 6.2 an opinion on the compliance with the law governing Securities and Exchange, regulations of the SET and laws concerning the business of the Company
 - 6.3 an opinion on the appropriateness of an auditor
 - 6.4 an opinion on the transactions that may lead to conflict of interest
 - 6.5 the number of the audit committee's meetings and the attendance of such meetings by each committee member
 - 6.6 an opinion or overview observation from the audit committee which perform in accordance with the charter
 - 6.7 other transactions that the shareholders and general investor should be known based on its scope of duties and responsibilities assigned by the Company's board of directors
7. Perform any matters as assigned by the Board of Directors with the approval from the Audit Committee

In 2018, there were meetings of audit committee with external auditor and accounting function for the quarterly review of the Company's financial statements and annual audit of the financial statement and were reported to the Board of directors subsequently.

9.2.2 Risk Management Committee

The members of the Company's Risk Management Committee are as follows:

No.	Name	Position	Qualifications
1	Mr. Somboon Gurdlin	Chairman of Risk Management Committee	Director
2	Mr. Samitt Palitagram	Risk Management Committee	Director

Scope of duties and responsibilities of the Risk Management Committee

1. Determine policy and operation guideline for all types of risk management of the Company.
2. Set up the risk management structure, determine risk management strategy and prepare warning system for all types of risk in order to manage the risk at the acceptable level and in accordance with the Company's risk management policy.
3. Control, supervise, monitor and evaluate the performance to review and develop the efficiency of risk system as well as analyze and evaluate risk factors both internal and external that might occur and the effect to the Company's business operation.
4. Perform any matters as assigned by the Board of Directors

9.2.3 Remuneration and Nomination Committee

The members of the Company's Remuneration and Nomination Committee are as follows:

No.	Name	Position	Qualifications
1	Mr. Chaisak Ankasuwan	Chairman of the Remuneration and Nomination Committee	Independent Director
2	Mr. Wisan Wuttisaksin	Remuneration and Nomination Committee	Independent Director
3	Pol.Gen.Lt. Nopsak Poovatanasedj	Remuneration and Nomination Committee	Independent Director

The term of office of the Remuneration and Nomination Committee is 3 years.

Scope of duties and responsibilities of Remuneration and Nomination Committee

1. Consider the remuneration scheme guideline in terms of financial remuneration and other remuneration for the Board of Directors and propose to the shareholders' meeting for an approval.
2. Consider the remuneration scheme guideline in terms of financial remuneration and other remuneration for other committee including Executive Committee and executives and propose to the Board of Directors for an approval.
3. Ensure that the system for appropriate remuneration payment for executive be put in place in order to motivate for both short-term and long-term.
4. Report directly to the Board of Directors and has responsibility to provide any explanation regarding the remuneration of the Board of Directors in the shareholders' meeting.
5. Report the remuneration scheme policy of the Board of Directors and disclose in the annual report.
6. Perform any matters as assigned by the Board of Directors.
7. Formulate selection criteria for qualified candidate to be the Board of Directors as well as select the qualified candidate, present to the Board of Directors for proposing to the shareholders' meeting for appointment further.

8. Formulate selection criteria for qualified candidate to be the executive as well as select the qualified candidate and propose to the Board of Directors for an approval.
9. Consider and determine knowledge and capability of director for nomination based on skill lacking of the member of Board of Director.

9.2.4 ESG Committee

The members of ESG Committee are as follows:

No.	Name	Position	Qualifications
1	Mr. Samitt Palitagram	ESG Committee	Director
2	Mr. Somboon Gurdlin	ESG Committee	Director

Scope of duties and responsibilities of ESG Committee

1. Propose policy related to corporate governance and corporate social and environment responsibility to the Board of Directors.
2. Monitor and supervise the Company's operation in accordance with the corporate governance of governing agencies such as the Stock Exchange of Thailand, Securities and Exchange Commission, etc. with social and environment responsibility.
3. Regularly consider and review policy related to corporate governance and corporate social and environment responsibility according to the international practice and related agencies.
4. Recommend supervision of Code of Conduct and Code of Best Practices of executives.
5. Support good corporate governance culture and be part of social and environment activities in order to sustain the development and make it understandable in all levels and has result from the operation.
6. Perform any matters as assigned by the Board of Directors.

9.2.5 Executive Committee

The members of the Company's Executive Committee are as follows

No.	Name	Position
1	Dr. Somchai Thaisa-nguanvorakul	Chairman of the Executive Committee
2	Mr. Samitt Palitagram	Vice Chairman of the Executive Committee
3	Mr. Somboon Gurdlin	Vice Chairman of the Executive Committee

Scope of duties and responsibilities of Executive Committee

Duties and responsibilities of Executive Committee

1. Provide advices and recommendations to the Chairman of the Executive Committee on major matters concerning corporate strategy, business direction, investment, budget, resources allocation for the Company and its subsidiaries and build up the same working system for all companies under the group.
2. Prioritize the decisions that have been made by the Board of Directors to ensure the effective implementation.
3. Carefully review the meeting agendas prior to presentation to the Board of Directors.

4. Approve any financial transactions in the amount of not more than Baht 300 million including any expenses occurring upon normal business operation, investment, capital expenditure or fixed assets, borrowing, lending, debenture issuance, cash management in form of depository, borrowing, procurement for foreign exchange and interest rate risk management, including providing any collateral to back the loans or credit.
5. Prioritize the human resources and financial resources allocation for the Company and its subsidiaries.
6. Monitor the performance of the Company and ensure that it has been in line with the approved business plan.
7. Establish business administration standard, human resource management, information management, and the organizational structure for the Company and its subsidiaries.
8. Clearly specify the human resources management policy.
9. Clearly specify the risk management policy.
10. Prohibit directors, executives and employees to engage in trading of the shares of the Company and its subsidiaries by using material information that has not yet been disclosed to the public for personal or other interest. Furthermore, according to the Company's code of ethics, directors, management and employees shall prevent from trading the shares of the Company and its subsidiaries one month prior to the public announcement of financial statements

Duties and responsibilities of the Chairman of the Executive Committee

The Chairman of the Executive Committee is responsible for managing the Company to be in line with the policy, target, budget and plan approved by the Board of Directors upon trustworthiness and due care basis and ensures that the interest of the Company and shareholders has been taken care properly. The duties and responsibilities of the Chairman of the Executive Committee include the followings matters:

1. Determine mission, objective, guideline and policy of the Company's group including administer overall operation, product and relationship with customers and report directly to the Board of Directors
2. Ensure the preparation and submission of business policy of the Company's group, including the business plan and budget, to the Board of Directors for approval, and report work progress according to the approved plan and budget to the Board of Directors every 3 months
3. Ensure the operation implementation in relation to the policy, plan, and budget approved by the Board
4. Be the authorized person to manage the Company's group according to its objectives, Articles of Association, policy, guideline, as well as the resolution adopted at the Board of Directors' meeting and/or the shareholders' meeting
5. Be the authorized person to order, contact, command, implement, and sign legal contracts, documents, orders, announcements, or any correspondence with government agencies, state enterprises, or other parties; and engage in any necessary and appropriate action that would facilitate the abovementioned duty

6. Assign power of attorney and/or delegate specific tasks to other persons, provided that such assignment and/or delegation comply with the power of attorney and/or rules, regulations, or directives of the Board and/or the Company

The Managing Director is assigned to be able to approve any expenses or any payment at the amount of not more than 100 million baht per time. Any expenses or payments at the amount of more than 100 million baht have to be approved by the Executive Committee. Besides, the Company's authorized directors are Dr. Somchai Thaisa-nguanvorakul jointly with Mr. Samitt Palitagram or Mr. Somboon Gurdlin, one of the directors totaling 2 persons are authorized to sign on behalf of the Company with the Company's seal affixed.

The above authorities of the Chairman of the Executive Committee cannot be made if there is any conflict of interest resulting from the Chairman of the Executive Committee exercising of his authority.

9.3 Director and High-Level Executive Nomination

The Board of Directors has appointed Nomination Committee and Remuneration Committee to nominate, select and propose qualified person to be Chairman of the Board of Directors, Director, Sub-Committee, and Chairman of Executive Committee, High-Level Executive and Company Secretary as well as consider the appropriate remuneration in accordance with duties and responsibilities. With regard to director nomination, if there is a vacancy on the Board of Directors for any reason, the Nomination and Remuneration Committee will nominate qualified person and propose to the Board of Directors for an approval. In case of the appointment of new director or to replace director who is retired from office, the Nomination and Remuneration Committee will nominate qualified person and propose to the Board of Directors for consideration and propose to the shareholders' meeting for consideration further. Besides, the Company provides opportunity to shareholders to vote for each director appointment. The Board of Directors will propose director one by one for shareholders to vote, therefore, the shareholders can vote for their preferred director. With regard to Audit Committee nomination, the Nomination and Remuneration Committee shall nominate, select qualified person in accordance with qualifications of independent director as specified by the Board of Directors which in line with regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) to be its independent director. Besides, the Board of Directors has appointed sub-committees to lessen Board of Directors' burden with regard to examination or consideration of important matters to the Company. Sub-committees comprise of Executive Committee, Audit Committee, Risk Management Committee, ESG Committee and Nomination and Remuneration Committee. The appointment to be member of sub-committee has to pass the nomination and selection by the Nomination and Remuneration Committee and propose to the Board of Directors for consideration further.

To fill up vacant director position, the Committee needs to consider basic qualifications as follows:

1. Hold qualifications and do not have any prohibited characteristics provided in the law relating to public company limited and also show no characteristics that may not deserve confidence from the shareholders in performing his/her duty in managerial position as announced by the Securities and Exchange Commission.

2. Hold knowledge, skill, experiences and other required expertise deemed appropriate by the Committee.

3. Can fully devote him/herself to the Company's business especially for decision making on critical issue and always do any act for the best interest of the Company.

Competency sought by the Company is based on missing skills required by the Committee by using Skill Matrix. By selecting person to take the position of director, it is required to consider basic qualifications as follows:

4. Hold qualifications and do not have prohibited characteristics as provided in the law relating to public company limited.
5. Shall not present anything suggesting inappropriateness to get confidence from the shareholder in company management as per the announcement of the Securities and Exchange Commission.
6. Hold knowledge, skill, experience or others as deemed appropriate by the Board
7. Can fully devote oneself for the Company's business especially in making a significant decision and acting for the interest of the Company.
8. Knowledge and ability of the candidate is considered based on such necessary skills lack of by the existing Board by applying Skill Matrix and to be in line with the Company's business's strategies.

Policy on Board Diversity

The Board determines qualification of director candidate based on the principle of board diversity by seeking for certain skills lack of by the existing Board of Directors including professional, specialty and gender etc.

No.	Name	Board					Skill Matrix										
		BoD	AC	RC &NC	Risk	ESG	Business / Management	Direct the industry	Indirect the industry	Strategic planning	Law	BOI	Accounting	Finance - Investment management	Airport	Import -Export	MIS
1	Mr. Satit Chanjavanakul	⊙					◇		◇	◇		◇	◇	◇			
2	Dr. Somchai Thaisa-nguanvorakul	○					◇	◇		◇	◇		◇	◇			
3	Mr. Chaisak Ankasuwan	○	○	⊙			◇			◇					◇		
4	Mr. Wisan Wuttisaksin	○		○			◇		◇		◇					◇	
5	Pol.Gen.Maj. Nopsak Poovatanasedj	○	○				◇		◇	◇							
6	Mr. Suchat Boonbanjerdtri	○		○			◇		◇	◇			◇	◇			
7	Mrs. Chanisa Chutipat	○	⊙				◇		◇	◇			◇	◇			
8	Mr. Somboon Gurdlin	○			⊙	○	◇	◇		◇	◇						
9	Mr. Samitt Palitagram	○			○	⊙	◇	◇		◇							

⊙ = Chairman

○ = Director

BoD = Board of director

AC = Audit Committee

RC&NC = Remuneration & Nomination Committee

Risk = Risk Management Committee

ESG = ESG Committee

Succession Plan for High-Level Executive

The Company realizes the necessity and importance of the succession of high-level executive. If there is a vacancy of executive, the Company will appoint the Nomination and Remuneration Committee to nominate, select and propose qualified person to be director and high-level executive. The Company also prepares succession plan for high-level executive by selecting person to perform duty of such position and develop that person to be ready for that position in the future in order to ensure investor, shareholder and staff that the operation of the Company can be passing on promptly.

The Company has set forth the guideline for work continuation as follows:

1. CEO/Managing Director

When CEO/MD has been vacant or the person holding such position cannot perform his/her functions, the Company shall appoint the executive of similar or vice position to temporarily hold that position until completion of the selection and recruitment process to get qualified person to act in that position.

2. Executive committee

When executive position has been vacant or the person holding such position cannot perform his/her functions, the Company shall:

1. Evaluate its manpower adequacy to meet short and long term strategies.
2. Develop plan for personnel preparation through personnel development and selection plan.
3. Develop plan for selection and training in advance.

Select, evaluate work results and performance of individual employee for the purpose of promotion

9.4 Corporate Governance of subsidiaries and associates

Directors of subsidiaries and associates together with the management operate such entities. The person appointed to be director of subsidiary or associate has duties to perform for the utmost benefit of such subsidiary or associate (not for the Company)

In case of subsidiary, the person appointed by the Company has to supervise such subsidiary to have regulations with regard to connected transaction in accordance with the Company. Document fling and accounting record can be examined by the Company and be able to collect to prepare for consolidated financial statements in time.

9.5 Control of Inside Information

To monitor the exploiting the inside information, the Company has set the strict measurement especially for inside information which has not been published or information which will affect the Company's business operation or share price. Details of the policy are as follows:

1. Directors and staff shall avoid using inside information or disclosing information for personal interest for trading the Company's shares.

2. Directors and management has to report the trading of the Company's shares to the secretary of the Company promptly in order to prepare shares holding report to SEC. Directors and management has to report the change of shares holding in the Board of Directors' meeting quarterly in order to prevent the shares trading using inside information and accusation of inappropriate shares trading by inside personnel.
3. Inside persons shall prevent the trading of the Company's shares one month prior to the disclosure of financial statements or the Company's status, including other material information and should wait at least 24 hours after the public disclosure to be able to trade the Company's shares.

Besides, the Company has set the penalty in the Company's regulation for any breaches in using the inside information for person interest ranging from warning to dismissing.

9.6 Audit Fee

1. Audit Fee of 2018

The Company and its subsidiaries, Associates, Jointly-controlled entity paid the audit fees the latest accounting period at the total amount of THB 4,680,000 comprising of:

1) Paid to KPMG Phoomchai Audit amount of THB 4,430,000	
SNC Former Public Company Limited	780,000 Baht
<u>Direct subsidiaries</u>	
SNC Pyongsan Evolution Company Limited	368,000 Baht
SNC Cooling Supply Company Limited	420,000 Baht
Immortal Part Company Limited	490,000 Baht
Paradise Plastic Company Limited	230,000 Baht
SNC Creativity Anthology Company Limited	500,000 Baht
SSM Automation Company Limited	318,000 Baht
SNC Fukui Holy Insulation Company Limited	50,000 Baht
SNC Atlantic Heat Pump Company Limited	280,000 Baht
Meisou SNC Precision Company Limited	218,000 Baht
International Techno Pipe Company Limited	50,000 Baht
Odin Power Company Limited	70,000 Baht
Yala Fahsaard Company Limited	50,000 Baht
Odin Myanmar Company Limited	50,000 Baht
<u>Indirect subsidiaries</u>	
Ultimate Part Company Limited	278,000 Baht
Infinity Company Limited	278,000 Baht

- 2) Paid to EY audit of THB 250,000

Associates

SNC Atlantic Water Heater Asia Company Limited 250,000 Baht

2. Non-Audit Fee

The Company and its subsidiaries have not received any other services from the office of the auditor or person or entity that related the auditor and the office of the auditor* during the latest accounting period.

* Person or entity that related to the auditor and the office of the auditor includes:

1. Spouse and children under support of the auditor
2. Juristic person that has control over the office of auditor, juristic person that is under control of the office of auditor and juristic person that is under the same control of the office of auditor both direct and indirect control
3. Juristic person that is significantly controlled by the office of auditor
4. Partner or equivalent of the office of auditor
5. Spouse and children under support of person in (4)
6. Juristic person that the auditor, person in (1), (4) or (5) has significant control power over both direct and indirect control

10. Anti-corruption

SNC Former Public Company Limited (the “Company”) is committed to carrying out its business with integrity, transparency and in accordance with corporate governance. The Company shall not tolerate bribery and corruption in any form and realizes that corruption and bribery is serious threat to fair competition and may result in damage to economic and social development.

The Company has ratified and signed in the Declaration of the Thai Private Sector Collective Action Coalition against Corruption on 30 May 2015 and has been approved by Private Sector Collective Action Coalition Against Corruption Council: CAC for its standpoint against corruption on 16 October 2015.



On October 11, 2018, the company was certified for renewal of certification. Thai Private Sector Collective Action Program In anti-corruption by Miss. Sineenat Thai-sanguanvorakul on behalf of the company attending the event to receive the certificate of renewal of the project certification at Dusit Bangkok Hotel.



Approve policy, regulation and guideline for anti-corruption

Objective

1. To communicate the Company's standpoint against corruption and bribery in whatever form.
2. To determine regulation and guideline for preventing the Company from violating anti-corruption and bribery law
3. To determine procedures for auditing and monitoring to ensure that the directors, management and staff are following this policy.
4. To encourage the directors, management and staff to monitor and report any suspicious act of bribery or corruption via safe channel

Scope

1. This policy applies to all directors, management and staffs.
2. The Company expects business agent and intermediate (if any) related to or acting on behalf of the Company to observe this policy.

Definition Any message or phrase used in this policy shall carry following definition:

1. Corruption means abuse of power in one's capacity to gain personal benefit and shall also include offering or taking bribe.

2. Offering or taking bribe means the offer, promise, giving, receiving or demanding for benefit as incentive for any person to do any unlawful or immoral thing or anything ruining trust or to induce such person to do or not to do any act in his/her capacity whether lawfully or unlawfully.
3. Unlawful payments whatever called shall be considered a form of bribery.
4. Corruption and bribery may be done in many forms including:
 1. Political contributions
 2. Charitable contributions and sponsorships
 3. Facilitation payments
 4. Gifts and hospitality

Duty and Responsibility

1. The Company's Board of Directors is responsible for approving anti-corruption policy
2. The Audit Committee is responsible for auditing appropriateness of such policy and related measures.
3. The management is to ensure that they and their subordinates have recognized and understood this policy through training on regular basis.
4. Staff as well as the management and directors have to carry out their function in accordance with this policy and any question or violation thereof should be referred to their supervisor or reported via the channel provided.

Policy and Guideline contain following items:

1. General provision
2. Political activity support
3. Charitable donation and sponsorship
4. Facilitation payments, bribery and all other illegal payments
5. Gifts and hospitality
6. Business related party
7. Risk assessment
8. Control
9. Procurement
10. Trading, investment
11. Borrowing and lending money
12. Finance and Accounting
13. Data Storage and Maintenance
14. Human resource
15. Training and communication
16. Complaint on corruption
17. Channel for taking complaint on corruption

18. Preventive measures and confidentiality
19. Investigation procedures
20. Policy violation and penalty
21. Related policy
22. Following up and audit

Principle and Procedure for Corruption Risk Assessment

1. Risk assessment is the basis for standard measures against corruption that all directors, executives and staff should be familiar with as to how business operation is exposed to the risk of corruption and bribery in order to properly eradicate such risk.
2. The management has to assess risk of corruption and bribery on regular basis (at least once a year) and also to review existing measures for risk management whether they are adequate for control the risk at acceptable level or n

Anti-corruption activity 2018

1. Middle management and top management gave a promise of Anti-corruption.



Commitment

We, SNC staff would hereby like to give a promise that:

1. We shall observe the Company's regulations, laws, code of conduct and good traditions.

2. We shall actively fight against and prevent drug and corruption in our company for better quality of life for all.

2. Rubber stamp logo stamp on anti-corruption for PO to order all copies.



3. Logo anti-corruption The staff on the right sleeve



4. reciting pledge anti-corruption Front row Monday morning



5. Install anti-corruption policy
Advocates Forum.
Employees know

6. Orientation for new employees every time the anti-corruption policy.



7. Stickers anti-corruption in the meeting room.



8. Training and testing of knowledge and understanding. About Anti-Corruption Policy Employees at manager level, supervisor level To communicate, to educate and apply to subordinates in their own departments.



9. Send a company representative Join the Anti-Corruption Day, 2018, under the concept " Wake up to know cheat " at Pirat Hall Bitec phase 2 Bitec Bangna Bangkok.



10. There is an exhibition board to educate. And let employees play games. Answer questions In Week Against Corruption





Channel for whistle blowing or complaint notification

To allow the shareholders and stakeholders to share their view and to make any complaint directly to the Board of Directors if they may be treated unfairly or suffer any act done by the Company. In addition, all employees are responsible for reporting to their manager any incident or practice suspicious of illegality or violation of the Company's good corporate governance. The Company provides channels for complaint notification for employees as follows:

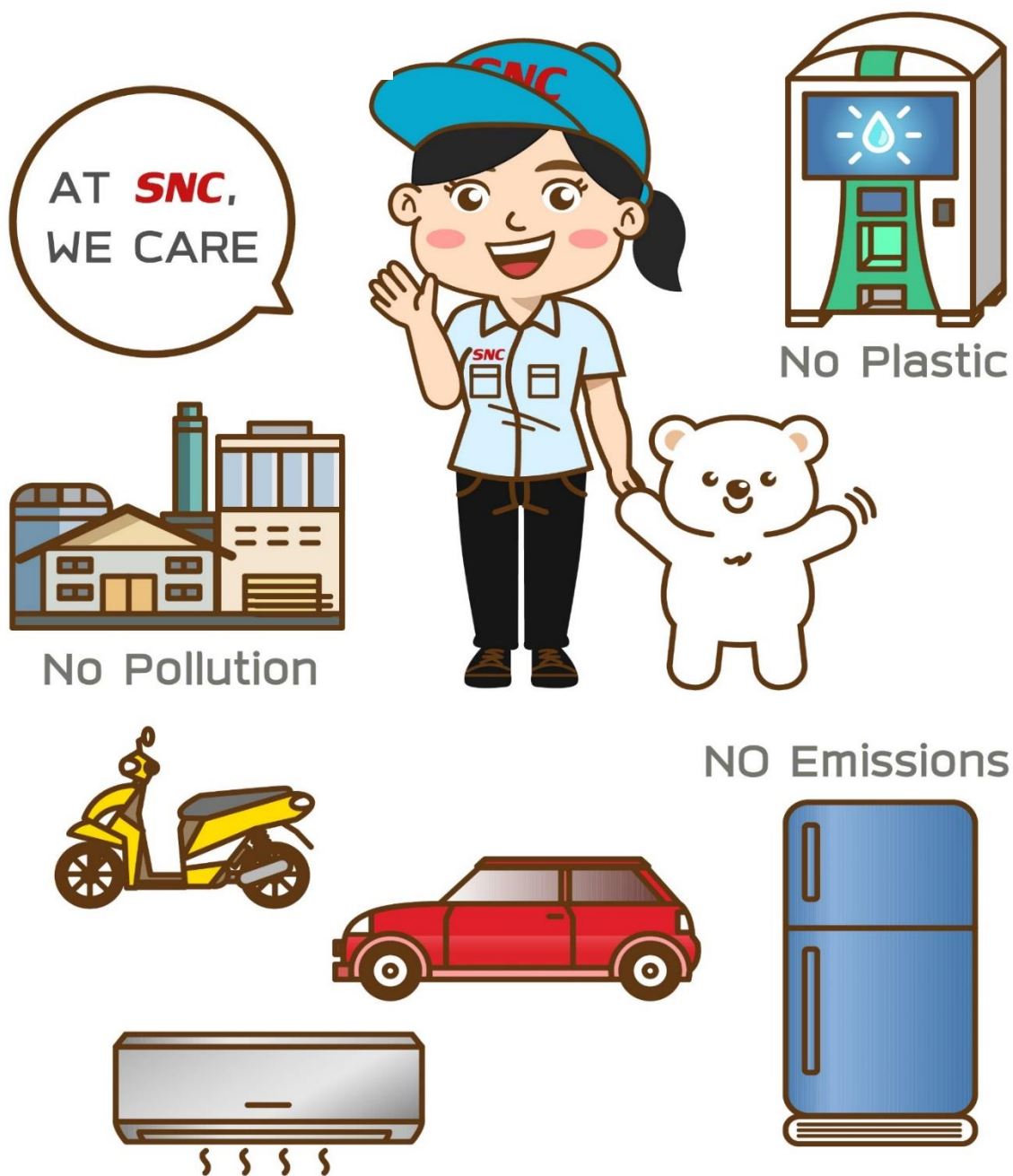
1. Via an email of Chairman of the Board of Directors, satit.ck@gmail.com) or
2. Via an email of Chairman of the Executive Committee, somchai@sncformer.com or
3. Via an email of Chairman of the Audit Committee, bsuchat@yahoo.com or
4. Via the Company's website at <http://www.sncformer.com> (Complaint Notification) or
5. Via the phone at 02-108-0360-66 (Public Relations/Company Secretary)
6. Via the Red complaint notification box (located at the headquarters building)

The Company also allows the third person and the general public to lodge their complaint when they have encountered with director's, executive's or employee's practice which is not appropriate or in violation to the Company's code of conduct to the Audit Committee. The Company is committed to entertaining all complaints in fair and transparent manner with care and impartiality to all related parties. The complaint will be processed in timely fashion under confidentiality practice while whistleblower shall be properly protected. Email may be sent to the Chairman of the Audit Committee at bsuchat@yahoo.com

In 2018, there was none of complaint from stakeholders with respect to violation of good corporate governance, rules and regulations or legal requirements.

SNC 2018-2020 Changing for Sustainability

SNC FORMER PUBLIC COMPANY LIMITED GROUP has committed to develop human resources for creating innovation by focus on self esteem and organization. Joining with stakeholders considerably take into the impact on community and environment in order to sustainability goals. Business operating has been under the principles of good corporate governance.



Awards and recognitions



SET Sustainability Awards 2018

On 31 October 2018, Dr. Somchai Thaisa-nguanvorakul, Chairman of the Executive Committee, act as a company's representative to accept an outstanding SET Sustainability Awards 2018, from the Stock Exchange of Thailand.



Thailand Sustainability Investment (THSI) 2018

Mr. Sasin Leenawat as a company's representative accepted the Thailand Sustainability Investment (THSI) 2018 from the Stock Exchange of Thailand on 31 October 2018.



SET Awards 2018

On 27 November 2018, Mr. Rattapoom Nuntapatawee and Miss Sineenart Thaisanguanvorakul act as a company's representatives to accept an Outstanding Investor Relations Awards 2018 from the Stock Exchange of Thailand.

Sustainability's Operational Approach

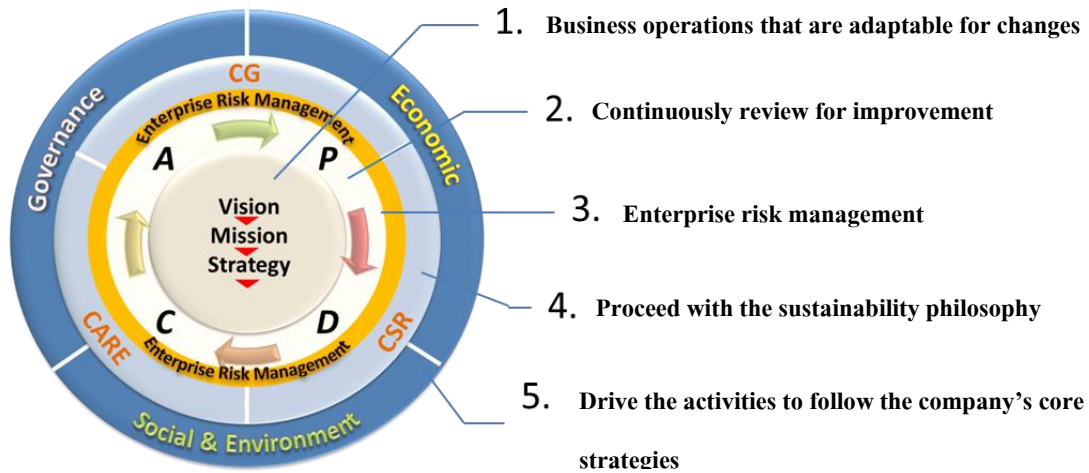
Philosophy on Sustainability Operations SNC – 3Cs

To create the sustainable business operation, company has to engage both internal and external stakeholders with its business principles:

CG : Act under good Corporate Governance

CSR : Committed to responsibility for all related sectors throughout every processes

Care : Operating business with concerns on environment and ecosystem



Sustainability Strategies



Business Operation

Create innovative changes to strengthen business operations with stakeholder engagement.

Environment and Society

Operate business by emphasizing on human development to be adaptable for changes. Creating value together with society and being environmentally friendly.

Corporate Governance

Determine to create value for self, company and society under good corporate governance.

2015



Core Business Operations

- CSR activities
- Good cooperate governance acts
- Certified Member of Private Sector Collective Action Coalition Against Corruption (CAC)



2016



- Adapt an ESG guideline with business operations
- Guidelines for human resource development
- Focus on improving internal process



2017



- Human resource knowledge development
- Create innovative products
- Embedded QCDS norms



2018



- Human resource skills development
- Research and development together with customer
- Environment management
- Recertified the membership of Private Sector Collective Action Coalition Against Corruption (CAC)

Environmental Guidelines Operation

1. Disclosure of Environmental Information

Quantitative target specification, data collection. Report according to international

2. Environmental Management

Define the environmental performance as KPI organization, in order to reflect the importance of intentionally management.

3. Using Resources Efficiently

Provide knowledge of efficiently using resources, reduce energy consumption, encourage in using alternative energy, tracking performance to compare with the

4. Participation in Community

PROACTIVELY ANALYZE PROBLEMS, COMMUNITY NEEDS, DETERMINE SOLUTION₁

5. Biodiversity

Publish knowledge to stakeholders about protecting and rehabilitation environment.

Social Operation Guidelines

1. To develop the employees potential

Encourage employee to have knowledge and capability relate to their work. Remuneration is based on performance evaluation.

2. Customers relationship management

Focusing on customer satisfaction assessment and updated report

3. Supply chain management

There is a risk management that covers supply chain.

4. Business innovation

Encourage incurring innovation by optimizing efficiency and effectiveness to the company and stakeholders, disclosure information.

5. Stakeholders participation

Encourage employee leaders to play a key role in driving the sustainable working and tracking performance

Corporate Governance Guidelines

1. Business ethics and anti-corruption

Encourage training on ethics and anti-corruption with performance tracking.

2. To treat workers fairly and respect human rights

Setting a fair procurement policy, human right policy, everyone is equal include human rights respectation in the supply chain.

3. Risk management and Crisis

Create a culture of risk management. The coherent operations of the agencies are evaluated and risk management.

4. Social information disclosure

There are disclosure policies and social performance for stakeholders acknowledge. Reporting according to international framework.

Stakeholders Participation Operation Guidelines

Stakeholders are very important to the sustainability of the company in order to run business with stakeholders supportively thus it has regulated how to participate with stakeholders and consider main points as following;

Stakeholder	Participation Chanel	Expectation	Operation Guideline
Social Community	<ul style="list-style-type: none"> -Listen to comments and complaints -Participation with the community as company planning. 	<ul style="list-style-type: none"> -The business does not affect the quality of life of the community, environment and social -Encourage community activities 	<ul style="list-style-type: none"> -Carry on projects for community, provide career support, education and other opportunities - Monitoring environmental quality
Employee	<ul style="list-style-type: none"> -Supervisors have front row meetings (morning talk) with staff every Monday morning or first day of the week in case of long week end. -All activities -Company 	<ul style="list-style-type: none"> -Good remuneration -Having career advancement, knowledge and skill developed in accordance with professional growth in the career. -Good quality of working life 	<ul style="list-style-type: none"> -Pay the right remuneration and welfare -Promote the growth of working line in consistent with the knowledge and skill of the employees. -Allows employees to be involved in welfare management and quality of working life such joining the welfare committee, committee on occupational health and security.
Shareholders Investors	<ul style="list-style-type: none"> -Annual general conference -Annual report Investor's activities quarterly management meetings Road show participation 	<ul style="list-style-type: none"> -Good continuously return on investment. -Good cooperate governance -Disclosure sufficient information for investors making decision 	Treat shareholders according to the business ethics policy including respect for the rights of shareholders to obtain truly and necessary information in accordance with the Securities Exchange of Thailand and the Office of the Securities and Exchange Commission rule.
Customers	<ul style="list-style-type: none"> -Communication according to planning -Customers meeting each week/month -Customer's visit on various occasions. -Customers satisfaction survey 	<ul style="list-style-type: none"> -Quality products and on time delivery at reasonable prices 	Continuously develop products and services to meet various demands as well as doing business on the principle of trust and compassionately.

Business Partners	<ul style="list-style-type: none"> -Communication via electronic mail and telephone -Meeting with business partners according to company planning 	<ul style="list-style-type: none"> -Fairly selection and disclose. -Terms of payment are acceptable 	Focusing on “business partners” as alliance fairly and equally treat to build trust and development, maintain good mutual relationship as following; <ul style="list-style-type: none"> -Take into consideration the mutual benefits -Create opportunities to exchange knowledge, experience and expertise. -Participate and support creative activities of business partners continuously
Business competitor	Business operation	Acting under the rules of good competition.	<ul style="list-style-type: none"> -Promote free and fair trade policies -Do not seek confidential data of business competitor dishonestly or inappropriate way such pay for committee and employees of competitors. -Do not discredit business competitors by the accusation.
Government agencies	<ul style="list-style-type: none"> -Submit reports to government agencies -Participate in activities and government projects 	Compliance with relevant law	<ul style="list-style-type: none"> -Law abiding and strictly operation report. -Pay taxes and other expenses according to the rules and government regulations.
Mass media	<ul style="list-style-type: none"> Investor’s activities quarterly meet with management -Company visit -Being interviewed by all medias 	Disclosure information and news truly, accurately and fast.	Treat all media fairly and equally.

Main Issues Considering

The Company Board of Director considered main issues of the business performance in 2018 which impacted on stakeholders included stakeholder's interesting in social responsibilities in order to define responsive main issue targets in 2019.

ผู้มีส่วนได้ส่วนเสีย	ข้อ	ประเด็นที่ผู้มีส่วนได้ส่วนเสียสนใจและมีผลกระทบต่อความยั่งยืนของบริษัท	หมวด	ผลกระทบต่อความคาดหวังของผู้มีส่วนได้ส่วนเสีย	ผลกระทบต่อองค์กร	ผู้ที่เกี่ยวข้อง หรือ ผู้รับผิดชอบ
พนักงาน	1.1	ขาดแคลนแรงงานทักษะ	S	H	H	HRD HRM
	1.3	คุณภาพชีวิตในการทำงาน	S	H	H	HRM,MD HRM HRM HRM Safety
ลูกค้า	2.1	ตอบสนองลูกค้าด้วยคุณภาพ และการส่งมอบ	EC	H	H	Mini MD, QC, HRM QC,SCM
	2.3	การทุจริตคอร์รัปชัน	G	H	H	Anti-Team
	2.5	สินค้า Out Trend	EC	H	H	CoEC Mini MD
	2.6	นวัตกรรมสินค้าและกระบวนการ	EC	H	H	HRD, Engineer
ผู้ถือหุ้น นักลงทุน คู่แข่ง	3.4	การบริหารความเสี่ยง	G	H	H	Risk Team
	5.3	ความสามารถในการแข่งขันด้านราคา	EC	H	H	MD
สังคม ชุมชน	7.1	การดำเนินธุรกิจที่ไม่ก่อให้เกิดผลกระทบต่อคุณภาพชีวิตของชุมชน สิ่งแวดล้อมและสังคม	S	H	H	ESG Team
สิ่งแวดล้อม	9.1	การเปลี่ยนแปลงทางภูมิอากาศ	E	H	H	HRD SCM
	9.2	การใช้พลังงาน เชื้อเพลิง	E	H	H	SCM
	9.4	น้ำเสียจากกระบวนการผลิต	E	H	H	ESG Team, Mini MD

Environment Responsibility

The Company has realized role and responsibilities towards the environment. The following guidelines are applied;

- Responsible and committed to environmental protection as well as local traditions where the organization is located.
- Acting contributing to society and the environment regularly in order to develop quality life of community both by company's conducting or cooperate with government and community
- Prevent accident and control the emission of waste under acceptable standards.
- Immediately and efficiently response to environment impact circumstance and community caused by company by fully cooperate with government officers and relevant agencies.
- Encourage employees to have consciousness of social and environment responsibilities under environment management system (ISO 14001)

Resources Usage Efficiently



- Water supply system is under construction 4q16-1q17. Investment were 13 MB and land 40 MB.

Build reservoir for the time of water

shortages Lack of water supply in Rayong plant

during the dry season in order to reduce the risk of production problems effect of customers and staffs consumption therefore company invested in building reservoir for Factory in Rayong province and install water supply system for business usage and to help the community in case of drought

Water recycled usage

The Brazing process waste water treatment was reused for toilet flushing. Company can save water supply

สังกัด	ปริมาณการใช้น้ำ (ลูกบาศก์เมตร)	ปริมาณน้ำที่นำกลับมาใช้ใหม่	ปริมาณน้ำที่บำบัด (ปล่อยออก)
สมุทรปราการ	106,418.00	5,351.70	101,066.30
ระยอง	65,386.00	5,230.88	60,155.12
รวม	171,804.00	10,582.58	161,221.42

Electrical usage

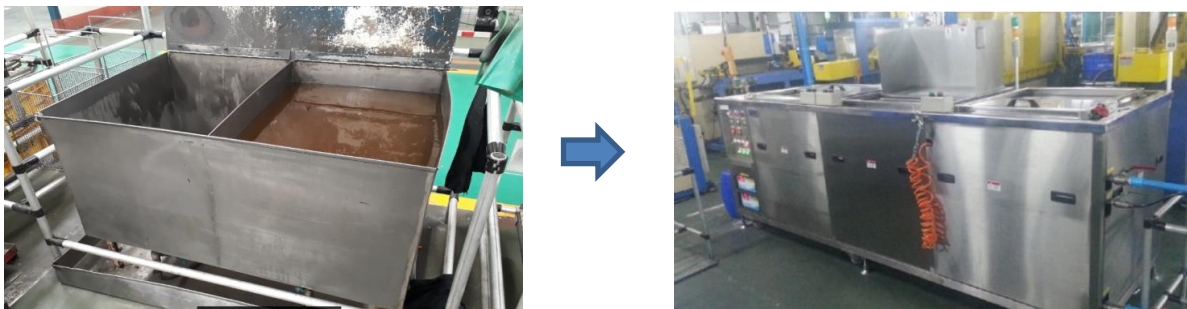
สังกัด	ปริมาณการใช้ไฟฟ้า (กิโลวัตต์ชั่วโมง)	ปริมาณการใช้ไฟฟ้า (กิโลวัตต์)
สมุทรปราการ	17,769,333.33	63,969.60
ระยอง	7,906,652.00	28,463.95
รวม	25,675,985.33	92,433.55

Compare fuel consumption rates 2017 with 2018

สังกัด	ปริมาณการใช้พลังงาน ปี 60			ปริมาณการใช้พลังงาน ปี 61		
	แอลพีจี (กก.)	ออกซิเจน (กก.)	ไนโตรเจน (กก.)	แอลพีจี (กก.)	ออกซิเจน (กก.)	ไนโตรเจน (กก.)
สมุทรปราการ	79,564.47	12,360.00	65,230.00	74,887.00	11,780.00	54,462.00
ระยอง	113,382.00	18,952.11	240,760.00	119,357.90	17,188.05	264,699.11
รวม	192,946.47	31,312.11	305,990.00	194,244.90	28,968.05	319,161.11

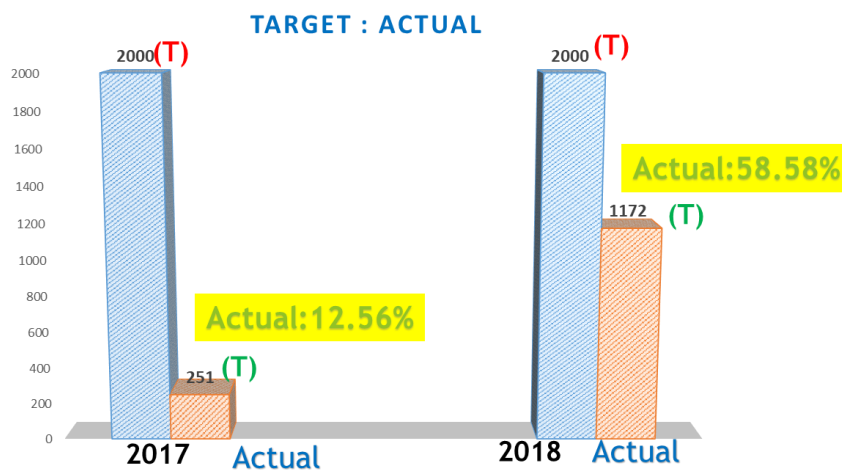
Ecological responsibility

The company has changed the washing chemicals from Solvent to Ultrasonic Water Base which is natural substance and does not affect the environment.



Using alternative energy by installing solar roof on the roof of 6 factories 3.43 MW

At present, the company uses most of the electricity from the Solar Roof Top system, which in addition to allowing the company to have a cost advantage in the long run, can also help reduce carbon footprint ([The Global Goals 13 - Climate Action](#))



In 2018, we were able to use the efficiency of the Solar Roof top more when compared to the year 2017. This was due to the management of the lunch break. And improving the system to be more efficient

The development of the new air conditioner model R32

SNC Super High EER

The company has not stop research and develops new eco-friendly products to meet the customers demand and consumers thus new high efficiency air conditioners were designed for saving energy and harmless to atmosphere refrigerant for sustainably co-existence. ([The Global Goals 13 - Climate Action](#))



The company joined the campaign against global warming.

Because the company is engaged in refrigeration Which requires the use of CFC to produce products

Therefore seeking ways to reduce carbon footprint such as joining the Care the Bear project with the

Stock Exchange of Thailand To campaign for the Eco Event to alleviate global warming problems ([The Global Goals 13 - Climate Action](#))



In addition, they also develop innovations in new products. Together with Water 3 customers to help reduce the use of plastic bottles In order to reduce garbage problems in the sea And also help alleviate global warming problems from the production of plastic bottles By manufactured products Is a drinking water vending machine that is used by the IOT system and can bring water bottles made from reused materials. Embed the chip inside to add drinking water anywhere with the Water 3 vending machine. ([The Global Goals 13 - Climate Action](#))

Social and Community Responsibilities

Labour practices and human rights

The company always realize that all employees are colleagues and be the valuable resources for driving organization to success therefore company provides care and fair treatment as following;

- Respect the right of workforce in accordance with human rights principles.
- Providing appropriate welfare and fair remuneration by taking into consideration the principle of motivating to work fully capability consistent with field of responsibility, business and being in compatible level.
- Maintaining a safe working environment for life and assets of employees.
- Appointment and relocation including reward and punishment were acted of honest and based on knowledge, ability and suitability of employees.
- Compliance with laws and regulations related with employees strictly.
- Focusing on knowledge development, capability and skill of employees by providing opportunity thoroughly and regularly.

Respect for Human Rights

The company holds the human rights principles to be the joint practicing. All employees must not do anything or support violation of human rights strictly. The policy and guidelines are as follows;

- The company takes care employee privacy information as a confidential, not sending or distribute personal information to unrelated partners. Disclosure or transfer of personal information is subjected to the consent of the owner.
- A person shall claim dignity of human being or taking rights and freedoms of their own as long as they do not violate the rights and freedoms of others
- The company treats every employee with equality and no discrimination in any matter of nationality, race, language, religion, gender, age and education.
- Employees must respectfully treat and give honour to each other. Behave properly toward role in accordance with regulations and tradition by not damage company image.

Workforce Capability Development

Within the year 2018, the company has a policy to focus on developing the potential of employees to have Multi Skills in order to increase the ability to support business competition from foreign competitors. Including the development of knowledge and technology skills Automated production systems (robots), robots and business resource planning systems (ERP) to support the integration of labor-intensive production systems into automated production systems.

People development strategy, 2018

1. Develop Multi Skills of each unit and performance assessment with Radar Chart
2. To all departments Accelerate the development and training of employees with Rotation and On the Job Training.
3. Develop innovation potential by selecting potential personnel to join the new important project of the company
4. Together with government agencies, institutions, technology organizations for the development of the capabilities of employees in the production system automation and industrial robots
5. Open a platform for employees at all levels Able to propose a plan to improve work efficiency For the opportunity to adjust extra income

Training Statistics in 2018

Number of training courses	176
Average hours of training / courses	8.00
Expenses for training as planning	1,167,100.00
Actual expenses for training	350,255.78
Number of trained staff	3,019
Total employees	3,158
Percentage of trained staff	95.60%
Average hours of training per person	24.18



Detail	2017	2018
Number of the training course	288	176
Total employees	2,005	3,019
Percentage of staff attended	88.41%	94.33%
Average hours of training per person	6	24.18
Training Cost (Million Baht)	0.7	0.4
Training costs compared to sales volume of organizations	0.01%	0.005%
Training costs compared to profit	0.17%	0.05%

Performance assessment system by Radar Chart

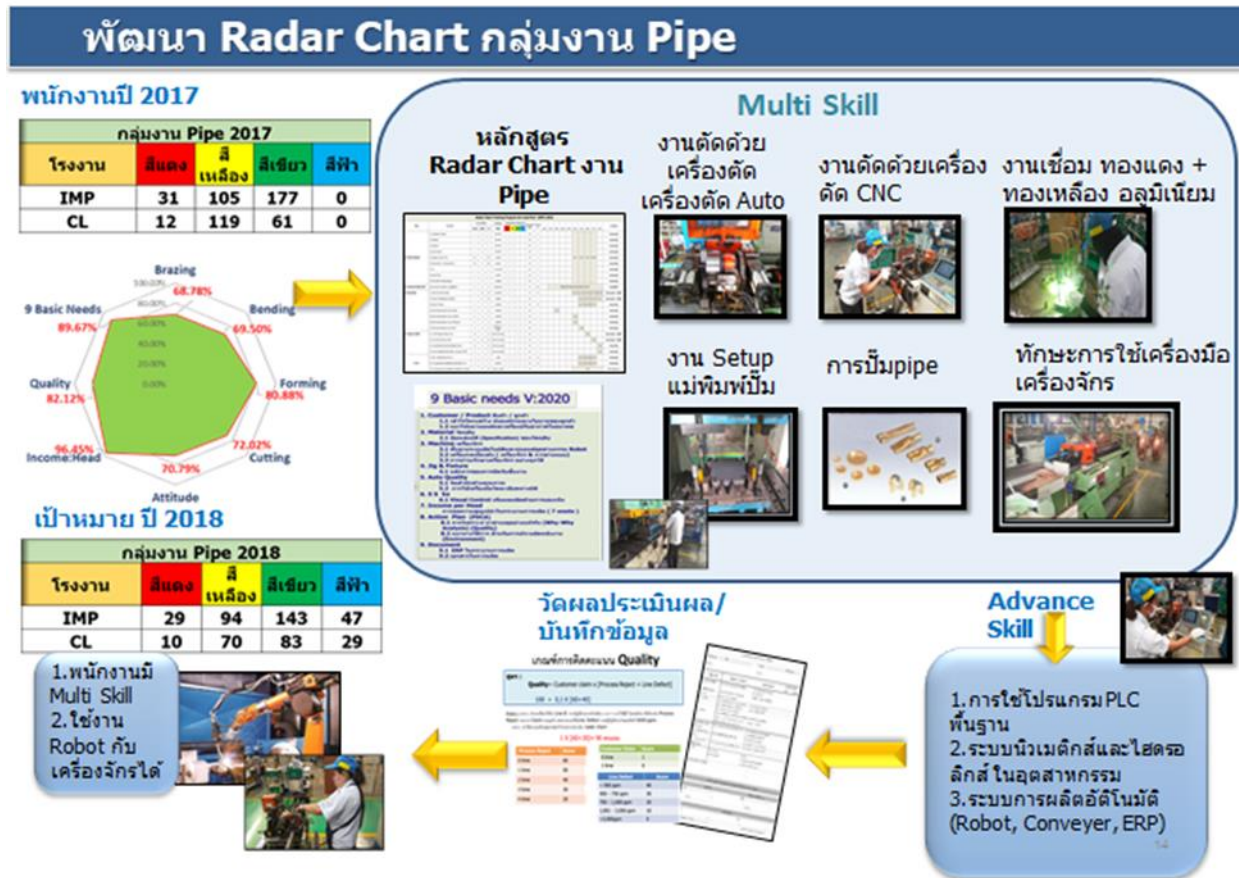


To reflect the competence level of employees and to allow employees to know the gap for transparent self-development. The company has therefore used Radar Chart to evaluate employee performance. By evaluating once a year and after the assessment, the company will develop and train employees to have a higher level of competency Which the higher ability will affect work efficiency And reflected back to the income of the employees themselves

Multi Skills Development system

The company has set up a training process to close the gap (Gap), the ability of employees according to Radar Chart with Rotation and On the Job Training for employees to have Multi Skills.

Examples of training development plans



Develop innovation potential by selecting potential personnel to join the new important project of the company



Opportunity for employees Presenting projects to increase efficiency or improve work processes by thinking of finding new ways by themselves if the project is considered Will allow that employee to receive a special income adjustment Considered to be an opportunity for new generation personnel to show their knowledge and abilities

Development capabilities of employees in the automated production systems and industrial robots.

Join with government agencies and Thai-German institutions for 3 Project Development



1. Smart Factory system is a combination of automation in the production line and the Internet of thing for Manager/Mini MD.
2. Design and control of machinery, automation and robotics for Engineering Team
3. Automated system and robot controller (Advance Skill) for Staff

Governance

The company has a policy to promote the quality of work life of employees. With equal and fair compensation Cultivate values for anti-corruption and being honest, diligent and improving the working environment for employees to do happily.

Anti-corruption campaign

There are various training and activities. To instill values in anti-corruption With a random check of each department's operations There is strict implementation if corruption is found.



SNC has received a renewal of the Private Sector Collective Action Coalition Against Corruption (CAC) certificate against corruption.

The company joined the signing of the declaration of intent "Private Sector Collective Action Coalition Against Corruption" on 30 May 2015 and has been approved by the Private Sector Collective Action Coalition Against Corruption Council (CAC) in anti-corruption on 16 October 2015

In 2018, the company conducted a self-assessment. And submitted the information to the CAC Committee to consider to renew the certificate of the Private Sector Collective Action Coalition Against Corruption (CAC), which the Company has passed the consideration and has attended the ceremony to receive the certificate of validity on 11 October 2018



Performing power, cultivating consciousness against corruption



On September 6, 2018, Management and staff of SNC Former Public Company Limited participated in the Anti-Corruption Day, 2018, under the concept of "Thai people wake up to fight fraud" at Bhiraj Hall, BITEC Building, Bangna Phase 2, Bangkok



Transfer the corporate governance culture and implementation of sustainability Through the process of training staff or weekly Morning Talk activities

ESG Day & Safety Day

In recent years, the company has activities & ESG 2561 Safety Day associated with affiliates at the Samut prakan province and Rayong province, with the purpose of providing employees with awareness to the sustainability of the Organization through the process, and to give employees, ESG has contributed to the company's operations. In which such events are warmly welcomed by staff of more than 2 thousand persons (survey results from the event registration and receive a souvenir), which is considered successful are tremendous. Activities organized such events global warming games. Global warming slogans contest. Anti-corruption activities, SOI The security arch. The contest sets recycling, etc. much more.



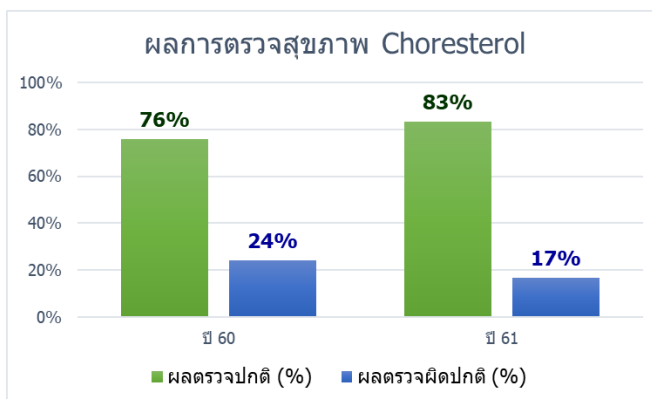
The occupational health and safety care

To provide policy and security planning management, occupational health and working environment throughout design tools, regulation and safety manual with employees training to know and understand and adequate information on safety and contain safety in the new employee training program.

Working accident statistics

หน่วยงาน	จำนวนครั้งที่เกิดอุบัติเหตุจากการทำงานและระดับความรุนแรง												รวม	
	ไม่หยุดงาน		หยุดงานไม่เกิน 3 วัน		หยุดงานเกิน 3 วัน		สูญเสียอวัยวะ/ทุพพล		เสียชีวิต		ทรัพย์สินเสียหาย			
	ปี 2560	ปี 2561	ปี 2560	ปี 2561	ปี 2560	ปี 2561	ปี 2560	ปี 2561	ปี 2560	ปี 2561	ปี 2560	ปี 2561	ปี 2560	ปี 2561
สมุทรปราการ	8	4	9	15	9	7	1	0	0	0	0	0	27	26
ระยอง	30	24	2	5	5	2	3	1	0	0	4	0	44	32
รวม	38	28	11	20	14	9	4	1	0	0	4	0	71	58

Health and Workplace Safety Activities



In the annual health check-up, to the health of employees by monitoring Cholesterol side effects, which in the year 2560 employees with excess Cholesterol up to 796 people, or 24% of the total number of all employees as a goal to improve the health of employees through various activities to reduce the excess Cholesterol problem employees are as follows:

1. Promote no liquor and cigarettes
2. Aerobics, Cycling Activities
3. Campaign to Reduce carbs and sugar.

From such activities, making the result from 2018 Reduce Cholesterol up to 7%. (From target Group)



Quality of working life development

Encourage employees to have good quality of working by equal pay to equal work, fair and good working environment.



Green Thumb

The company has launched a project called Green Thumb, to expand the green area in the company, not only to improve employee's quality of work life but also the to help reduce the effect of the climate change which causes global warming in order to respond to the Global Goals.

Apart from 5S that the company has regularly been doing, the project of creating a pleasant working environment in the company will help boost work efficiency. The Green Thumb project is set up with the purposes of:

- To increase the green and rest areas in the company
- To cultivate the employees' responsibility and
- To create a more significant impact on the environmental aspect of sustainable business operations

Starting with Rayong plant, the project was launched at the end of the year 2017 which it is continuously developed and

expanded. In the year 2018, more than 160 trees and fruits were planted together with varieties of ornamental plants to improve overall sight. The project is considered as a long-term project which will be carefully operated and monitored.



Community participation, community development and social harmony together

The company conducts its business in accordance with its commitment to the community. With regard to the impact of business operations on neighboring communities has been conducted community surveys annually. To hear comments on the issue and to discuss with the Commission and stakeholders to determine how to improve coexistence harmony.

Community Engagement in Samut prakan province companies.



Community Engagement in Rayong province companies.



The community survey in 2561 found problems of noise from interfering with the factory in a residential area of Samut Prakan.

Flooding and natural disasters. In Rayong The company has planned to help the community. To alleviate such problems,

ที่	ขั้นตอนการดำเนินการ	Nov-17				Dec-17				Jan-18				Feb-18				Mar-18				Apr-18				May-18				Jun-18			
โรงงานฝั่งระยอง : การแก้ไขปัญหาน้ำท่วมขัง		W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
1	ประชุมหารือร่วมกับผู้บริหาร																																
2	ประสานงานกับหน่วยงานราชการ แจ้งขออนุญาต																																
3	ประสานงานแจ้งชุมชนที่ได้รับผลกระทบให้ทราบแนวทางการแก้ไข																																
4	จัดทำคู่มือมาตรการ ปรับปรุง ลอกท่อระบายน้ำทิ้ง																																
5	จัดทำแผนการแก้ไขและขอปิดปากท่อเพื่อป้องกันขยะเข้า บ่อคั่น																																
โรงงานฝั่งสมุทรปราการ : การแก้ไขปัญหาล้างคัง																																	
1	ออกกฎระเบียบห้ามพนักงานทุกคนขับรถโฟล์คลิฟท์บริเวณหลังโรงงานหรือบนถนนใกล้เคียงกับแหล่งชุมชน หลังเวลา 17.00 น.																																
2	ดำเนินการติดตั้งแผงกั้นขึ้นมาเพื่อกั้นเครื่องจักรที่ทางจากแหล่งชุมชนระยะ 50 เมตร ป้องกันไม่ให้เสียงของเครื่องจักรดังรบกวนบริเวณแหล่งชุมชน																																
3	อยู่ระหว่างดำเนินการควบคุมเสียง ช่างแก้ไขที่แหล่งกำเนิดเสียง โดยการปรับปรุงท่อเครื่องจักรให้มีเสียงเบาลง																																

11. Internal Control and Risk Management

11.1 Opinion of Board of Directors with regard to internal control system

The Board of Directors realizes the importance of the effectiveness assessment of the Company's internal control in order to ensure that the Company's financial statements including information using for decision marking are correct, complete and reliable. Three members of the Audit Committee oversee and control the Company's internal control system to perform according to the assigned policy, code of practice and as the plan assigned by the Board of Directors as well as in line with regulations of the SET and the SEC.

In 2018, the Board of Directors assessed the adequacy of the Company's internal control system by asking the management, examining the information and document prepared by the management, and filled in the internal control system assessment form. The assessment of the internal control system comprises of 5 components which are Organization and Environment, Risk Management, Control of Management's Operation, Information Technology and Data Communication, and Monitoring System. The Board views that the Company has an adequate internal control system for the present condition. For other components of the internal control system, the Board believes that the Company has adequate internal control as well. The Company also has an adequate and appropriate internal control system for entering into any connected transaction with major shareholders, directors, executives or other related parties and preventing the Company's assets from misuse or using without enough authority by the executives.

In regard to the subsidiaries' internal control, the Company has ruled its subsidiaries to set up their internal control systems to comply with the Company's system. The Company consistently monitors their operations and from the past assessments shown that the subsidiaries have adequate internal control system over 5 components, same as the Company.

The summary of the assessment of the adequacy of the Company's internal control system are as follows:

Control Environment

The Company has set clear and measurable target by considering the situation and possibility in the way that be able to achieve such target. The Company reasonably determines the staff's remuneration annually based on each staff performance without any incentive or inappropriate remuneration that might lead the staff for any fraud or illegal action.

Besides, the Company sets its organization structure by clearly dividing authority and duty and also prepares the Code of Ethics which covering principles for business operation in writing. In setting up its policy and operation plan, the Company realizes the fair treatment for its trading partner according to the good corporate governance.

Risk Assessment

The Company shall assess its risk for both internal and external risk factors, analyze for the event that might cause such risk and present to the Board of Directors' meeting quarterly. Besides, the Company sets the measurement for monitoring the event that cause such risk and the measurement for risk reduction. The Company informs to all related staff to acknowledge and perform according to the risk management measurement. The Company also regularly monitors each business unit for its performance in relation to the determined risk management plan through the meeting of the executives and the Board of Directors.

Control Activities

The Company clearly sets the scope of authority and duty and approved credit line for each level of executives. The Company also set policy for entering into the transaction with major shareholders, directors, executives or related persons by arranging the Audit Committee to provide opinion regarding the necessity and reasonableness of the transaction as well as the legal department to audit and give recommendation for the Company's operation in relation to the related laws, internal control policy and regulations of the SET.

Information and Communication

To arrange the Board of Directors' meeting, the Company will submit relevant information with the invitation letter including the details of the issues that will be proposed at the meeting so that the Board of Directors shall have sufficient information for the decision. The Board of Directors will receive the invitation letter average 7 days prior to the meeting and the minute of the meeting will be prepared by specifying comment and resolution of the meeting so that the shareholders will be able to review the appropriateness of the Board of Directors' performance later.

Monitoring Activities

The Company set up the internal control department to audit the staff performance of each business unit according to the internal control system, and the internal control staff will report the audit result directly to the Board of Directors and the Audit Committee. Any material error discovered has to be reported for considering the correction under appropriate timeframe.


11.2 Opinion of Audit Committee with regard to internal control

The Audit Committee performs according to the scope of duties and responsibilities as assigned by the Board of Directors. In 2018, there were 4 meetings to meet with the management, auditor and internal audit as appropriate which the summary of major matters are as follows:

1. Review the quarterly and yearly financial statements with the management and auditor to ensure that the financial statements of the Company and its subsidiaries were prepared correctly according to the generally

accepted accounting principles, disclosed sufficient and reliable information, provided notes and acknowledged the guideline to solve problem for the benefit of the Company.

2. Ensure the appropriateness and effectiveness of the Company's internal control and internal audit system and determine the independence of Internal Audit Unit as well as approve the appointment, transfer or dismissal of Internal Audit Unit.
3. Ensure the Company to operate according to the Securities and Securities Exchange Law, notifications of the SET and other laws that related to the Company's business.
4. Consider selecting / nominating an independence person to be the Company's auditor and propose the remuneration of such person as well as attend non-management meeting with the auditor.
5. Review the connected transaction or transaction that might cause the conflict of interest to comply with laws and notifications of the SET to ensure the reasonableness and utmost benefit for the Company.

The Audit Committee followed up the operation of year 2018 according to the scope of duties and responsibilities as assigned and viewed that the Company prepared the financial statements correctly in all material respects according to the generally accepted accounting principles and disclosed sufficient related transactions or conflict of interest transactions. The Company possessed the proper internal control system and risk management that fit with its business situation and operated according to the laws, regulation of the SET and related laws.

11.3 Head of Internal Audit and Head of Compliance

1. Mr. Pornchai Sirikijpanichkul, a manager of Internal Audit Department (details in Attachment 3) is the head of internal audit unit. Audit Committee viewed that Mr. Pornchai Sirikijpanichkul possesses proper qualifications to perform such duty with effectiveness since he has knowledge, capability and direct experience with regard to internal audit. He is able to communicate and advise to all units to support their operations for more effectiveness. The appointment, dismissal and transfer of the head of internal audit unit have to be approved by the Audit Committee.

2. Ms. Rattanaporn Leenawat the company Secretary. Is the head of compliance unit.

12. Connected Transaction

12.1 Nature of Connected Transaction

The Company entered into transactions with subsidiaries which were sales and purchase of product and raw material among each other in accordance with production line of each company. Such transactions were according to normal commercial condition and criteria as agreed on normal business. The other connected transactions were short term and long term loans among companies in the group.

Connected transactions of the Company and its subsidiaries completely disclosed in notes to consolidated financial statements every year.

12.2 Connected Transaction Approval Measurement or Procedure

The Company sets its connected transaction approval measurement or procedure according to the regulations of the SEC and the SET. If there is any connected transaction between the Company or its subsidiaries and any related parties with a conflict of interest or any transaction that might cause conflict of interest, such transaction has to be approved by the Company's Board of Directors and the Audit Committee has to consider the reasonableness to enter to that transaction by considering the utmost benefit of the Company. In case the Audit Committee has no expertise to consider such connected transaction, the Company will appoint an independent expert or auditor to provide the opinion. Such opinion will be used to support the decision of the Board of Directors or the shareholders, as the case may be. The price setting and conditions of the transaction have to be under normal course of the business as the price has to be fair or comparable to the market price. Besides, the connected persons will not be able to participate on the approval procedure of such transaction.

The Company will disclose its connected transaction in the notes of the financial statement which audited by the Company's auditor.

12.3 Policy or Trend of Future Connected Transaction

If the Company will enter into any connected transaction in the future, the Company will follow the connected transaction approval procedure as specified in clause 12.2. The future connected transactions will be business transactions which based on commercial terms and conditions as agreed under normal course of business, no benefit transferring among the Company, related parties and shareholders. The price setting policy between the Company and its related parties will be the normal price as charged to unrelated person or entity. The price of the products which have to be bought from its subsidiaries will be their selling prices, cost plus margin which is also comparable to market price.

The disclosure of its connected transaction will be in accordance with the rules and regulations of the SEC and the SET as well as the accounting standard pertaining to the disclosure of information of related persons of business as provided by the Institute of Certified Accountants and Auditors of Thailand

13. Key Financial Information

Summary Table of financial statements of the Company and its subsidiaries

Statement of Financial Position	As at December 31, 2018		As at December 31, 2017		As at December 31, 2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Current Assets						
Cash and cash equivalents	879.62	18.25%	505.39	10.40%	404.85	7.76%
Trade and other accounts receivable- net	881.70	18.29%	1,065.37	21.92%	1,236.13	23.68%
Short-term loans to related parties	51.7	1.07%	15.9	0.33%	16.63	0.32%
Inventories	261.97	5.43%	317.03	6.52%	424.38	8.13%
Other current assets	92.2	1.91%	164.74	3.39%	131.73	2.52%
Total current assets	2,167.20	44.96%	2,068.43	42.57%	2,213.72	42.41%
Non-current assets						
Investment in associates and joint venture	36.1	0.75%	59.09	1.22%	46.26	0.89%
Investment properties	232.13	4.82%	173.61	3.57%	182.31	3.49%
Property, Plant and equipment	2,259.13	46.86%	2,441.83	50.40%	2,686.93	51.48%
Intangible assets	59.15	1.23%	44.75	0.77%	45.31	0.87%
Deferred tax assets	26.21	0.54%	27.35	0.56%	10.39	0.20%
Other non-current assets	40.79	0.85%	44.35	0.91%	34.93	0.67%
Total non-current assets	2,653.51	55.04%	2,790.99	57.43%	3,006.13	57.59%
Total assets	4,820.71	100.00%	4,859.42	100.00%	5,219.85	100.00%
Liabilities and equity						
Current liabilities						
Short-term loans from financial institutions	123	2.55%	30	0.62%	535	10.25%
Trade and other accounts payable	1,116.36	23.16%	1,109.97	22.84%	1,363.63	26.12%
Current portion of deferred income	12.72	0.26%	23.42	0.48%	25.49	0.49%
Current portion of accounts payable -acquisition of assts	24.49	0.51%	13.72	0.28%	53.21	1.02%
Current portion of long-term loans	242.03	5.02%	247.8	5.10%	114.23	2.19%
Income tax payable	11.83	0.25%	8.16	0.17%	3.19	0.06%
Other current liabilities	23.55	0.49%	20.11	0.41%	32.5	0.62%
Total current liabilities	1,552.99	32.21%	1,453.19	29.90%	2,127.25	40.75%

Statement of Financial Position	As at December 31, 2018		As at December 31, 2017		As at December 31, 2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Non-current liabilities						
Account payable- acquisition of assets	-	-	-	-	10.02	0.19%
Deferred income	50.32	1.04%	52.51	1.08%	15.75	0.30%
Long-term loans	184.01	3.82%	455.87	9.38%	256.11	4.91%
Employee benefit obligations	65.26	1.35%	56	1.15%	62.44	1.20%
Deferred tax liabilities	4	0.08%	4.32	0.09%	13.7	0.26%
Other non-current liabilities	4.19	0.09%	3.97	0.08%	3.76	0.07%
Total non-current liabilities	307.78	6.38%	572.66	11.78%	361.78	6.93%
Total liabilities	1,860.77	38.60%	2,025.85	41.69%	2,489.03	47.68%
Equity						
Issued and fully paid-up capital	287.78	5.97%	287.78	5.92%	287.78	5.51%
Premium on ordinary shares	1,213.60	25.17%	1,213.60	24.97%	1,213.60	23.25%
Retained earnings						
Appropriated						
Legal reserve	75.82	1.57%	73.82	1.52%	71.32	1.37%
Unappropriated	1,211.77	25.14%	1,076.36	22.15%	942.79	18.06%
Equity attributable to owner of the Company	2,788.96	57.85%	2,651.56	54.57%	2,515.49	48.19%
Equity attributable to owner of the Company-Net	2,788.96	57.85%	2,651.56	54.57%	2,515.49	48.19%
Non-controlling interests	170.97	3.55%	182.01	3.75%	215.33	4.13%
Total equity	2,959.94	61.40%	2,833.57	58.31%	2,730.82	52.32%
Total liabilities and equity	4,820.71	100.00%	4,859.42	100.00%	5,219.85	100.00%
Current portion of deferred income	12.72	0.26%	23.42	0.48%	23.42	0.48%
Current portion of accounts payable -acquisition of assts	24.49	0.51%	13.72	0.28%	13.72	0.28%
Current portion of long-term loans	242.03	5.02%	247.8	5.10%	247.8	5.10%
Income tax payable	11.83	0.25%	8.16	0.17%	8.16	0.17%
Other current liabilities	23.55	0.49%	20.11	0.41%	20.11	0.41%
Total current liabilities	1,552.99	32.21%	1,453.19	29.90%	1,453.19	29.90%

Part 3 of the financial position and results of operations

Statement of comprehensive income	Year 2018		Year 2017		Year 2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales and services	6,498.90	100.00%	7,526.71	100.00%	7,468.16	100.00%
Cost of sales and services	-5,628.05	-86.60%	-6,645.14	-88.29%	-6,503.39	-87.08%
Gross Profit	870.85	13.40%	881.57	11.71%	964.77	12.92%
Interest income	4.98	0.08%	3.05	0.04%	4.17	0.06%
Other income	131.18	2.02%	59.31	0.79%	48.3	0.65%
Gain on previously-held equity interest prior to change of status to subsidiary	-	-	-	-	6.57	0.09%
Selling expenses	-313.89	-4.83%	-337.06	-4.48%	-406.05	-5.44%
Administrative expenses	-37.96	-0.58%	-33.45	-0.44%	-	-
Director and management benefit expenses	-23.64	-0.36%	-30.41	-0.40%	-87.1	-1.17%
Gain (loss) on disposal of investment in subsidiary	-	-	-9	-0.12%	-	-
Finance costs	-31.66	-0.49%	-35.42	-0.47%	-23.05	-0.31%
Shares of gain (loss) of associates	-22.99	-0.35%	1.25	0.02%	-1.02	-0.01%
Profit before tax	481.53	7.41%	410.44	5.45%	424.74	5.69%
Income tax expense	-44.55	-0.69%	-0.59	-0.01%	-27.38	-0.37%
Net profit for the year	436.98	6.72%	409.85	5.45%	397.36	5.32%

Statement of comprehensive income	Year 2018		Year 2017		Year 2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Discontinued operation						
Profit (loss) for the year from discontinued operation,						
- net of tax	-	-	-3.9	-0.05%	-	-
Net profit for the year	436.98	6.72%	405.95	5.39%	-	-
Other comprehensive income						
Items that will never be reclassified						
to profit or loss						
Defind benefit plan actuarial losses						
Income tax on other comprehensive income	-5.4	-0.08%	-	-	-	-
Total comprehensive income for ther year	431.58	6.64%	405.95	5.39%	397.36	5.32%
Profit (loss) attributable to :						
Owners of the Company	430.70	6.63%	401.31	5.33%	401.65	5.38%
None controlling interests	6.28	0.10%	4.64	0.06%	-4.29	-0.06%
Profit for the year	436.98	6.72%	405.95	5.39%	397.36	5.32%
Totla comprehensive income attributable to :						
Owners of the Company	425.18	6.54%	401.31	5.33%	401.65	5.38%
None controlling interests	6.39	0.10%	4.64	0.06%	-4.29	-0.06%
Total comprehensive income for the year	431.58	6.64%	405.95	5.39%	397.36	5.32%
Basic earings per share (in Baht)	1.50		1.40		1.40	

Part 3 of the financial position and results of operations

Summary table of cash flow statements of the Company and its subsidiaries

(Unit: Million Baht)

Cash Flow Statements	2018	2017	2016
Cash flows from operating activities			
Profit for the year	436.98	405.95	397.36
Adjustment for			
Income tax expense	44.55	-0.39	27.38
Finance costs	31.66	35.42	23.05
Depreciation	287.02	316.86	295.86
Depreciation of investment properties	9.95	8.7	3.56
Amortisation of intangible assets	8.77	7.9	8.41
Allowance for decline in value of inventories	7.89	-1.84	3.07
Impairment loss on assets	-	-1.19	0.69
Unrealised (gain) loss on exchange	-0.36	0.62	-0.55
(Gain) loss on disposal of investment in subsidiary	-	9	-
(Gain) loss on disposal of investment in associate	-	-0.79	-
Interest income	-4.98	-3.13	-4.16
Employee benefits obligations	6.27	-2.7	1.72
Bad debts and doubtful debts	3.54	0.12	-
Gain on preciously-held equity interest prior to change of status to subsidiary	-	-	-6.57
Gain (loss) on disposal of property, plant and equipment	2.14	-1.1	8.48
Loss on disposal of investment properties	0.55		
Loss on written-off of property, plant and equipment	7.26		
Share of (profit) loss of investments in associates, net of tax	22.99	-1.25	1.02
Change in operating assets and liabilities	864.23	772.19	759.32
Trade and other accounts receivable	183.34	157.21	-144.83
Inventories	47.17	101.81	-119.84
Other current assets	72.53	-36.24	-62.45
Other non-current assets	3.56	-9.53	1.03
Trade and other accounts payable	7.37	-237.42	26.91
Employee benefits paid	-3.76	-2.51	-6.68
Deferred income	-12.88	34.7	-
Other current liabilities	-6.96	-12.1	7.26

Cash Flow Statements	2018	2017	2016
Other non-current liabilities	0.22	0.21	-13
Cash generated from operating activities	1154.84	768.33	447.72
Income tax paid	-38.71	-15.15	-30.11
Net cash flows from operating activities	1116.13	753.19	417.61
Cash flows from investing activities			
Interest received	4.58	3.08	4.17
Proceeds from disposal of subsidiary, net of cash disposed of	-	105	-
Acquisition of investment properties	-34.29	-	-
Proceeds from sale of investment properties	0.38	-	-
Purchase of property, plant and equipment	-144.32	-263.05	-775.59
Sale of property, plant and equipment	5.22	12.34	6.99
Purchase of intangible assets	-22.14	-0.56	-2.89
Sale of intangible assets	-	-	0.45
Proceeds from loans to related parties	-	1.13	-
Loans to related parties	-39.37	-0.4	-
Investments in investment decreased (increase)	-	-	7.45
Proceeds from disposal of shares in associate	-	18.61	-
Purchase of shares in jointventure	-	-	-6
Net cash flows from (used in) investing activities	-229.94	-123.87	-765.42
Cash flows from financing activities			
Interest paid	-31.52	-35.29	-23.05
Proceeds from loans from financial institutions	788.00	4,051.40	2,231.59
Repayment of loans from financial institutions	-973.63	-4,223.07	-1,665.07
Dividends to owners of the Company	-287.78	-230.22	-259
Dividends to non-controlling interest	-7.02	-13	-
Acquisition of non-controlling interests	-	-1.25	90
Purchase of shares in associate	-	-29.4	-
Net cash used in financing activities	-511.95	-480.84	374.47
Net increase (decrease) in cash and cash equivalents	374.24	148.48	26.66
Cash and cash equivalents at 1 January	505.38	404.85	378.19
Decrease in cash and cash equivalents from the disposal of investment in subsidiaries	-	-47.95	-
Cash and cash equivalents at 31 December	879.62	505.39	404.85

Key financial ratios which reflected financial status and performance of the Company and its subsidiaries

Financial Ratios	2018	2017	2016
<u>Liquidity Ratio</u>			
Current Ratio (Times)	1.40	1.42	1.04
Quick Ratio (Times)	1.23	1.21	0.84
<u>Activity Ratio</u>			
Accounts Receivable Turnover (Times)	6.70	7.07	7.12
Collection Period (Days)	55	52	51.26
Inventory Turnover (Times)	19.44	18.04	18.43
Inventory Turnover Period (Days)	19	20	19.8
Accounts Payable Turnover (Times)	5.06	5.41	5.03
Payment Period (Days)	73	68	72.56
Cash Cycle (Days)	1	4	-1.5
<u>Debt Ratio</u>			
Debt to Equity Ratio (Times)	0.63	0.71	0.91
Interest-Bearing Debt to Equity Ratio (Times)	0.19	0.26	0.33
Interest Coverage Ratio (Times)	16.21	12.45	19.43
<u>Profitability Ratio</u>			
Gross Profit Margin (%)	13.40	11.80	12.92
Net Profit Margin (%)	6.63	5.29	5.38
Earnings per share (Baht)	1.50	1.39	1.4
Return on Assets (%)	10.60	8.75	9.57
Return on Equity (%)	14.55	15.53	16.43
Dividend Payout Ratio (%)	66.82	64.54	64.48

14. Management Discussion and Analysis

14.1 Analysis of operation result

Sales were Baht 6,499 million (2017: Baht 7,527 million), decreased Baht 1,028 million or 13.7%

EAT were Baht 431 million (2017: Baht 401 million), decreased Baht 30 million or 7.5%

1. AUTO
 - 1.1 Sale decreased Baht 95 million because 1) SSMA returned some low profit margin parts to customer. 2) Export to China decreased.
 - 1.2 The operating profit increased Baht 11 million due to the control of production costs and administrative expenses.
2. OEM/ODM
 - 2.1 Sale decreased Baht 900 million due to the window type air-conditioner order decreased.
 - 2.2 The operating profit increase Baht 49 million due to the improvement of production efficiency and better cost control.
3. E/A PART
 - 3.1 Sale decreased Baht 13 million due to the refrigerator parts and air conditioners parts order decreased.
 - 3.2 The operating profit decreased Baht 33 million due to price down to customers for competitive advantage and impact from machinery relocation.
4. OTHER
 - 4.1 Sale decreased Baht 20 million due to decrease in MSPC mould part.
 - 4.2 In 2017 the operating loss Baht 64 million ,In 2018 the operating profit Baht 2 million due to Leam Chabang factory rental.
- 5 The discontinued business in 3Q17 was the disposal of investment in TTD.
- 6 Finance costs decreased Baht 3 million because gradually repayment to loan.
- 7 Share of loss of investment in associate In 2017 profit Baht 1 million , In 2018 loss Baht 23 million because the investment during the year 2018, the expenses increased but the SAWHA marketing activity was delayed.
- 8 Tax expense increased Baht 45 million because tax privileges began expire.
- 9 Net profit was Baht 431 million or Baht 1.497 per share. Net profit increased Baht 30 million.

14.2 Financial status of the Company

Assets

As of 31 December 2018, the Company's assets were amounted to 4,821 million baht (4,859 million baht in 2017) or 38 million baht or 1% decrease compared to that of the previous year. The major changes include the followings:

Cash amount increased for 374 million baht. Cash came from operation for 1,116 million baht, cash for investment activities 230 million baht, cash for financing activities 512 million baht

Trade receivables and other receivables decreased 184 million baht to reflect decreased sales volume of the 4th quarter of 2018. The average collection period in 2018 was equal to 55 days (52 days in 2017).

Property Plant and Equipment decreased for 183 million baht because investment budget was limited in 2018 while depreciation of the same period was equal to 287 million baht.

Inventories decreased for 55 million baht while the turnover rate of item in 2018 was equal to 19 days. (20 days in 2016).

Liabilities

As of 31 December 2018, total liabilities were equal to 1,861 million baht (2,026 million baht in 2017) or 165 million baht or 8% decrease compared to that of the previous year. The major changes include the followings:

Repay the loan to financial institutions for 86 million baht based on the policy of full repayment by the year 2020.

Debt/Equity Ratio (D/E) was equal to 0.63 times (0.71 times in 2017), major part of liabilities were trade payables and loans from financial institutions.

D(int) /E was equal to 0.33 times (0.26 times in 2017)

Shareholder's Equity

As of 31 December 2018, the shareholder's equity was amounted to 2,960 million baht (2,834 million baht in 2017), increasing for 126 million baht due to net profit amount of 431 million baht in 2018 which was allocated as interim dividends for 2018 at the rate of 0.50 baht/share for 287,777,339 ordinary shares, amounting to 144 million baht and for the year ended at 0.50 baht/share for 287,777,339 ordinary shares, amounting to 144 million baht. The last dividend allocation for the given year was announced to be on 26 April 2019. That is, the Company allocated total dividends at the rate of 1.00 baht/share or 67% of net profit amount (Policy: allocate dividend amount not less than 50% of net profit amount) with ROE at 14.55% (15.53% in 2017).


Audit Committee Report

SNC Former Public Company Limited has appointed the audit committee which comprises of Mr. Suchat Boonbanjerd Sri as the Chairman of the Audit Committee, Mr. Wisan Wuttisaksin and Mrs. Chanisa Chutipat as the member of Audit Committee.

The Audit Committee performs according to the scope of duties and responsibilities as assigned by the Board of Directors. In 2018, there were 4 meetings and every Audit Committee attended all meetings to consider and review the following major matters:

1. Review the quarterly and year 2018 financial statements with the management and auditor to ensure that the financial statements of the Company and its subsidiaries were prepared correctly according to the generally accepted accounting principles, disclosed sufficient and reliable information, provided notes and acknowledged the guideline to solve problem for the benefit of the Company.
2. Ensure the appropriateness and effectiveness of the Company's internal control and internal audit system and determine the independence of Internal Audit Unit as well as approve the appointment, transfer or dismissal of Internal Audit Unit.
3. Ensure the Company to operate according to the Securities and Securities Exchange Law, notifications of the SET and other laws that related to the Company's business.
4. Consider selecting / nominating an independence person to be the Company's auditor and propose the remuneration of such person as well as attend non-management meeting with the auditor.
5. Review the connected transaction or transaction that might cause the conflict of interest to comply with laws and notifications of the SET to ensure the reasonableness and utmost benefit for the Company.
6. Reviewed the Self evaluation tool for countering bribery which has been developed by the Collective Action Coalition Against Corruption Committee (CAC). The company has received the certificate of membership of the CAC since 16 October 2015. To ensure that The Company has optimal control system and adequate .To protect against fraud & corruption risks.

The Audit Committee followed up the operation of year 2018 according to the scope of duties and responsibilities as assigned and viewed that the Company prepared the financial statements correctly in all material respects according to the generally accepted accounting principles and disclosed sufficient related transactions or conflict of interest transactions. The Company possessed the proper internal control system and risk management that fit with its business situation and operated according to the laws, regulation of the SET and related laws.



(Mr. Suchat Boonbanjerd Sri)
chairman of the Audit Committee

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and financial information stated in the Annual Report. The financial statements are prepared in accordance with generally accepted accounting principles in Thailand by employing the appropriate accounting policy and performing on a regular basis with thoroughly consideration and best estimation including the disclosure of sufficient information in the notes of the financial statements to ensure the transparency and benefit to shareholders and general investors.

The Board of Directors provides, preserves the appropriateness and efficiency of the risk management system and internal control to ensure that accounting information is correct, complete and sufficient to maintain the Company's assets and protect the Company from any fraud or material improper operation.

The Board of Directors appointed the Audit Committee who are independent directors to oversee and responsible for the quality of financial statements and internal control system. The opinion of the Audit Committee regarding this issue is disclosed in this Annual Report under the section of the Audit Committee Report.

The Board of Directors views that the internal control system of the Company and its subsidiaries is at the satisfactory level and can assure the reliability of the consolidated financial statements of the Company and its subsidiaries as at December 31, 2018.



Mr. Satit Chanjavanakul
Chairman of the Board of Directors



Dr. Somchai Thaisa-nguanvorakul
Chairman of Executive Committee

Nomination and Remuneration Committee Report

SNC Former Public Company Limited has set up Nomination and Remuneration Committee consisting of 3 independent members as follows:

- | | |
|--|---------------------------|
| 1) Mr. Chaisak Angsuwan | Chairman of the Committee |
| 2) Mr. Wisan Wutthisaksilp | member of the Committee |
| 3) Pol. Maj. Dr. Noppasak Phuwananaset | member of the Committee |

Nomination and Remuneration Committee has performed its function under the scope of duties and responsibilities assigned by the Company's Board of Directors. During 2018, Nomination and Remuneration Committee had 2 meetings all of which were attended by all members of the Committee and their subject matter can be concluded as follows:

- 1) Determine criteria for selecting qualified person to fill the position of the Company's director and find and propose to the Board of Directors such qualified person before nominating to the shareholders' meeting for appointment.
- 2) Determine amount and pattern of remuneration, both monetary and non-monetary, for the committee and subcommittee and propose to the shareholders' meeting for approval.
- 3) Determine criteria for selecting qualified person to take a position of executive and find such qualified person and nominate to the Board of Directors for approval.
- 4) Determine amount and pattern of remuneration, both monetary and non-monetary, for executive and proposed to the Board of Directors for approval.
- 5) Promote and allow minor shareholder to propose in advance an agenda and name of person to substitute a director whose term of office has expired between 19 September 2018 and 19 December 2018.



(Mr. Chaisak Angsuwan)

Chairman of Nomination and Remuneration Committee

Risk Management Committee Report

SNC Former Public Company Limited has set up Risk Management Committee consisting of 2 members, namely, Mr. Somboon Gurdlin, Chairman of the Committee and Mr. Samitt Palittagram, member of the Committee.

Risk Management Committee has performed its function under the scope of duties and responsibilities assigned by the Company's Board of Directors. During 2018, Risk Management Committee had 6 meetings all of which were attended by all members of the Committee and their subject matter can be concluded as follows:

1. Determine policy and operation framework for management of all kinds of risk possibly exposed by the Company.
2. Design the structure of risk management, determine strategies used for risk management and set forth warning system of all kinds of risk to the extent that risk is controlled in tolerable range and in accordance with the Company's risk management policy.
3. Supervise, monitor and evaluate the operation in order to review and develop efficient risk management system as well as management to have analysis and assessment of potential risk factor that may affect the Company's operation either from the external or internal source.
4. Establish communication and understanding with risk management sub-committee.
5. Evaluation situation from time to time to ensure that risk management is adequate and suitable and implemented continually to achieve the required targets and to optimize benefit for the company, shareholders and other stakeholders.



(Mr. Somboon Gurdlin)

Chairman of Risk Management Committee

ESG Committee Report

SNC Former Public Company Limited has set up CG and CSR Committee consisting of 2 members, namely, Mr. Samitt Palittagram, Chairman of the Committee and Mr. Somboon Kerdlin, member of the Committee.

The CG and CSR Committee has performed its function under the scope of duties and responsibilities assigned by the Company's Board of Directors. During 2018, ESG Committee had 7 meetings all of which were attended by all members of the Committee and their subject matter can be concluded as follows:

1. Review the policy on corporate governance and corporate social responsibility on regular basis to ensure that they meet international standards and requirements prescribed by relevant authorities.
2. Supervise the Company's operation to ensure that it meets corporate governance guideline given by regulatory body such as the Stock Exchange of Thailand, the Office of Securities and Exchange Commission etc. with social and environmental responsibility.
3. Apply to the Company's operation corporate governance guideline for listed company given by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand which are in line with OECD Principles of Corporate Governance particularly concerning right of shareholder, impartial shareholder treatment, stakeholders' right, information disclosure and transparency and accountability of the Board of Directors.
4. Give suggestion on the code of business conduct for the Company's operation and rules for the executive.
5. Promote at all levels understanding of and organizational culture on corporate governance and participation in CSR activity for sustainable development.



(Mr. Samitt Palittagram)

Chairman of ESG Committee

At Meeting Room of Head Office of SNC Former Public Company limited

Mr. Satit Chanjavanakul, Chairman of the Board of Directors, acted as the chairman of the meeting.

Mr. Anaratch Chaithanapinyo, secretary of the meeting, informed the meeting that the total number of shares and total number of voting shares were as follows:

	<u>At the start of the meeting</u>	<u>At the adjournment of the meeting</u>
Shareholders attending the meeting	78 shareholders	92 shareholders
In person	70 shareholders	81 shareholders
By proxy	8 shareholders	11 shareholders
Total no. of shares	121,806,755 shares	135,893,955 shares
% of total no. of shares sold	42.33	47.22

Mr. Satit Chanjavanakul, Chairman of the Board of Directors, called the meeting.

1.	Mr. Satit	Chanjavanakul	Chairman of the Board of Directors, Independence Director
2.	Dr. Somchai	Thaisa-nguanvorakul	Chairman of Executive Committee
3.	Mr. Chaisak	Ankasuwan	Independence Director
4.	Mr. Suchart	Boonbanjersri	Independence Director
5.	Mr. Wisan	Wuttisaksin	Independence Director
6.	Mrs.Chanisa	Chutipat	Independence Director
7.	Pol.Gen.Maj.Nopsak	Poovatanasedj	Independence Director
8.	Mr. Somboon	Gurdlin	Director
9.	Mr. Samitt	Palitagram	Director
	Mr. Rattapoom	Nantapatawee	Managing Director – Accounting and Finance
	Miss Vilaiwan	Pholprasert	Auditor
	Mr.Ekkasit	Chuthamsatid	Auditor
	Mr. Anaratch	Chaithanapinyo	Secretary of the meeting

9 directors attended the meeting, representing 100% of all directors.

☐ The secretary of the meeting informed the meeting that the Company allowed any shareholders to propose agenda or nominate any qualified candidates to be considered as the Company's board of directors via the Company's website since September 15, 2018 – December 15, 2018. However, there was no shareholder proposed agenda or nominated any qualified candidates to be considered as the Company's board of directors. Besides, The resolution of the meeting will be in accordance with the Company's Articles of Association "Section 34", a resolution of the shareholder meeting shall require the majority vote of the shareholders who attend the meeting and cast their votes, by counting one share equal to one vote. In case of a tie vote, the chairman of the meeting shall have a casting vote. To vote for each agenda, please tick the mark ✓ in ☐ for approval, disapproval or abstention in the voting card provided in advance. Timing for voting will be 1 minute, there will be officers to collect and accumulate the voting cards. The vote will be counted for disapproval and abstention, the remaining will be approval and will announce in the meeting afterward. In the following cases, the company will be considered a bad card. Marking marks on the cards is unclear or more than 1 or not marked in any box. Or the mark has been modified in the ballot But not signed the revision Or not signed in the ballot In this vote counting There is a vote counting inspector is Mr.Santhat Kongthaptham from Kongthaptham Army Law Office.

Agenda 1 Acknowledgement of minutes of the Annual General Meeting of Shareholders No. 23/2017

Objective and reason For the acknowledgment of shareholders for the minutes of Annual General Meeting of Shareholders No. 23/2017 held on March 30, 2017.

Opinion of the Board The Board found it appropriate to propose to the Annual General Meeting of Shareholders to acknowledge such minutes of the meeting.

Resolution Minutes of the Meeting of Shareholders No. 23/2017

Agenda 2 Acknowledgement of operation result of 2017

Objective and reason For the acknowledgement of shareholders for the operation result of 2017

Mr. Samitt Palitagram Vice Chairman of Executive Committee, reported the operation result of 2017. The sales revenues 7,527 million baht, increased Baht 59 million or 1% resulting from

1. Sales of OEM/ODM business of Baht 2,947 million (2016: Baht 3,118 million), decreased Baht 171 million. In 2016 OEM production of 335,000 units (2016: 363,000 units)
2. Sales of component parts for automobile of Baht 1,407 million (2016: Baht 1,152 million), increased Baht 255 million due to
 - 2.1 Sale of SSM Automation Co., Ltd. (SSMA) increased Baht 162 million.
 - 2.2 Pipe components for the air car industry have increased Baht 91 million.
 - 2.3 Plastic parts increased Baht 25 million.
3. Sales of component parts for electric appliance of Baht 3,124 million (2016: Baht 2,998 million), increased Baht 126 million due to the copper price in the world market are higher.

4. Other sales of Baht 49 million (2016: Baht 200 million), decreased Baht 151 million due to the sale of all ordinary shares of Toptech Diamond Tools Company Limited

Net profit after tax was Baht 401 million (2016: Baht 402 million) decreased Baht 1 million due to

1. Component parts for electric appliance net profit of Baht 331 million (2016: 325 million) increased of Baht 6 million
2. OEM had a net profit of Baht 46 million (2016: 59 Baht million) decreased of Baht 13 million.
3. The segment of equipment used for vehicles had a net profit of Baht 155 million (2016: Baht 123 million) increase of Baht 32 million.
4. Other operations Operating loss was 131 million baht.

Previous year highlights

- In late 2016, the Company's plant was relocated from Laem Chabang to Rayong for the reason of more effective management of common resources.

-In early 2017, SFHI merged with IMP while MSPC has been in the process of merging with other subsidiary in order to save cost. SSMA, on the other hand, was seeking for more clients with higher profit margin.

- In mid 2017, Toptech Diamond Tools Co., Ltd. was reorganized and sold.

- In the 4th quarter, the Company invested in ERP system to achieve better management.

- In the 4th quarter, the solar rooftop system was introduced and waterworks have been in active since early 2017.

Other operation results

Anti-corruption

SNC Former was admitted by Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) on 16 October 2015 requiring the Company to complete its self-assessment form for renewing its membership every 3 years. The first renewal process must be completed before 16 October 2018.

During the year 2017, the Company organized trainings on anti-corruption for its managers and supervisors under which they needed to pass the test. The Company also held the Anti-Corruption Day and on 6 September 2017, the Company joined the Anti-Corruption Day 2017 under the theme "Zero Tolerance with Corruption".

For the year 2018, the Company has planned for completing self-assessment form for renewal its membership and also invited its suppliers to join in declaring its intention and submitting for admission from CAC.

Achievements

1. SNC Former was selected to be categorized as Thailand Sustainability Investment (THSI) by the Stock Exchange of Thailand.
2. Excellent Investment Relations Award for Listed Companies presented by the Stock Exchange of Thailand
3. Top Innovative Organization 2017 from the Stock Exchange of Thailand and the National Innovation Agency (NIA)
4. Listed Company with "Excellent" Corporate Governance

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5. ESG 100 Award
 6. Vendor Performance Awards 2016 from Kang Yong Electric Public Company Limited
 7. Most Effect Quality Improvement Company 2016 from Mitsubishi Electric Co., Ltd. (Thailand)
 8. Professional Supplier Excellence Supplier Awards 2017 from Electrolux
 9. Quality and Delivery Supplier Award 2017 from Toshiba Carrier (Thailand) Co., Ltd.
 10. Best Improvement 2017 from หจก Hanon Systems (Thailand) Co., Ltd

Opinion of the Board The Board found it appropriate to propose to the shareholders' meeting for the acknowledgement of operation result.

Mr. Sathaphon Phangnirun Decreased financial ratio in respect of return from the assets and return on equity

Dr. Somchai Thaisa-nguanvorakul The Company always regulate all financial ratios. What the Company is trying to do is to reduce cost, exercise due care for each investment and conduct restructuring to improve its performance.

Resolution The meeting was informed of the operation.

Resolution The meeting was informed of the operation.

Agenda 3 Consideration and approval of financial statements of 2017

Mr. Rattapoon Nuntapatawee Managing Director Accounting and Finance Department, was the person who explained in the meeting.

Objective and reason According to the Public Limited Company Act, the Board of Directors has to ensure the preparation of the financial statements at the end of each fiscal year which were audited by certified auditor and propose to the annual general shareholders' meeting for the approval. The financial statements for year 2017 showed in the Annual Report which submitted to the shareholders in advance.

Miss Churirat Chuensuwan from the Thai Investors Association, asked about comprehensive income which include that of the parent company and non-controlling interest.

Mr. Rattapoon Nantapatawee For some subsidiaries, SNC holds 75% of the total shares while the remaining 25% are held by minor shareholders. The Statement of Comprehensive Income will, however, present clearly how much amount of profit belonging to major shareholders and minor shareholders which is in accordance with accounting standard. The profit appropriated to shareholders is the one belonging to major shareholders only.

Mr. Chairat Phaladiganon

1.Is there any security concern regarding investment in Yala Fahsaard Co., Ltd. and which kind of investment is that?

2.How is the investment in Myanmar?

3.The cash flow statement presents a great amount of loan receipt and disbursement, is there any reason for those transactions?

Dr. Somchai Thaisa-nguanvorakul

1.Investment in Yala Fahsaard Co., Ltd. will focus on incinerary power plant and solid waste disposal for the benefit of communities. Yala has demonstrated investment potential as the Government has provided supports and privileges in several areas. The project is expected to be approved by the end of this year.

2.The investment project in Myanmar is done by setting up a company but no active project at the moment.

Mr. Rattapoon Nuntapatawee explained that lending and borrowing loan between companies is one of the methods for financial management within the group of companies. For instance, at a certain point of time, a subsidiary 1 has positive balance while the other one is in negative balance. The former will send money to the parent company and it will then give money to the latter. This is a kind of working capital management because settlement of accounts may occur at different time. This is why we will see a lot of cash flow to and from the parent company and to subsidiaries.

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and meeting votes as follows:

Approval	135,752,955	Votes	99.9119%
Disapproval	-	Votes	0.0000%
Abstention	65,000	Votes	0.0478%
Voided ballot	54,700	Votes	0.0403%

Resolution The meeting unanimously approved financial statements of 2017.

Agenda 4 Consideration and approval of dividend payment for year 2017

Mr. Samitt Palitagram, Vice Chairman of Executive Committee, was the person who clarified in the meeting.

Objective and reason As there was profit from its operation, the Company found it appropriate to allocate for dividend payment. According to the Public Limited Company Act, the dividend payment has to be proposed to shareholders' meeting for an approval. The information for past dividend payment comparison is as follows:

<u>Dividend</u>	<u>Year 2017</u>	<u>Year 2016</u>
Net profit (Baht)	401,314,147	401,654,953
Number of shares	287,777,339	287,777,339
Dividend per share		
- Interim dividend (Baht/share)	0.40	0.50
- Final dividend (Baht/share)	0.50	0.40
Total dividend payment (Baht)	258,999,605	258,999,605
Dividend payout	64.54%	64.48%

Opinion of the Board The Board found it appropriate to propose to shareholders' meeting to consider and approve the dividend allocation for year 2017 for year-end period which was the last period at 0.50 Baht per share. The dividend will be paid on April 30, 2018. After including the interim dividend payment at 0.40 baht per share, the total dividend equal to 0.90 baht per share. The Company already allocated for legal reserve for 10% of its registered capital.

Interim dividend at the rate of 0.40 baht per share, consisting of 2 parts: (1) paid from the net profit of businesses that are exempted from corporate income tax (BOI) at the rate of 0.23 baht per share and (2) paid from dividends or profit sharing received Except for not having to be included in the calculation for corporate income tax at the rate of 0.17 baht per share. Shareholders cannot exercise the tax credit in calculating personal income tax. Interim dividend at the rate of 0.17 baht per share will be deducted withholding tax of 10%.

Dividend at the end of the year at the rate of 0.50 baht per share, paid from the profit that is subject to corporate income tax at the rate of 20%. Shareholders can exercise the 2/8 tax credit. The year-end dividend will be withholding tax of 10%.

Mr. Chairat Phaladiganon According to the 2017 financial statements, the separate financial statements showed that it had 46 million in cash but the amount of dividend allocated was as high as 242 million baht. From where were such dividends allocated?

Mr. Rattapoon Nantapatawee Dividend is generally allocated from retained earnings of the separate financial statement. However, cash flow must be taken into account. The Company gained annual net profit for an amount of 400 million baht plus depreciation cost for 300 million baht which was non-monetary expense. It is therefore assumed that the annual profit amount was equal to 700 million baht which was allocated as follows: 1) investment in assets 300 million baht 2) dividends allocation and repayment of loan where such allocated dividends by a subsidiary will be presented on the parent company's financial statements.

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and the meeting voted as follows:

Approval	135,893,855	Votes	100.0000%
Disapproval	100	Votes	0.0000%
Abstention	-	Votes	0.0000%
Voided ballot	-	Votes	0.0000%

Resolution The meeting unanimously approved the dividend. for year 2017 as proposed.

Agenda 5 Consideration of election of directors to replace those directors who are retired from office by rotation

Mr. Chaisak Angkasuwan the Chairman of the Remuneration and Nomination Committee, was the person who explained in the meeting.

Objective and reason In order to allow the shareholders' meeting to elect directors to replace those directors who are retired from office by rotation for one third (1/3) of total directors.

According to the Company's Articles of Association, Section 16, stated that at every Annual General Meeting of shareholders, one third of total directors shall retire from the office. At present, there were 9 directors. Therefore, one third of directors who were retired from office by rotation were 3 directors which the names of 3 directors to retire from the office by rotation in 2017 were:

- | | |
|----------------|---------------------|
| 1. Mr. Satit | Chanjavanakul |
| 2. Dr. Somchai | Thaisa-nguanvorakul |
| 3. Mr. Samitt | Palitagram |

Opinion of Board The Board considered based on qualification, experience and appropriateness with the Company's business operation as well as examined independency and expertise of the directors who will retire from the office and found that those 3 directors can perform their duties as directors to support present and future of the Company and the Board. Therefore, the Board found it appropriate to propose to the shareholders' meeting to elect those 3 directors to re-elect as the Company's board for another term.

Director of Nomination Committee asked 3 directors to temporarily leave the meeting room.

As no further questions or comments from shareholders, the secretary of the meeting asked for voting to re-elect the directors who retire from the office by rotation for another term.

(1) Mr. Satit	Chanjavanakul		
Approval	135,837,655	Votes	99.9586%
Disapproval	700	Votes	0.0005%
Abstention	55,600	Votes	0.0409%
Voided ballot	-	Votes	0.0000%
(2) Dr. Somchai	Thaisa-nguanvorakul		
Approval	135,846,155	Votes	99.9648%
Disapproval	700	Votes	0.0005%
Abstention	-	Votes	0.0000%
Voided ballot	47,100	Votes	0.0347%
(3) Mr. Samitt	Palitagram		
Approval	135,846,155	Votes	99.9648%
Disapproval	700	Votes	0.0005%
Abstention	-	Votes	0.0000%
Voided ballot	47,100	Votes	0.0347%

Resolution The meeting unanimously re-elected 3 directors to be the Company's Board of Directors for another term

Agenda 6 Consideration and determination of directors' remuneration

Mr. Chaisak Ankasuwan the Chairman of the Remuneration and Nomination Committee, was the person who clarified in the meeting.

Objective and reason Public Limited Company Act requires that the shareholders' meeting has to approve the directors' remuneration every year. Details of Directors' remuneration for the 2018 are as follows:

Details	Year 2018		
	Chairman of the Board	Director	Total
1. Remneration	60,000 Baht/mount	30,000 Baht/ person/mount	2,520,000
2. Meeting allowance of the Board of Directors	20,000 Baht/ person/mount	10,000 Baht/ person/mount	600,000
3. Meeting allowance of the Audit Committee	20,000 Baht/ person/mount	10,000 Baht/ person/mount	160,000
4. Meeting allowance of the Nomination Committee and Remuneration Committee	20,000 Baht/ person/mount	10,000 Baht/ person/mount	80,000
5. Meeting allowance of the CG & CSR	None	None	-
6. Meeting allowance of the Risk Management Committee	None	None	-
7. Assigned company Vehicles	40,000 Baht/mount	None	480,000
8. Other remunerations	None	None	-
Total			3,840,000

Remark

- 1) Monthly remuneration Non-executive directors do not receive compensation.
- 2) Remuneration other –None- i.e. bonus, pension, share of a business, warrant, fuel cost, accident insurance, life insurance, health insurance, medical fee myself and family, credit card and club members.

Opinion of Board The Board considered based on opinion of the remuneration committee and found it appropriate to propose to the shareholders' meeting to authorize the Board of Directors to have power to determine the directors' remuneration for year 2018 at the amount of not more than 3,840,000 baht which is at the comparable level of other listed companies in the same industry..

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and the meeting voted as follows:

Approval	135,818,455	Votes	99.9444%
Disapproval	51,600	Votes	0.0380%
Abstention	18,700	Votes	0.0138%
Voided ballot	5,200	Votes	0.0038%

Resolution With the majority vote, the meeting passed the resolution to authorize the Board of Directors to have power to determine the directors' remuneration as proposed.

Agenda 7 Consideration and appointment of the auditor and determination of the audit fee

Mr. Suchat Boonbanjerdri , Chairman of the Audit Committee, was the person who explained in the meeting.

Objective and reason Public Limited Company Act requires that the shareholders' meeting has to approve the appointment of the auditor and determination of the audit fee every year

The Board considered and found it appropriate to propose to the shareholders' meeting to appoint Miss Vilaivan Pholprasert CPA No. 8420 and/or Ekkasit Chuthamsatit CPA No. 4195 and/or Miss Marisa Tharathornbunpakul CPA No. 5752 from KPMG Phoomchai Audit Company Limited to be the auditor of the Company, its subsidiaries and associates for year 2018. The auditor is independent and has no conflict of interest with the Company, its subsidiaries and its associates. The audit fee for year 2018 has set to be not more than 4,430,000 baht (Audit fee for 2017: 4,300,000 baht) The details of the audit fee are as follows:

	2018			2017
	Annual.	Quarter.	Grand Total	
1 SNC Former Public Company Limited	480,000	300,000	780,000	750,000
2 Immortal Parts Company Limited	400,000	90,000	490,000	470,000
3 SNC Cooling Supply Company Limited	340,000	80,000	420,000	410,000
4 SNC Pyongsan Evolution Company Limited	318,000	50,000	368,000	340,000
5 SSM Automation Company Limited	278,000	40,000	318,000	290,000
6 Ultimate Parts Company Limited	238,000	40,000	278,000	270,000
7 Infinity Parts Company Limited	238,000	40,000	278,000	270,000
8 Paradise Plastic Company Limited	200,000	30,000	230,000	220,000
9 SNC Creativity Anthology Company Limited	410,000	90,000	500,000	300,000
10 SNC Atlantic Heat Pump Company Limited	240,000	40,000	280,000	230,000
11 SNC Fukui Holy Insulation Company Limited	50,000	-	50,000	160,000
12 Meisou SNC Precision Company Limited	198,000	20,000	218,000	160,000
13 International Techno Pipe Company Limited	50,000	-	50,000	50,000
14 Odin Power Company Limited	70,000	-	70,000	60,000
15 Yala Fahsaard Company Limited	50,000	-	50,000	50,000
16 Odin Mynmar Company Limited	50,000	-	50,000	50,000
17 Toptech Daimond Tools Company Limited	-	-	-	220,000
	<u>3,610,000</u>	<u>820,000</u>	<u>4,430,000</u>	<u>4,300,000</u>

Opinion of the Board The Board found it appropriate to propose to the shareholders' meeting to appoint auditor from KPMG Phoomchai Audit Company Limited to be the auditor of the Company, subsidiaries and associates. The Audit fee has set to setting the audit within the limits 4,443, 000 baht for years, 2018 as mentioned above

Mr. Sathaphon Phangnirun asked about why the audit fees of SNC Creativity Anthology Co., Ltd. and Meiso SNC Precision Co., Ltd. were significantly increased.

Mr. Suchart Bunbanjerd Sri Chairman of the Audit Committee explained that it reflected demand/supply mechanism. The Audit Committee and the management did negotiate such amount with the auditing firm.

Mr. Eakasit Chuthamsatit CPA explained that the amount audit fees was increased in order to cover those new or revised accounting standards resulting in complexity of financial statements. Also, the auditing process has been adjusted resulting in changes to the CPA's responsibilities and the increase of time needed for the audit.

Mr. Rattapoom Nuntapatawee SNC Creativity Anthology Co., Ltd. is considered the largest company in the group of companies while the basic audit fee of the previous accounting period was pretty low, it was therefore increased

for current year. Meisou SNC Precision Co., Ltd., on the other hand, showed increased accounting entries, especially, discount cash flow projection resulting in increased working hours and higher amount of audit fees. .

As no further questions or comments from shareholders, the secretary of the meeting asked for voting and the meeting voted as follows:

Approval	133,502,555	Votes	98.2402%
Disapproval	2,306,600	Votes	1.6974%
Abstention	22,100	Votes	0.0163%
Voided ballot	62,700	Votes	0.0461%

Resolution With the majority vote. Approval of the appointment of auditors from KPMG PHOOMCHAI Audit Limited as auditors for the year 2018 by the auditor's remuneration shall not exceed 4,430,000 Baht.

Agenda 8 Consideration of other matters

Mr. Sathaphon Phangnirun

1. Propose that the annual shareholders' meeting should be held more early.
2. In order to minimize voided ballot, the management should give advice to shareholders on how to cast vote and handle such ballot properly.

Khun Nuchanat Roangrong suggested that the volunteer at the meeting should be asked to conduct vote counting for transparency purpose.

Mr. Kittiphon Sunthornphanit

1. How the Company will handle the increasing price of copper?
2. Based on what ground that the 2018 operation results would be better?

Dr. Somchai Thaisa-nguanvorakul

1. Copper price generally fluctuates over time. The Company has already agreed with the customer that if the copper price rises, the product price will be adjusted accordingly.
2. The operation results can be improved mainly based on cost control and intensive management, looking for new market among existing customers and finding new customer.

Mr. Thammarat Ophas-sathien

1. Would like to register to visit the plant
2. Whether Chinese competitors can be converted to trading partner?

Dr. Somchai Thaisa-nguanvorakul

1. Shareholders may register and leave their contact number with the staff if they want to visit the plant in Rayong.
2. Competitors from China are quite larger than us and they would not pay much attention to our company to be their trading partner. What we have to do is to maintain our customer by delivering product of quality;

fully exploiting privileges offered by the government and manage cost of business efficiently to maintain competitiveness.

Mr. Kittichai Eakphaibunkun Is it possible for us to manufacture parts for EV Car?

Dr. Somchai Thaisa-nguanvorakul Such opportunity needs joint development which should have taken place 10 years ago. We therefore pay less attention to making parts for EV Car. However, air-conditioning system for vehicle is still the same so the order volume continues to grow.

Mr. Satit Chanchavakul Electric Vehicle will be evolving rapidly to the extent that over the next 3 years we would see them more in our country as the battery price will be significantly decreased.

Khun Thammarat Ophas-sathien Will ERP system be introduced to all companies?

Dr. Somchai Thaisa-nguanvorakul The ERP system will be launching soon in July. It will help validate information, reduce inventories, number of staff, resulting in cost reduction and better precision in inventory system. The ERP system will be first introduced to the major companies.

Khun Sukkasem Khongphet Which will be the promising business?

Dr. Somchai Thaisa-nguanvorakul It is still parts of electric appliances, automobile parts and OEM works as well as product joint development with the customer.

Mr. Unaphon Kaensapkirk expressed appreciation for such a great welcome.

No further questions or comments from shareholders.

The Chairman of the Board of Directors declared the meeting closed.

The meeting was adjourned at 16.27 hrs. 2 hr 27 minutes)

<p>รับรองรายงานการประชุมถูกต้อง</p> <p>ลงชื่อ <u>เกษริน เดชพันธุ์</u> ผู้บันทึกการประชุม</p> <p>(นางสาวเกษริน เดชพันธุ์)</p>	<p>ลงชื่อ <u>× [Signature]</u> ประธานที่ประชุม</p> <p>(นายสาริต ชามุขวานกุล)</p> <p>ลงชื่อ <u>× [Signature]</u> กรรมการ</p> <p>(ดร.สมชัย ไทยสงวนวรรณกุล) (นายสามัคค์ ผลิดกรรณ)</p>
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**SNC Former Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
31 December 2018
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of SNC Former Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of SNC Former Public Company Limited and its subsidiaries (the "Group") and of SNC Former Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Valuation of investments in subsidiaries and property, plant and equipment of the subsidiaries	
Refer to notes 3,11 and 13 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>Certain subsidiaries of the Group have the operating loss and deficits indicating that the investments in subsidiaries and property, plant and equipment of those subsidiaries may be impaired.</p> <p>The management considered the impairment at the reporting period by estimating the recoverable amount from the value in use, determined by discounting future cash flows from their operations which involved a significant level of judgment in determining the key assumptions of management. As a result, this is an area focus for my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none">• understanding the process of identifying and considering the assessment of valuation on investments in subsidiaries and property, plant and equipment of those subsidiaries;• assessing the reasonableness of the key assumptions use by management in the forecast of future profit and cash flows projection of subsidiaries by considering with the internal and external sources of information and considering the operation plan approved by management by comparing to the actual and the historical operating results, also evaluating the appropriateness of financial methodologies used in the calculating the estimates and discount rate;• evaluating the sensitivity of key assumptions used in future cash flows projection which affect to the recoverable amount of cash-generating unit;• evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

(Vilaivan Pholprasert)
 Certified Public Accountant
 Registration No. 8420

KPMG Phoomchai Audit Ltd.
 Bangkok
 6 February 2019

SNC Former Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2018	2017	2018	2017
		(in Baht)			
Current assets					
Cash and cash equivalents	5	879,623,198	505,385,722	97,164,647	46,539,894
Trade and other receivables	6	881,703,330	1,065,374,294	117,606,466	141,394,148
Short-term loans to related parties	4	51,700,000	15,899,034	698,733,512	954,259,546
Inventories	7	261,970,584	317,034,108	7,762,782	22,478,096
Other current assets	9	92,202,769	164,737,440	11,110,979	8,759,970
Total current assets		2,167,199,881	2,068,430,598	932,378,386	1,173,431,654
Non-current assets					
Investments in associates	10	36,100,321	59,091,242	51,450,000	51,450,000
Investments in subsidiaries	11	-	-	1,420,309,141	1,120,629,141
Investment properties	12	232,132,590	173,608,256	68,658,205	77,506,577
Property, plant and equipment	13	2,259,132,580	2,441,830,731	219,213,714	283,397,070
Intangible assets	14	59,149,728	44,754,765	12,046,931	8,948,870
Deferred tax assets	15	26,207,250	27,352,333	8,237,900	9,529,541
Other non-current assets	16	40,785,799	44,353,454	37,003,102	41,807,582
Total non-current assets		2,653,508,268	2,790,990,781	1,816,918,993	1,593,268,781
Total assets		4,820,708,149	4,859,421,379	2,749,297,379	2,766,700,435

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

SNC Former Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2018	2017	2018	2017
		(in Baht)			
Current liabilities					
Short-term loans from financial institutions	17	123,000,000	30,000,000	123,000,000	-
Trade and other payables	18	1,116,358,315	1,109,970,688	102,956,919	133,597,883
Current portion of deferred income		12,722,392	23,422,346	-	-
Current portion of accounts payable					
- acquisition of assets		24,490,572	13,721,984	1,357,180	266,826
Current portion of long-term loans from					
financial institutions	17	241,032,000	247,804,000	114,780,000	139,860,000
Short-term loans from related parties	4, 17	-	-	-	125,500,000
Current tax payable		11,832,111	8,163,401	3,480,118	1,704,732
Other current liabilities		23,554,755	20,105,008	2,426,479	2,168,888
Total current liabilities		1,552,990,145	1,453,187,427	348,000,696	403,098,329
Non-current liabilities					
Deferred income		50,319,639	52,507,449	-	-
Long-term loans from financial institutions	17	184,009,749	455,865,109	72,344,640	256,240,000
Deferred tax liabilities	15	3,999,891	4,321,331	-	-
Provisions for employee benefits	19	65,260,294	55,999,967	15,045,915	18,879,861
Other non-current liabilities		4,190,508	3,967,140	-	-
Total non-current liabilities		307,780,081	572,660,996	87,390,555	275,119,861
Total liabilities		1,860,770,226	2,025,848,423	435,391,251	678,218,190

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

SNC Former Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated financial		Separate financial	
		statements		statements	
		31 December		31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
Equity					
Share capital:					
Authorised share capital	20	<u>287,777,339</u>	<u>287,777,339</u>	<u>287,777,339</u>	<u>287,777,339</u>
Issued and paid-up share capital	20	<u>287,777,339</u>	<u>287,777,339</u>	<u>287,777,339</u>	<u>287,777,339</u>
Premium on ordinary shares		1,213,596,360	1,213,596,360	1,213,596,360	1,213,596,360
Retained earnings					
Appropriated					
Legal reserve	21	75,822,824	73,822,824	30,140,324	30,140,324
Unappropriated		<u>1,211,767,073</u>	<u>1,076,362,275</u>	<u>782,392,105</u>	<u>556,968,222</u>
Equity attributable to owners					
of the parent		2,788,963,596	2,651,558,798	2,313,906,128	2,088,482,245
Non-controlling interests		<u>170,974,327</u>	<u>182,014,158</u>	<u>-</u>	<u>-</u>
Total equity		<u>2,959,937,923</u>	<u>2,833,572,956</u>	<u>2,313,906,128</u>	<u>2,088,482,245</u>
Total liabilities and equity		<u>4,820,708,149</u>	<u>4,859,421,379</u>	<u>2,749,297,379</u>	<u>2,766,700,435</u>

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

SNC Former Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2018	2017	2018	2017
		(in Baht)			
Continuing operations					
Revenue from sales of goods and rendering of services	28	6,498,897,383	7,526,712,254	687,335,977	839,256,231
Cost of sales and rendering of services	7	(5,628,046,517)	(6,645,144,052)	(593,027,282)	(742,492,013)
Gross profit		870,850,866	881,568,202	94,308,695	96,764,218
Interest income		4,984,149	3,050,425	34,871,347	53,533,311
Other income		131,183,986	59,306,803	69,742,480	19,271,554
Dividend income from subsidiaries	11	-	-	444,616,940	341,999,519
Distribution costs	23	(95,335,234)	(89,385,796)	(18,609,999)	(21,600,457)
Administrative expenses	24	(313,893,724)	(337,060,625)	(35,331,559)	(39,551,662)
Direct expenses arising from investment properties		(37,959,461)	(33,451,718)	(36,175,699)	(33,015,896)
Directors and management benefit expenses	4	(23,642,868)	(30,408,815)	(1,762,061)	(3,392,089)
Impairment loss on investment in subsidiaries	11	-	-	(320,000)	(86,999,400)
Gain (loss) on disposal of investment in subsidiary	11	-	(9,001,547)	-	14,784,000
Finance costs	26	(31,664,469)	(35,424,904)	(20,944,985)	(35,169,460)
Share of profit (loss) of associates	10	(22,990,921)	1,250,445	-	-
Profit before income tax expense from continuing operations					
		481,532,324	410,442,470	530,395,159	306,623,638
Tax (expense) income	15	(44,552,117)	(592,787)	(17,311,049)	2,423,786
Profit for the year from continuing operations		436,980,207	409,849,683	513,084,110	309,047,424
Discontinued operation					
Profit (loss) for the year from discontinued operation, net of tax	8	-	(3,898,784)	-	-
Profit for the year		436,980,207	405,950,899	513,084,110	309,047,424
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Gains (losses) on remeasurements of defined benefit plans, net of tax	19	(5,404,901)	-	117,112	-
Total comprehensive income for the year		431,575,306	405,950,899	513,201,222	309,047,424

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

SNC Former Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in Baht)</i>			
Profit (loss) attributable to:					
Owners of the parent		430,696,091	401,314,146	513,084,110	309,047,424
Non-controlling interests		6,284,116	4,636,753	-	-
Profit for the year		436,980,207	405,950,899	513,084,110	309,047,424
Total comprehensive income attributable to:					
Owners of the parent		425,182,137	401,314,146	513,201,222	309,047,424
Non-controlling interests		6,393,169	4,636,753	-	-
Total comprehensive income for the year		431,575,306	405,950,899	513,201,222	309,047,424
Basic earnings (loss) per share <i>(in Baht)</i>					
Basic earnings per share from continuing operations	29	1.497	1.395	1.783	1.074
Basic loss per share from discontinued operations	8	-	(0.009)	-	-

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

SNC Former Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements						
		Retained earnings				Equity attributable to owners of the parent	Non- controlling interests	Total equity
Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated <i>(in Baht)</i>				
Year ended 31 December 2017								
Balance at 1 January 2017		287,777,339	1,213,596,360	71,322,824	942,788,146	2,515,484,669	215,335,833	2,730,820,502
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners of the parent</i>								
Dividends	30	-	-	-	(230,221,871)	(230,221,871)	(12,999,870)	(243,221,741)
<i>Total contributions by and distributions to owners of the parent</i>		-	-	-	(230,221,871)	(230,221,871)	(12,999,870)	(243,221,741)
<i>Change in ownership interests in subsidiaries</i>								
Acquisition of non-controlling interests without a change in control	11	-	-	-	(34,950,202)	(34,950,202)	33,825,102	(1,125,100)
Acquisition of non-controlling interests with a change in control	11	-	-	-	-	-	(55,590)	(55,590)
Disposal of investment in subsidiary	11	-	-	-	(67,944)	(67,944)	(58,728,070)	(58,796,014)
Total transactions with owners, recorded directly in equity		-	-	-	(265,240,017)	(265,240,017)	(37,958,428)	(303,198,445)
Comprehensive income for the year								
Profit or loss		-	-	-	401,314,146	401,314,146	4,636,753	405,950,899
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	401,314,146	401,314,146	4,636,753	405,950,899
Appropriated for legal reserve		-	-	2,500,000	(2,500,000)	-	-	-
Balance at 31 December 2017		287,777,339	1,213,596,360	73,822,824	1,076,362,275	2,651,558,798	182,014,158	2,833,572,956

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

SNC Former Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements								
			Retained earnings					
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Unappropriated (in Baht)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Year ended 31 December 2018								
Balance at 1 January 2018		287,777,339	1,213,596,360	73,822,824	1,076,362,275	2,651,558,798	182,014,158	2,833,572,956
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the parent								
Dividends	30	-	-	-	(287,777,339)	(287,777,339)	(17,433,000)	(305,210,339)
Total contributions by and distributions to owners of the parent		-	-	-	(287,777,339)	(287,777,339)	(17,433,000)	(305,210,339)
Comprehensive income for the year								
Profit or loss		-	-	-	430,696,091	430,696,091	6,284,116	436,980,207
Other comprehensive income		-	-	-	(5,513,954)	(5,513,954)	109,053	(5,404,901)
Total comprehensive income for the year		-	-	-	425,182,137	425,182,137	6,393,169	431,575,306
Appropriated for legal reserve		-	-	2,000,000	(2,000,000)	-	-	-
Balance at 31 December 2018		287,777,339	1,213,596,360	75,822,824	1,211,767,073	2,788,963,596	170,974,327	2,959,937,923

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

Statement of changes in equity

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

SNC Former Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements				
				Retained earnings		
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve (in Baht)	Unappropriated	Total equity
Year ended 31 December 2018						
Balance at 1 January 2018		287,777,339	1,213,596,360	30,140,324	556,968,222	2,088,482,245
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Dividends	30	-	-	-	(287,777,339)	(287,777,339)
<i>Total contributions by and distributions to owners</i>		-	-	-	(287,777,339)	(287,777,339)
Comprehensive income for the year						
Profit or loss		-	-	-	513,084,110	513,084,110
Other comprehensive income		-	-	-	117,112	117,112
Total comprehensive income for the year		-	-	-	513,201,222	513,201,222
Balance at 31 December 2018		287,777,339	1,213,596,360	30,140,324	782,392,105	2,313,906,128

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

SNC Former Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
Note	(in Baht)			
Cash flows from operating activities				
Profit for the year	436,980,207	405,950,899	513,084,110	309,047,424
Adjustments to reconcile profit (loss) to cash receipts (payments)				
Tax expense (benefit)	44,552,117	(386,208)	17,311,049	(2,423,786)
Finance costs	31,664,469	35,424,904	20,944,985	35,169,460
Depreciation of property, plant and equipment	287,016,949	316,857,361	39,837,339	47,974,878
Depreciation of investment properties	9,950,773	8,699,985	7,910,578	7,936,814
Amortisation of intangible assets	8,772,989	7,895,628	790,374	395,258
Reversal of impairment loss on assets	-	(1,189,229)	-	(1,189,229)
Impairment loss on investment in subsidiaries	-	-	320,000	86,999,400
(Reversal of) provision for employee benefit	6,266,891	(2,703,346)	1,212,015	(2,449)
Unrealised (gain) loss on exchange	(355,086)	621,510	-	-
Share of (profit) loss of investments in associates, net of tax	22,990,921	(1,250,445)	-	-
(Gain) loss on disposal of investment in subsidiary	-	9,001,547	-	(14,784,000)
(Gain) loss on disposal of investment in associate	-	(785,200)	-	1,393,880
Bad and doubtful debts expense	3,540,636	115,951	3,656,587	-
(Reversal of) losses on inventories devaluation	7,891,044	(1,835,265)	(111,699)	(3,289,807)
(Gain) loss on disposal of property, plant and equipment	2,144,689	(1,097,573)	2,278,300	(1,191,554)
Loss on disposal of investment properties	555,367	-	555,367	-
Loss on written-off of property, plant and equipment	7,255,316	-	4,166,549	-
Dividend income from subsidiaries	11	-	(444,616,940)	(341,999,519)
Interest income	(4,984,149)	(3,125,726)	(34,871,347)	(53,533,311)
	864,243,133	772,194,793	132,467,267	70,503,459

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

SNC Former Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
Note	(in Baht)			
<i>Changes in operating assets and liabilities</i>				
Trade and other receivables	183,338,741	157,208,996	24,244,679	68,243,341
Inventories	47,172,480	101,810,421	14,827,013	14,289,653
Other current assets	72,534,671	(36,241,451)	(2,351,009)	459,530
Other non-current assets	3,567,655	(9,526,467)	4,804,480	(11,928,434)
Trade and other payables	7,370,685	(237,415,731)	(29,778,120)	8,909,106
Employee benefits paid	(3,762,690)	(2,506,628)	(3,762,690)	(1,860,520)
Transfer employee benefit obligations to related party	-	-	(1,136,881)	-
Other current liabilities	(6,963,253)	(12,099,308)	257,591	(10,461,969)
Deferred income	(12,887,764)	34,695,723	-	-
Other non-current liabilities	223,368	211,464	-	-
Net cash generated from operating activities	1,154,837,026	768,331,812	139,572,330	138,154,166
Tax paid	(38,708,539)	(15,146,427)	(14,273,300)	(941,943)
Net cash from operating activities	1,116,128,487	753,185,385	125,299,030	137,212,223
<i>Cash flows from investing activities</i>				
Proceeds from disposal of subsidiary	-	105,000,000	-	105,000,000
Proceeds from acquisition of a subsidiary	-	-	(300,000,000)	(192,375,000)
Proceeds from disposal of shares in associate	-	18,606,120	-	18,606,120
Acquisition of shares in associate	-	(29,400,000)	-	(29,400,000)
Proceeds from sale of property, plant and equipment	5,218,592	12,335,862	37,737,908	13,305,151
Acquisition of property, plant and equipment	(144,317,394)	(255,823,039)	(19,775,072)	(10,721,259)
Proceeds from sale of investment properties	382,427	-	382,427	-
Acquisition of investment properties	(34,293,000)	-	-	-
Acquisition of intangible assets	(22,139,266)	(7,788,887)	(2,859,749)	(7,618,368)
Proceeds from repayment of loans to related parties	-	1,125,000	537,400,000	2,795,125,000
Loans to related parties	(39,372,540)	(399,035)	(285,445,540)	(2,766,399,034)
Dividend received	-	-	444,616,940	341,999,519
Interest received	4,576,399	3,076,627	34,329,337	51,374,757
Net cash from (used in) investing activities	(229,944,782)	(153,267,352)	446,386,251	318,896,886

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

SNC Former Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	Note	(in Baht)		
Cash flows from financing activities				
Proceeds from (payment of) change in ownership interest in subsidiaries without a change in control		-	(1,248,636)	-
Proceeds from loans from financial institutions		788,000,000	4,051,400,000	688,000,000
Repayment of loans from financial institutions		(973,627,360)	(4,223,073,000)	(773,975,360)
Proceeds from short-term loans from related parties		-	-	66,000,000
Repayment of short-term loans from related parties		-	-	(191,500,000)
Dividends to owners of the Company		(287,777,339)	(230,221,871)	(287,777,339)
Dividends to non-controlling interest		(7,020,000)	(12,999,870)	-
Interest paid		(31,521,530)	(35,294,518)	(21,807,829)
Net cash from (used in) financing activities		(511,946,229)	(451,437,895)	(521,060,528)
Net increase (decrease) in cash and cash equivalents		374,237,476	148,480,138	50,624,753
Cash and cash equivalents at 1 January		505,385,722	404,851,017	46,539,894
Decrease in cash and cash equivalents form the disposal of investment in subsidiaries		-	(47,945,433)	-
Cash and cash equivalents at 31 December	5	879,623,198	505,385,722	97,164,647
Non-cash transactions				
Liabilities from acquisition of plant and purchase of equipment		18,063,853	4,382,747	885,945
Transfer property, plant and equipment to investment properties		35,119,901	-	-

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

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 6 February 2019.

1 General information

SNC Former Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 333/3 Moo 6, Bangphriang sub district, Bang bo district, Samutprakarn. The Company has 1 branch in Samutprakarn and 1 branch in Chonburi.

The Company was listed on the Stock Exchange of Thailand in October 2004.

The Company’s major shareholder was SNC Holding Company Limited (31.62% shareholding), incorporated in Thailand.

The principal businesses of the Company and its subsidiaries (the Group) are engaged in the manufacturing of component parts for cooling machines, component parts for air conditioners for automobile, contract manufacturing and assembly of air conditioners for household use, manufacturing of heat pump for water heat pump and manufacturing of insulation copper price kit used for the installation of cooling machine and foam pipe insulation.

Details of the Company’s subsidiaries and associates as at 31 December 2018 and 2017 are given in notes 4, 10 and 11.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 34.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Item</i>	<i>Measurement base</i>
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (o)

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(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in the following notes:

Note 11 and 13	Impairment test: key assumptions underlying recoverable amount;
Note 15	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
Note 19	Measurement of defined benefit obligations: key actuarial assumptions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 12 Investment properties
- Note 31 Financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group’s interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

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Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) *Foreign currencies*

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

(c) *Forward exchange contracts*

Forward exchange contracts are used to manage exposure to foreign exchange arising from operating activities. Forward exchange contracts are not used for trading purposes. However, forward exchange contracts that do not qualify for hedge accounting are accounted for as trading instruments.

The Group has a policy to mitigate the foreign exchange risk by entering into forward exchange contracts covering foreign currency monetary transactions. In this regard, all monetary transactions are translated to the functional currency at the rates prevailing at the reporting date, adjusted by net receivables/payables arising from the related forward exchange contracts and the remaining deferred forward premium/discount. The related forward premium/discount is recorded as income/expense over the forward contract term. The amortised forward premium/discount and gains/losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange losses or gains on the foreign currency monetary transactions being hedged.

(d) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments.

(e) *Trade and other receivables*

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

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(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to make the sale.

(g) Investments

Investments in associates and subsidiaries

Investments in associates and subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investments in associates are accounted for using the equity method.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the FIFO method applied to the carrying value of the total holding of the investment.

(h) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Investment properties	20 and 30 years
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No depreciation is provided on freehold land which is classified as investment properties.

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

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(i) *Property, plant and equipment*

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at book value.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvement	5, 10, 20 and 30	years
Buildings	20 and 30	years
Building improvement	5	years
Machinery, tool and equipment	5, 10, 15, 18 and 20	years
Office equipment	5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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(j) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licenses	5 and 10 years
Production licenses	10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges.

(m) Trade and other payables

Trade and other payables are stated at cost.

(n) Deferred income

Deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

(o) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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(q) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(r) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(s) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

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At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(t) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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(u) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separated major line of business or geographical area of operations that has been disposed of or is held for sales, or is a subsidiary acquired exclusively with a view resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

(v) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(w) Segment reporting

Segment results that are reported to the Group's executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with associate and subsidiaries are described in notes 10 and 11.

Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Directors and management	Thai and Japanese	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

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The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sales of goods	Cost and cost plus margin
Purchases of goods	Cost and cost plus margin
Rendering of services	Actual incurred cost
Receiving of services	Actual incurred cost
Rental income	Cost plus margin
Sales of property, plant and equipment	Net book value
Purchase of property, plant and equipment	Net book value
Interest income	Agreed rate based on market price
Interest expense	Agreed rate based on market price
Dividend income	Declared rate

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	27,290	31,837
Purchases of goods	-	-	53,279	92,200
Services fee	-	-	2,408	108
Sales of machinery and equipment	-	-	61,922	5,896
Purchases of machinery and equipment	-	-	5,016	26,890
Interest income	-	-	33,047	52,555
Interest expense	-	-	2,425	9,601
Dividend income	-	-	444,617	342,000
Associate				
Sales of goods	6,390	13,997	-	-
Purchases of goods	28	3	-	-
Rendering of services	7,887	2,175	-	-
Services fee	953	742	-	-
Rental income	8,320	2,810	-	-
Interest income	1,342	600	1,342	600
Sales of machinery and equipment	3	27	-	-
Purchases of machinery and equipment	-	5	-	-
Directors and management				
Directors and management benefit expenses				
Short-term employee benefits	22,975	29,712	1,367	2,983
Post-employment benefits	668	697	395	409
Total directors and management benefit expenses	<u>23,643</u>	<u>30,409</u>	<u>1,762</u>	<u>3,392</u>

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Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries				
Paradise Plastic Co., Ltd.	-	-	578	2,269
Associate				
SNC Atlantic Water Heater Asia Co., Ltd.	1,165	1,101	-	-
	<u>1,165</u>	<u>1,101</u>	<u>578</u>	<u>2,269</u>
<i>Less allowance for doubtful accounts</i>	-	-	-	-
Net	<u>1,165</u>	<u>1,101</u>	<u>578</u>	<u>2,269</u>

<i>Other receivables - related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries				
SNC Pyongsan Evolution Co., Ltd.	-	-	2,334	1,808
SNC Cooling Supply Co., Ltd.	-	-	-	2,990
Immortal Parts Co., Ltd.	-	-	-	3,275
Paradise Plastic Co., Ltd.	-	-	7,787	27,246
Ultimate Parts Co., Ltd.	-	-	-	259
Infinity Parts Co., Ltd.	-	-	-	415
SNC Creativity Anthology Co., Ltd.	-	-	1,650	-
Meisou SNC Precision Co., Ltd.	-	-	193	-
Odin Power Co., Ltd.	-	-	-	122
SNC Fukui Holy Insulation Co., Ltd.	-	-	81	139
SSM Automation Co., Ltd.	-	-	240	-
SNC Atlantic Heat Pump Co., Ltd.	-	-	29,637	-
Associate				
SNC Atlantic Water Heater Asia Co., Ltd.	2,666	937	-	-
Director				
Mr. Seiji Kinoshita	85	173	85	173
	<u>2,751</u>	<u>1,110</u>	<u>42,007</u>	<u>36,427</u>
<i>Less allowance for doubtful accounts</i>	(85)	-	(85)	-
Net	<u>2,666</u>	<u>1,110</u>	<u>41,922</u>	<u>36,427</u>

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<i>Short-term loans to related parties</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiaries						
SNC Pyongsan Evolution Co., Ltd.	4.80	4.80	-	-	425,034	394,361
SNC Santec Co., Ltd.	4.80	4.80	-	-	19,605	19,605
SNC Creativity Anthology Co., Ltd.	4.80	4.80	-	-	217,500	532,500
SNC Fukui Holy Insulation Co., Ltd	4.80	4.80	-	-	4,500	11,500
Associate						
SNC Atlantic Water Heater Asia Co., Ltd.	4.80	4.80	51,700	12,500	51,700	12,500
Director and management						
Mr. Seiji Kinoshita	4.80	4.80	3,572	3,399	3,572	3,399
			55,272	15,899	721,911	973,865
Less allowance for doubtful accounts			(3,572)	-	(23,177)	(19,605)
Short-term loans to related parties, net			51,700	15,899	698,734	954,260

Movements during the years ended 31 December of short-term loans to related parties were as follows:

<i>Short-term loans to related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries				
At 1 January	-	-	938,361	966,361
Increase	-	-	246,073	2,766,000
Decrease	-	-	(537,400)	(2,794,000)
At 31 December	-	-	647,034	938,361
Associate				
At 1 January	12,500	12,500	12,500	12,500
Increase	39,200	-	39,200	-
At 31 December	51,700	12,500	51,700	12,500
Director and management				
At 1 January	3,399	4,125	3,399	4,125
Increase	173	399	173	399
Decrease	-	(1,125)	-	(1,125)
<i>Less allowance for doubtful accounts</i>	(3,572)	-	(3,572)	-
At 31 December	-	3,399	-	3,399

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	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Total short-term loans to related parties				
At 1 January	15,899	16,625	954,260	982,986
Increase	39,373	399	285,446	2,766,399
Decrease	-	(1,125)	(537,400)	(2,795,125)
Less allowance for doubtful accounts	(3,572)	-	(3,572)	-
At 31 December	51,700	15,899	698,734	954,260

Short-term loans to related parties of the Group and the Company as at 31 December 2018 and 2017 were denominated entirely in Thai Baht.

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Trade accounts payable - related parties				
Subsidiaries				
Immortal Part Co., Ltd.	-	-	3,202	2,797
Paradise Plastic Co., Ltd.	-	-	873	4,314
Total	-	-	4,075	7,111

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Other payables - related parties				
Subsidiaries				
SNC Cooling Supply Co., Ltd.	-	-	679	725
Immortal Parts Co., Ltd.	-	-	1,430	194
Ultimate Parts Co., Ltd.	-	-	63	-
Paradise Plastic Co., Ltd.	-	-	-	6
Infinity Parts Co., Ltd.	-	-	150	-
SNC Creativity Anthology Co., Ltd.	-	-	-	48
Associate				
SNC Atlantic Water Heater Asia Co., Ltd.	142	122	-	-
Total	142	122	2,322	973

	Interest rate		Separate	
			financial statements	
	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
Short-term loans from related parties				
Subsidiaries				
Immortal Part Co. Ltd.	4.80	4.80	-	34,000
SNC Cooling Supply Co., Ltd.	4.80	4.80	-	82,000
Paradise Plastic Co., Ltd.	4.80	4.80	-	9,500
Total short-term loans from related parties			-	125,500

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Movements during years ended 31 December of short-term loans from related parties were as follows:

<i>Short-term loans from related parties</i>	Separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Subsidiaries		
At 1 January	125,500	215,123
Increase	66,000	604,500
Decrease	(191,500)	(694,123)
At 31 December	-	125,500

Short-term loans from related parties of the Company as at 31 December 2018 and 2017 were denominated entirely in Thai Baht.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	444	1,666	108	155
Cash at banks - current accounts	1,861	1,707	1,348	1,235
Cash at banks - savings accounts	712,317	335,790	95,709	44,716
Highly liquid short-term investments	165,001	166,223	-	434
Total	879,623	505,386	97,165	46,540

6 Trade and other receivables

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Trade accounts receivable					
Related parties	4	1,165	1,101	578	2,269
Other parties		866,054	1,050,392	72,336	97,387
Total		867,219	1,051,493	72,914	99,656
Less allowance for doubtful accounts		-	(116)	-	-
Net		867,219	1,051,377	72,914	99,656
Other current receivables					
Related parties	4	2,751	1,110	42,007	36,427
Other parties		11,818	12,887	2,770	5,311
Total		14,569	13,997	44,777	41,738
Less allowance for doubtful accounts		(85)	-	(85)	-
Net		14,484	13,997	44,692	41,738
Total trade and other current receivables		881,703	1,065,374	117,606	141,394

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	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
(Reversal of) bad and doubtful debts expense for the year	<u>(31)</u>	<u>116</u>	<u>85</u>	<u>-</u>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms**	<u>1,165</u>	<u>1,101</u>	<u>578</u>	<u>2,269</u>
	1,165	1,101	578	2,269
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,165</u>	<u>1,101</u>	<u>578</u>	<u>2,269</u>
Other parties				
Within credit terms*	865,905	1,046,724	72,336	96,653
Overdue:**				
Less than 3 months	123	3,204	-	734
3-6 months	<u>26</u>	<u>464</u>	<u>-</u>	<u>-</u>
	<u>886,054</u>	<u>1,050,392</u>	<u>72,336</u>	<u>97,387</u>
Less: allowance for doubtful accounts	<u>-</u>	<u>(116)</u>	<u>-</u>	<u>-</u>
	<u>886,054</u>	<u>1,050,276</u>	<u>72,914</u>	<u>97,387</u>
Total	<u>867,219</u>	<u>1,051,377</u>	<u>72,914</u>	<u>99,656</u>

The normal credit terms granted by the Group range from 30 days to 150 days.

* Within credit terms means that it was not over the date that the Company and the customer agreed to receive payment.

** Overdue means that the payment receipt date agreed between the Company and the customer has already passed.

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Finished goods	45,802	34,280	2,553	10,599
Work in progress	88,780	159,593	3,179	6,188
Raw materials	138,546	126,916	2,749	6,350
Factory supplies	<u>4,864</u>	<u>4,375</u>	<u>49</u>	<u>220</u>
	<u>277,992</u>	<u>325,164</u>	<u>8,530</u>	<u>23,357</u>
Less : allowance for decline in value of inventories	<u>(16,021)</u>	<u>(8,130)</u>	<u>(767)</u>	<u>(879)</u>
Net	<u>261,971</u>	<u>317,034</u>	<u>7,763</u>	<u>22,478</u>

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	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Inventories recognised as an expense in ‘cost of sales’:				
- Cost	5,620,156	6,646,979	593,139	745,782
- Write-down to net realisable value	7,891	-	-	-
- Reversal of write-down	-	(1,835)	(112)	(3,290)
Net	<u>5,628,047</u>	<u>6,645,144</u>	<u>593,027</u>	<u>742,492</u>

8 Discontinued operation

In September 2017, the Company sold all investments in Toptech Diamond Tools Co., Ltd., a subsidiary of the Group. By showing the discontinued operations separately from continuing operations.

	Consolidated financial statements 2017 <i>(in thousand Baht)</i>
<i>Year ended 31 December</i>	
Results of discontinued operation	
Revenues from sales of goods and rendering of services	56,244
Other income	241
Costs of sales and rendering of services	(48,911)
Distribution costs	(2,851)
Administrative expenses	(9,601)
Results from operating activities	<u>(4,878)</u>
Tax expense	979
Results from operating activities, net of income tax	<u>(3,899)</u>
Loss per share (in Baht):	
Basic loss per share	<u>(0.009)</u>

The loss for the year from discontinued operation of Baht 3.90 million was attributable to the owners of the Company of Baht 2.57 million.

	Consolidated financial statements 2017 <i>(in thousand Baht)</i>
<i>Year ended 31 December</i>	
Cash flows from (used in) discontinued operation	
Net cash from operating activities	13,212
Net cash used investing activities	(896)
Net cash from discontinued operation	<u>12,316</u>

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	Consolidated financial statements 2018 (in thousand Baht)
Effect of disposal on the position financial of the Group	
Cash and cash equivalents	47,945
Trade and other receivables	12,171
Inventories	7,371
Property, plant and equipment	124,506
Intangible assets	447
Other assets	3,337
Trade and other payables	(15,682)
Deferred tax liabilities	(5,836)
Provisions for employee benefits	(1,230)
Other liabilities	(299)
Net assets and liabilities	172,730
Consideration received, satisfied in cash	105,000

9 Other current assets

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Revenue department receivable	49,622	112,167	-	-
Withholding tax	12,521	9,023	-	-
Prepaid rent	9,758	8,026	9,758	7,902
Import customs clearance receivable	7,429	9,403	-	-
Deposit	4,843	18,830	-	-
Others	8,030	7,288	1,353	858
Total	92,203	164,737	11,111	8,760

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10 Investments in associates

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Associates				
At 1 January	59,091	46,262	51,450	42,050
Share of net profit (losses) of associate	(22,991)	1,250	-	-
Acquisition	-	29,400	-	29,400
Disposal	-	(17,821)	-	(20,000)
At 31 December	<u>36,100</u>	<u>59,091</u>	<u>51,450</u>	<u>51,450</u>

Acquisition of associate

On 22 September 2017, SNC Atlantic Water Heater Asia Co., Ltd., an associate of the Group, registered additional ordinary shares of 600,000 shares, with a par value of Baht 100 per share. The Company had invested in these additional shares, amounting to Baht 29.4 million. There is no change in ownership interest.

Disposal of associate

On 17 April 2017, the Company sold all shares of Fuso Industries (Thailand) Co., Ltd., an associate of the Company, to a non-related company for a consideration of Baht 18.61 million. The Group and the Company recognised gain on disposal of investment of Baht 0.79 million in consolidated financial statement and loss on disposal of investment of Baht 1.39 million in the separated financial statement. The Company received this investment disposal on 28 April 2017.

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Investments in associate as at 31 December 2018 and 2017 and dividend income from these investment for the years then ended, was as follows:

		Consolidated financial statements													
	Type of business	Ownership interest		Paid-up capital		Cost		Equity		Impairment		Equity - net of impairment		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)		(in thousand Baht)											
Associate															
SNC Atlantic Water Heater Asia Co., Ltd.	Manufacturing and selling of air-to-water heat pump	49.00	49.00	105,000	105,000	51,450	51,450	36,100	59,091	-	-	36,100	59,091	-	-
Total						51,450	51,450	36,100	59,091	-	-	36,100	59,091	-	-

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	Separate financial statements											
	Ownership interest		Paid-up capital		Cost		Impairment		Cost - net of impairment		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)						(in thousand Baht)					
Associate												
SNC Atlantic Water Heater Asia Co., Ltd.	49.00	49.00	105,000	105,000	51,450	51,450	-	-	51,450	51,450	-	-
Total					51,450	51,450	-	-	51,450	51,450	-	-

Associate was incorporated in Thailand.

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The following table summarises the financial information of the associates as included in their own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	SNC Atlantic Water Heater Asia Co., Ltd.		Fuso Industries (Thailand) Co., Ltd.	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Revenue	104,620	89,986	-	-
Profit (loss) from continuing operations	(46,920)	4,508	-	-
Total comprehensive income (100%)	(46,920)	4,508	-	-
Group's share of total comprehensive income	(22,991)	2,209	-	-
Current assets	125,620	94,732	-	-
Non-current assets	202,094	70,392	-	-
Current liabilities	(207,636)	(45,150)	-	-
Non-current liabilities	(47,244)	(225)	-	-
Net assets (100%)	72,834	119,749	-	-
Carrying amount of interest in associate	36,100	59,091	-	-
Group's interest in net assets of investee at 1 January	59,091	27,482	-	18,780
Additions	-	29,400	-	-
Total comprehensive income (loss) attributable to the Group	(22,991)	2,209	-	(959)
Disposals	-	-	-	(17,821)
Group's interest in net assets of investee at end of year	36,100	59,091	-	-
Carrying amount of interest in investee at 31 December	36,100	59,091	-	-

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11 Investments in subsidiaries

	Separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	1,120,629	1,105,470
Acquisitions	300,000	192,375
Disposals	-	(90,216)
Less allowance for impairment of investment in subsidiaries	(320)	(87,000)
At 31 December	<u>1,420,309</u>	<u>1,120,629</u>

Acquisition of subsidiaries

On 22 January 2018, SNC Creativity Anthology Co., Ltd. registered additional ordinary shares of 3,000,000 shares, with a par value of Baht 100 per share. The Company had invested in these additional shares, amounting to Baht 300 million. The proportion of ownership remain unchanged.

On 14 December 2017, Meisou SNC Precision Co., Ltd. registered additional ordinary shares of 100,000 shares, with a par value of Baht 100 per share. The Group had invested in these additional shares, amounting to Baht 10 million, increasing its ownership from 93.33% to 94.55%. The Group recognised a decrease in non-controlling interests of Baht 0.76 million and a decrease in retained earnings of Baht 0.76 million.

On 30 November 2017, Odin Power Co., Ltd., the Group's subsidiary, made an investment in Odin Myanmar Co., Ltd. (not start operation) of all 5,999 shares, with a par value of Baht 100 per share. On the same date, the Group obtained indirect controlling interest of Odin Myanmar Co., Ltd. Therefore, it became an indirect subsidiary of the Group with indirect ownership of 55%.

On 16 June 2017, SSM Automation Co., Ltd. registered additional ordinary shares of 1,500,000 shares, with a par value of Baht 100 per share. The Company had invested in these additional shares, amounting to Baht 150 million, increasing its ownership from 51.20% to 74.37%. The Group recognised a decrease in non-controlling interests of Baht 22.49 million and a decrease in retained earnings of Baht 22.49 million.

On 17 May 2017, Meisou SNC Precision Co., Ltd. registered additional ordinary shares of 200,000 shares, with a par value of Baht 100 per share. The C had invested in these additional shares, amounting to Baht 20 million, increasing its ownership from 88% to 93.33%. The Group recognised a decrease in non-controlling interests of Baht 1.05 million and a decrease in retained earnings of Baht 1.05 million.

On 28 April 2017, the Company had invested in Meisou SNC Precision Co., Ltd. additional called-up at 75% of 150,000 shares totalling Baht 11.25 million, with a par value of Baht 100 per share.

On 20 April 2017, the Company acquired non-controlling interest in Meisou SNC Precision Co., Ltd., from non-related company, called-up at 25% of 45,000 shares totalling Baht 1.13 million with a par value of Baht 100 per share, increasing its ownership from 70% to 88%. The Group recognised a decrease in non-controlling interests of Baht 9.53 million and a decrease in retained earnings of Baht 10.66 million.

Acquisition of indirect subsidiary

On 2 February 2017, Odin power Co., Ltd, the subsidiary, made an investment in Yalafahsaard Co., Ltd. (not operated) of all 179,998 shares, with a par value of Baht 100 per share from a director (called-up at 25%, totalling Baht 4.5 million). On the same date, the Company obtained indirect controlling interest of Yalafahsaard Co., Ltd. Therefore, it became an indirect subsidiary with indirect ownership of 55% and the Group obtained an increase in non-controlling interests of Baht

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0.06 million. The Company believes this investment will extend business opportunity in alternative energy power business. Subsequently, on 6 February 2017, Yalafahsaard Co., Ltd. had an additional called-up at 75% of 179,998 shares totalling Baht 13.5 million and registered additional ordinary shares of 1,320,000 shares, with a par value of Baht 100 per share. These shares were sold to existing shareholders, Odin Power Co., Ltd. Consequently, Yalafahsaard Co., Ltd. held registered ordinary shares of 1,500,000 shares, with a par value of Baht 100 per share totalling Baht 150 million which is called-up and fully paid 100%. The proportion of ownership remain unchanged.

Disposal of subsidiary

On 4 September 2017, the Company sold all shares of Toptech Daimond Tools Co., Ltd., a subsidiary of the Group, to Mr. Jaturong Pisutsin for a consideration of Baht 105 million. The Group and the Company recognised loss on disposal of investment of Baht 9 million in consolidated financial statements and gain on disposal of investment of Baht 14.78 million in the separated financial statements. The Company received payment from the said disposal of Baht 35 million on 7 September 2017 and Baht 70 million on 15 September 2017.

Impairment loss on investment in subsidiaries

International Techno Pipe Co., Ltd, the subsidiary, has ceased its operation and is in process of dissolution. The Company recognised impairment loss on investment in subsidiary in the separate statement of comprehensive income for the year ended 31 December 2018, amounting to Baht 0.32 million.

At the extraordinary general meeting of the shareholders of SNC Fukui Holy Insulation Co., Ltd. No. 1/2017, the Group's subsidiary, the shareholders approved to discontinued subsidiary's operation because the current production level does not reach break-even point and the past operation did not succeed as planned. The Company recognised loss on investment in subsidiary in the separate statement of comprehensive income for the period ended 31 December 2017, amounting to Baht 35 million.

At the Board of Executive Committee meeting of the Company No. 7/2560, the meeting has determined that, to improve the efficiency over its mold business, the operation line shall be moved to be operated under SNC Cooling Supply Co., Ltd., the Group's subsidiary and discontinued Meisou SNC Precision Co., Ltd.'s operation. The Company recognized loss on investment in subsidiary in the separate statement of comprehensive income for year ended 31 December 2017, amounting to Baht 52 million. However, at the Board of Executive Committee meeting of the Company No. 3/2561, the Group would like to apply to the Board of Investment to get the investment incentive for the robotics, automation producer and mold business. The meeting has determined that such investment will be operated by Meisou SNC Precision Co., Ltd. The Company has not reversed allowance for impairment loss on investment in such subsidiary due to the fact that the subsidiary still has operating loss in 2018.

Impairment testing for investments in subsidiaries

For the purposes of impairment testing for investments in subsidiaries, if any such indication exists, the Company determined the recoverable amount based on its value in use, determined by discounting the future cash flows to be generated from the continuing operations of each subsidiary by reference to five years of financial budgeted forecasts.

The assigned assumptions were from the management's assessment by considering the market demand and the future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were revenue growth, gross profit margins, overhead growth and terminal growth rate applied to the forecasted cash flows in the model using discount rate 7.95% and 9.58%. The management's assessment of the "value in use" is judgemental in nature because its forecasted results is based on current economic situation while future economic outcomes is uncertain.

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Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income from those investments for the years then ended, were as follows:

		Separate financial statements											
		Ownership interest		Paid-up capital		Cost		Impairment		At cost - net of impairment		Dividend income	
Type of business		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)		(in thousand Baht)									
Direct subsidiaries													
SNC Pyongsan Evolution Co., Ltd.	Manufacturing of cooling parts and manufacturing and assembly of cooling machines	99.99	99.99	220,000	220,000	212,010	212,010	-	-	212,010	212,010	-	-
SNC Santec Co., Ltd.	Under liquidation process	80.00	80.00	20,000	20,000	16,000	16,000	(16,000)	(16,000)	-	-	-	-
SNC Cooling Supply Co., Ltd.	Manufacturing automotive air conditioner parts	99.99	99.99	30,000	30,000	30,000	30,000	-	-	30,000	30,000	155,000	63,000
Immortal Parts Co., Ltd.	Production of cooling parts	99.99	99.99	70,000	70,000	70,000	70,000	-	-	70,000	70,000	240,000	241,500
Paradise Plastic Co., Ltd.	Manufacturing plastic parts for electric appliance and automobile	99.99	99.99	30,000	30,000	29,999	29,999	-	-	29,999	29,999	-	-
International Techno Pipe Co., Ltd.	Ceasing the operation	99.99	99.99	320	320	320	320	(320)	-	-	320	-	500
SNC Creativity Anthology Co., Ltd.	Manufacturing household and automotive air conditioner parts	99.99	99.99	700,000	400,000	700,000	400,000	-	-	700,000	400,000	-	-
SNC Atlantic Heat Pump Co., Ltd.	Manufacturing of heat pump for water heat pump	74.00	74.00	45,000	45,000	33,300	33,300	-	-	33,300	33,300	49,617	37,000
SNC Fukui Holy Insulation Co., Ltd.	Ceasing the operation	70.00	70.00	50,000	50,000	35,000	35,000	(35,000)	(35,000)	-	-	-	-
Meisou SNC Precision Co., Ltd.	Manufacturing of mold used for manufacturing tools	94.55	94.55	55,000	55,000	52,000	52,000	(52,000)	(52,000)	-	-	-	-
SSM Automation Co., Ltd.	Manufacturing of tools for equipment	74.37	74.37	316,000	316,000	235,000	235,000	-	-	235,000	235,000	-	-
Odin Power Co., Ltd.	Investing in alternative power plant	55.00	55.00	200,000	200,000	110,000	110,000	-	-	110,000	110,000	-	-
Total						1,523,629	1,223,629	(103,320)	(103,000)	1,420,309	1,120,629	444,617	342,000

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		Separate financial statements											
		Ownership interest		Paid-up capital		Cost		Impairment		At cost - net of impairment		Dividend income	
Type of business		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)						(in thousand Baht)					
Indirect subsidiaries													
Ultimate Parts Co., Ltd.	Manufacturing of cooling parts	99.99	99.99	40,000	40,000	-	-	-	-	-	-	-	-
Infinity Parts Co., Ltd.	Manufacturing of cooling parts	99.99	99.99	20,000	20,000	-	-	-	-	-	-	-	-
Yalafahsaard Co., Ltd.	Generating biomass electric plant garbage	55.00	55.00 (*)	150,000	150,000	-	-	-	-	-	-	-	-
Odin Myanmar Co., Ltd.	Investing in alternative power plant	55.00	55.00 (**)	10,000	10,000	-	-	-	-	-	-	-	-
Total						-	-	-	-	-	-	-	-

All subsidiaries were incorporated in Thailand.

(*) Be subsidiary as at 2 February 2017.

(**) Be subsidiary as at 30 November 2017.

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12 Investment properties

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Cost					
At 1 January		255,230	255,230	153,724	153,724
Acquisitions		34,293	-	-	-
Transfer from property, plant and equipment	13	39,513	-	-	-
Disposal		(1,528)	-	(1,528)	-
At 31 December		327,508	255,230	152,196	153,724
Depreciation and impairment losses					
At 1 January		81,622	72,922	76,217	68,281
Depreciation charge for the year		9,951	8,700	7,912	7,936
Transfer from property, plant and equipment	13	4,393	-	-	-
Disposal		(591)	-	(591)	-
At 31 December		95,375	81,622	83,538	76,217
Net book value					
At 1 January		173,608	182,308	77,507	85,443
At 31 December		232,133	173,608	68,658	77,507

Investment properties were land, building and factories lease out to an associate and the third party. Total rental income for the year ended 31 December 2018 was Baht 77.47 million (2017: Baht 17.69 million). Total direct expense arising from these investment properties was Baht 37.96 million (2017: Baht 33.45 million). The leases contain an initial non-cancellable periods of 1 year and 3 year.

Land and factory for lease had fair value of Baht 61.60 million, which comprised of fair value of the factory of Baht 54.95 million and land of Baht 6.65 million, appraised by the independent valuer during 2018 using replacement cost approach for factory and market approach for land.

Building held for lease to the third party had fair value of Baht 166.34 million. The fair value was determined by the independent valuer during 2018 using replacement cost approach.

Another investment property was land held for a currently undetermined future use which had total fair value of Baht 144.01 million. The fair value was determined by the independent valuer during 2018 using market approach.

Measurement of fair value

Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio on every 2 years.

The fair value measurement for investment properties of Baht 371.95 million (2017: Baht 301.26 million) has been categorised as a level 2 fair value based on the inputs to the valuation technique used.

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13 Property, plant and equipment

Consolidated financial statements									
	Note	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment <i>(in thousand Baht)</i>	Office equipment	Vehicles	Assets under construction and installation	Total
Cost									
At 1 January 2017		225,417	877,326	2,511,487	563,947	90,464	26,748	180,438	4,475,827
Additions		19,280	25,511	29,599	17,352	4,117	3,850	85,060	184,769
Transfers		11,296	1,774	30,170	1,507	15	-	(44,762)	-
Disposals		(12,000)	(24,813)	(242,828)	(39,203)	(8,102)	(11,504)	(4,875)	(343,325)
At 31 December 2017 and 1 January 2018		243,993	879,798	2,328,428	543,603	86,494	19,094	215,861	4,317,271
Additions		4,708	1,848	108,618	16,120	3,979	89	18,695	154,057
Transfers from (to) investment properties	12	847	(40,360)	-	-	-	-	-	(39,513)
Transfers		1,731	220,975	15,967	(46,628)	-	-	(192,045)	-
Disposals		-	(9,257)	(21,648)	(23,447)	(946)	-	(3,518)	(58,816)
At 31 December 2018		251,279	1,053,004	2,431,365	489,648	89,527	19,183	38,993	4,372,999

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Consolidated financial statements

	Note	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment (in thousand Baht)	Office equipment	Vehicles	Assets under construction and installation	Total
Depreciation and impairment losses									
At 1 January 2017		5,219	155,443	1,243,482	302,288	66,767	15,693	-	1,788,892
Depreciation charge for the year		5,086	34,124	173,306	92,183	8,529	3,629	-	316,857
Reversal of impairment losses		-	-	(1,189)	-	-	-	-	(1,189)
Disposals		-	(4,609)	(172,137)	(37,246)	(7,391)	(7,737)	-	(229,120)
At 31 December 2017 and 1 January 2018		10,305	184,958	1,243,462	357,225	67,905	11,585	-	1,875,440
Depreciation charge for the year		6,838	43,712	162,308	65,119	6,896	2,144	-	287,017
Transfer to investment properties	12	-	(4,393)	-	-	-	-	-	(4,393)
Transfers		-	6,017	-	(6,017)	-	-	-	-
Disposals		-	(2,046)	(18,595)	(22,900)	(657)	-	-	(44,198)
At 31 December 2018		17,143	228,248	1,387,175	393,427	74,144	13,729	-	2,113,866
Net book value									
At 1 January 2017									
Owned assets		220,198	721,883	1,268,005	261,659	23,697	11,055	180,438	2,686,935
		220,198	721,883	1,268,005	261,659	23,697	11,055	180,438	2,686,935
At 31 December 2017 and 1 January 2018									
Owned assets		233,688	694,840	1,084,966	186,378	18,589	7,509	215,861	2,441,831
		233,688	694,840	1,084,966	186,378	18,589	7,509	215,861	2,441,831
At 31 December 2018									
Owned assets		234,136	824,756	1,044,190	96,221	15,383	5,454	38,993	2,259,133
		234,136	824,756	1,044,190	96,221	15,383	5,454	38,993	2,259,133

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The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2018 amounted to Baht 264.26 million (2017: Baht 292.89 million).

Restriction under loan agreements with bank

The Group entered into loan agreements with several local banks. The agreements specified that the Group committed to the banks that the Group will make no commitment with third parties related to the Group's machineries for these aforesaid loan agreements.

During 2017, capitalised borrowing costs relating to the acquisition of the installation of solar cell amounted to Baht 7.88 million, with a capitalisation rate of 4.8%.

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	Separate financial statements							
	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment <i>(in thousand Baht)</i>	Office equipment	Vehicles	Assets under construction and installation	Total
<i>Cost</i>								
At 1 January 2017	31,103	143,404	372,717	44,605	18,442	8,201	2,133	625,605
Additions	-	1,213	270	3,804	1,382	3,850	-	10,519
Transfers	-	1,499	630	4	-	-	(2,133)	-
Disposals	-	-	(23,682)	(10,468)	(3,789)	(8,192)	-	(46,131)
At 31 December 2017 and 1 January 2018	31,103	146,116	349,935	37,945	16,035	3,859	-	584,993
Additions	-	30	14,359	4,067	1,319	-	62	19,837
Disposals	-	(15,974)	(99,070)	(13,737)	(690)	-	-	(129,471)
At 31 December 2018	31,103	130,172	265,224	28,275	16,664	3,859	62	475,359
<i>Depreciation and impairment losses</i>								
At 1 January 2017	388	32,245	203,062	32,660	14,701	5,771	-	288,827
Depreciation charge for the year	109	5,796	34,348	5,182	1,698	842	-	47,975
Reversal of impairment losses	-	-	(1,189)	-	-	-	-	(1,189)
Disposals	-	-	(16,605)	(8,106)	(3,182)	(6,124)	-	(34,017)
At 31 December 2017 and 1 January 2018	497	38,041	219,616	29,736	13,217	489	-	301,596
Depreciation charge for the year	109	5,400	29,480	3,109	1,198	541	-	39,837
Disposals	-	(4,441)	(69,724)	(10,458)	(665)	-	-	(85,288)
At 31 December 2018	606	39,000	179,372	22,387	13,750	1,030	-	256,145

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	Separate financial statements							Total
	Land and land improvement	Buildings and building improvement	Machinery	Tool and equipment (in thousand Baht)	Office equipment	Vehicles	Assets under construction and installation	
<i>Net book value</i>								
At 1 January 2017								
Owned assets	30,715	111,159	169,655	11,945	3,741	2,430	2,133	331,778
	30,715	111,159	169,655	11,945	3,741	2,430	2,133	331,778
At 31 December 2017 and 1 January 2018								
Owned assets	30,606	108,075	130,319	8,209	2,818	3,370	-	283,397
	30,606	108,075	130,319	8,209	2,818	3,370	-	283,397
At 31 December 2018								
Owned assets	30,497	91,172	85,852	5,888	2,914	2,829	62	219,214
	30,497	91,172	85,852	5,888	2,914	2,829	62	219,214

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2018 amounted to Baht 23.63 million (2017: Baht 33.22 million).

Restriction under loan agreements with bank

The Company entered into two loan agreements with a local bank. The agreements specified that the Company committed to the bank that the Company will make no commitment with third parties related to the Company's machineries for both aforesaid loan agreements.

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14 Intangible assets

	Consolidated financial statements			
	Software licenses	Production licenses	Software under installation	Total
	<i>(in thousand Baht)</i>			
Cost				
At 1 January 2017	30,841	52,887	-	83,728
Acquisitions	559	-	7,230	7,789
Disposal	(3,091)	-	-	(3,091)
At 31 December 2017 and 1 January 2018	28,309	52,887	7,230	88,426
Additions	11,561	-	11,606	23,167
Disposals	7,230	-	(7,230)	-
At 31 December 2018	47,100	52,887	11,606	111,593
Amortisation and impairment losses				
At 1 January 2017	17,373	21,046	-	38,419
Amortisation for the year	2,935	4,961	-	7,896
Disposals	(2,644)	-	-	(2,644)
At 31 December 2017 and 1 January 2018	17,664	26,007	-	43,671
Amortisation for the year	3,731	5,041	-	8,772
At 31 December 2018	21,395	31,048	-	52,443
Net book value				
At 1 January 2017	13,468	31,841	-	45,309
At 31 December 2017 and 1 January 2018	10,645	26,880	7,230	44,755
At 31 December 2018	25,705	21,839	11,606	59,150

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	Separate financial statements		
	Software licenses	Software under installation (in thousand Baht)	Total
<i>Cost</i>			
At 1 January 2017	3,603	-	3,603
Additions	388	7,230	7,618
At 31 December 2017 and 1 January 2018	3,991	7,230	11,221
Additions	539	3,350	3,889
Transfer	7,230	(7,230)	-
At 31 December 2018	11,760	3,350	15,110
<i>Amortisation and impairment losses</i>			
At 1 January 2017	1,877	-	1,877
Amortisation for the year	395	-	395
At 31 December 2017 and 1 January 2018	2,272	-	2,272
Disposals	791	-	791
At 31 December 2018	3,063	-	3,063
<i>Net book value</i>			
At 1 January 2017	1,726	-	1,726
At 31 December 2017 and 1 January 2018	1,719	7,230	8,949
At 31 December 2018	8,697	3,350	12,047

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15 Deferred tax and income tax expense

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Deferred tax assets	26,207	27,352	8,238	9,530
Deferred tax liabilities	(4,000)	(4,321)	-	-
Net	22,207	23,031	8,238	9,530

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Movements in total deferred tax assets and liabilities during the years were as follows:

	Consolidated financial statements (Charged) / Credited to:				Consolidated financial statements (Charged) / Credited to:				
	At 1 January 2017	Profit or loss	Other comprehensive income	Disposal of subsidiary (Note 9)	At 31 December 2017	At 1 January 2018	Profit or loss	Other comprehensive income	At 31 December 2018
	(in thousand Baht)				(in thousand Baht)				
<i>Deferred tax assets</i>									
Trade and other receivables	-	37	-	(14)	23	23	(23)	-	-
Inventories	1,843	89	-	(306)	1,626	1,626	1,578	-	3,204
Investments in subsidiaries	3,200	7,000	-	-	10,200	10,200	64	-	10,264
Property, plant and equipment	283	2,320	-	-	2,603	2,603	-	-	2,603
Provision employee benefit	13,831	(2,385)	-	(246)	11,200	11,200	501	1,351	13,052
Deferred income	-	15,186	-	-	15,186	15,186	(2,578)	-	12,608
Total	19,157	22,247	-	(566)	40,838	40,838	(485)	1,351	41,731
<i>Deferred tax liabilities</i>									
Property, plant and equipment	(22,468)	(1,741)	-	6,402	(17,807)	(17,807)	(1,717)	-	(19,524)
Total	(22,468)	(1,741)	-	6,402	(17,807)	(17,807)	(1,717)	-	(19,524)
Net	(3,311)	20,506	-	5,836	23,031	23,031	(2,175)	1,351	22,207

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	Separate financial statements			Separate financial statements				
	(Charged) / Credited to:			(Charged) / Credited to:				
	At 1 January 2017	Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	At 31 December 2017	At 1 January 2018	Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	At 31 December 2018
<i>Deferred tax assets</i>								
Inventories	794	(618)	-	176	176	(22)	-	154
Investments in subsidiaries	3,200	7,000	-	10,200	10,200	64	-	10,264
Property, plant and equipment	238	(238)	-			-	-	
Provision for employee benefit	4,148	(373)	-	3,775	3,775	(737)	(29)	3,009
Total	8,380	5,771	-	14,151	14,151	(695)	(29)	13,427
<i>Deferred tax liabilities</i>								
Property, plant and equipment	(3,428)	(1,193)	-	(4,621)	(4,621)	(568)	-	(5,189)
Total	(3,428)	(1,193)	-	(4,621)	(4,621)	(568)	-	(5,189)
Net	4,952	4,578	-	9,530	9,530	(1,262)	-	8,238

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Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Current tax expense					
Current period		42,274	22,675	17,499	3,338
Under (over) provided in prior years		102	(2,555)	(1,450)	(1,184)
Deferred tax expense					
Movements in temporary differences		2,175	(19,527)	1,262	(4,578)
Total		44,552	593	17,311	(2,424)
Income tax expense excluding tax on gain on sale of discontinued operation		-	(979)	-	-
<i>Attributable to:</i>					
Income tax expense from continuing operations		44,552	593	17,311	(2,424)
Income tax from discontinued operation (excluding gain on sale)	8	-	(979)	-	-
Total income tax expense		44,552	(386)	17,311	(2,424)

Income tax recognised in other comprehensive income

Consolidated financial statements						
	Before tax	2018 Tax benefit	Net of tax	Before tax	2017 Tax benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial losses	(6,756)	1,351	(5,405)	-	-	-
Separate financial statements						
	Before tax	2018 Tax expense	Net of tax	Before tax	2017 Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains	146	(29)	117	-	-	-

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Reconciliation of effective tax rate

Consolidated financial statements				
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		481,532		410,442
Income tax using the Thai corporation tax rate	20	96,306	20	82,088
Income not subject to tax		(40,987)		(104,210)
Expenses not deductible for tax purposes		1,037		1,437
Recognition of previously unrecognised tax losses		(4,557)		-
Current year losses for which no deferred tax asset was recognised		(7,350)		21,789
Under (over) provided in prior years		103		(511)
Total	9	44,552	0.1	593

Separate financial statements				
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		530,395		306,624
Income tax using the Thai corporation tax rate	20	106,079	20	61,325
Income not subject to tax		(88,923)		(74,834)
Expenses not deductible for tax purposes		1,605		11,322
Over provided in prior years		(1,450)		(237)
Total	3	17,311	-	(2,424)

Deferred tax assets have not been recognised as at 31 December 2018 and 2017 in respect of the following items:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Tax losses	97,038	107,553	-	-
Total	97,038	107,553	-	-

The tax losses expire in 2019-2022. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

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16 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Land and factory rental deposit	20,678	20,395	18,965	19,134
Other investments	16,500	13,500	16,500	13,500
Prepaid corporate income tax	-	7,506	-	7,506
Advance payments for equipment	635	857	-	-
Others	2,973	2,095	1,538	1,668
Total	40,786	44,353	37,003	41,808

17 Interest-bearing liabilities

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<i>Current</i>					
Short-term loans from financial institutions					
Unsecured		123,000	30,000	123,000	-
Current portion of long-term loans from financial institutions					
Secured		90,852	118,024	-	25,080
Unsecured		150,180	129,780	114,780	114,780
Short-term loans from related parties					
Unsecured	4	-	-	-	125,500
Total current interest-bearing liabilities		364,032	277,804	237,780	265,360
<i>Non-current</i>					
Long-term loans from financial institutions					
Secured		93,765	184,625	-	-
Unsecured		90,245	271,240	72,345	256,240
Total non-current interest-bearing liabilities		184,010	455,865	72,345	256,240

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within one year	364,032	277,804	237,780	265,360
After one year but within five years	184,010	455,865	72,345	256,240
Total	548,042	733,669	310,125	521,600

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Long-term loans from financial institution

Long-term loan of the Company and subsidiaries was pledged by committed to the bank that there will be no commitment made by the Company with third parties related to the Company's machineries (see note 13) and some long-term loans of certain subsidiaries are pledged by the Company.

In addition, the Company and subsidiaries must maintain the required financial ratios and other terms as stated in the agreements such as maintaining the debt to equity ratio and leverage ratio.

As at 31 December 2018, certain subsidiaries failed to maintain the financial ratio as defined in the loan agreements. Breach of the terms of these agreements may cause the bank to immediately recall all outstanding payables under such agreements. However, on 18 December 2018 and 26 December 2018, these subsidiaries received the waiver of the breach of covenant. Therefore, long-term loan of the subsidiaries as at 31 December 2018 was not classified as current liabilities.

Interest-bearing liabilities of the Group and the Company as at 31 December 2018 and 2017 were denominated entirely in Thai Baht.

18 Trade and other payables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Trade accounts payable					
Related parties	4	-	-	4,075	7,111
Other parties		957,034	988,359	73,263	109,691
Total		957,034	988,359	77,338	116,802
Other payables					
Related parties	4	142	122	2,322	973
Other parties		159,182	121,490	23,297	15,823
Total		159,324	121,612	25,619	16,796
Total trade and other payables		1,116,358	1,109,971	102,957	133,598

19 Provision for employee benefit

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Statement of financial position				
Provision for:				
Retirement benefits	65,260	56,000	15,046	18,880
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Retirement benefits	6,267	(2,703)	1,212	(2)
Included in other comprehensive income				
Actuarial (gain) losses recognised in the year	6,756	-	(146)	-
Cumulative actuarial losses recognised	14,337	7,581	135	281

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The Group operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
At 1 January		56,000	62,440	18,880	20,743
Include in profit or loss:					
Current service cost		7,586	6,916	1,344	1,509
Interest on obligation		1,141	1,211	283	316
Reversal		(2,460)	(10,830)	(415)	(1,827)
		<u>6,267</u>	<u>(2,703)</u>	<u>1,212</u>	<u>(2)</u>
Included in other comprehensive income					
Actuarial gain (loss)		<u>6,756</u>	<u>-</u>	<u>(146)</u>	<u>-</u>
		6,756	-	(146)	-
Others					
Decreased from business disposal	8	-	(1,230)	-	-
Transfer obligations to related parties		-	-	(1,137)	-
Benefit paid		<u>(3,763)</u>	<u>(2,507)</u>	<u>(3,763)</u>	<u>(1,861)</u>
		<u>2,993</u>	<u>(3,737)</u>	<u>(5,046)</u>	<u>(1,861)</u>
At 31 December		65,260	56,000	15,046	18,880

Actuarial gains and losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Demographic assumptions	244	-	743	-
Financial assumptions	1,370	-	429	-
Experience adjustment	<u>5,142</u>	<u>-</u>	<u>(1,318)</u>	<u>-</u>
Total	6,756	-	(146)	-

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Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Discount rate	1.95 - 3.38	2.75	1.95 - 2.47	2.75
Future salary growth	4.5	4.0	4.5	4.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 10-23 years (2017: 7 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
	Increase	Decrease	Increase	Decrease
As at 31 December 2018				
Discount rate (0.5% movement)	(3,143)	3,390	(608)	650
Future salary growth (1% movement)	6,192	(5,811)	1,214	(1,150)
As at 31 December 2017				
Discount rate (0.5% movement)	(1,730)	1,895	(488)	530
Future salary growth (1% movement)	4,320	(3,676)	1,270	(1,104)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period is estimated to increase by an amount of approximately Baht 16.02 million and Baht 3.48 million respectively.

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20 Share capital

	Par value per share (in Baht)	2018		2017	
		Number	Amount	Number	Amount
		(thousand shares / in thousand Baht)			
Authorised					
At 1 January					
- ordinary shares	1	287,777	287,777	287,777	287,777
At 31 December					
- ordinary shares	1	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>
Issued and paid-up					
At 1 January					
- ordinary shares	1	287,777	287,777	287,777	287,777
At 31 December					
- ordinary shares	1	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>	<u>287,777</u>

21 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

22 Segment information

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Manufacturing of component parts for automobile use.
- Segment 2 Manufacturing and assembly of electric appliances.
- Segment 3 Manufacturing of component parts of electric appliances.

None of other operations meets the quantitative thresholds for determining reportable segments in 2018 or 2017.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax and finance costs, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax and finance costs is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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Revenues and results based on business segment in the consolidated financial statements for the years ended 31 December 2018 and 2017 were as follows:

	Manufacturing of component parts for automobile use		Electric appliances				Other segments		Discontinued Operation		Eliminations		Total	
	2018	2017	Manufacturing and assembly		Manufacturing of component parts		2018	2017	2018	2017	2018	2017	2018	2017
	(in thousand Baht)													
Revenue from external customers	1,329,403	1,423,969	2,050,519	2,950,721	3,110,995	3,124,313	7,981	27,710	-	56,244	-	-	6,498,898	7,582,957
Inter-segment revenue	399	3,243	8,428	4,452	293,189	378,612	11,991	8,641	-	3,464	(314,007)	(398,412)	-	-
Total revenues	1,329,802	1,427,212	2,058,947	2,955,173	3,404,184	3,502,925	19,972	36,351	-	59,708	(314,007)	(398,412)	6,498,898	7,582,957
Segment results	170,323	159,461	61,537	13,198	302,817	336,207	1,510	(64,248)	-	(4,878)	-	-	536,187	439,740
Unallocated expenses														
Finance costs													(31,664)	(35,425)
Share of profit (loss) of investment in associates													(22,991)	1,250
Income tax expense (benefits)													(44,552)	386
Profit for the year													436,980	405,951

Geographical segments

The Group is managed and operates principally in Thailand. There is no material revenues derived from, or assets located in, foreign countries.

Major customer

In 2018, revenues from 2 major customers of the Group's manufacturing and assembly of electric appliances segment and manufacturing of component parts of electric appliances segment represent approximately Baht 1,449 million and Baht 558 million, respectively (*2017: Baht 2,382 and Baht 548 million*) of the Group's total revenues.

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23 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Transportation	85,035	75,754	18,307	20,688
Export expenses	5,574	6,432	121	606
Entertainment expenses	2,821	3,119	179	194
Commission	863	310	-	-
Others	1,042	3,771	3	112
Total	95,335	89,386	18,610	21,600

24 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Employee benefit expenses	163,411	178,575	11,440	18,644
Depreciation and amortisation	27,106	37,428	627	1,742
Fee and service expenses	30,025	43,329	1,628	1,815
Utilities expenses	26,822	30,721	2,820	2,633
Others	66,530	47,008	18,817	14,718
Total	313,894	337,061	35,332	39,552

25 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Wages and salaries		445,741	492,342	65,047	80,488
Overtime		115,979	127,910	20,870	24,039
Welfare		71,657	91,787	12,040	15,049
Bonus		86,389	90,003	9,863	13,766
Incentive		-	13,861	-	426
Defined contribution plans		14,262	15,367	2,176	2,927
Retirement benefits	19	6,267	(2,849)	1,212	(2)
Termination expense		12,603	7,808	1,132	556
Others		15,138	22,710	1,942	2,431
Total		768,036	858,939	114,282	139,680

Defined contribution plans

The defined contribution plans comprise provident fund established by the Group for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates 3% - 7% of their basic salaries and by the Group at rates 3% - 7% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

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26 Finance costs

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Interest expense:					
Related parties	4	-	-	2,425	9,601
Bank loans and overdrafts		31,664	35,425	18,520	25,568
Total		31,664	35,425	20,945	35,169

27 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Changes in finished goods and work in progress	59,291	9,281	11,055	(3,780)
Raw materials and consumables used	4,880,981	5,948,734	372,714	466,541
Employee benefit expenses	768,036	858,939	114,698	139,680
Depreciation	296,968	325,557	47,749	55,911
Amortisation of intangible assets	8,772	7,896	791	395
Minimum lease payments recognised as an operating lease expense	128,831	134,610	28,256	18,139

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28 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment. The privileges granted include:

<u>Certificated no.</u>	<u>Promoted business</u>	<u>Exemption of corporate income tax commencing from</u>	<u>Exemption of corporate income tax for the period of</u>	<u>Accumulated loss during the exemption period be deducted from net income after the exemption period for</u>
SNC Former Public Company Limited				
2873(2)/2555	Manufacturing of parts for electrical appliances, parts or equipment for electronic products	3 January 2013	5 years	5 years
SNC Pyongsan Evolution Co., Ltd.				
60-0456-1-04-1-0	Manufacturing of steel for cooling machines, plastic parts	21 April 2017	3 years	5 years
SNC Cooling Supply Co., Ltd.				
1815(5)/2553	Manufacturing of automobile air-conditioner parts	1 August 2010	8 years	5 years
1865(5)/2553	Manufacturing of automobile air-conditioner parts	1 August 2010	8 years	5 years

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Certificated no.	Promoted business	Exemption of corporate income tax commencing from	Exemption of corporate income tax for the period of	Accumulated loss during the exemption period be deducted from net income after the exemption period for
Immortal Parts Co., Ltd.				
1038(5)/2554	Manufacturing of air-conditioner parts for household use	1 December 2010	8 years	5 years
2059(5)/2554	Manufacturing of parts for electrical appliances	25 April 2011	8 years	5 years
1993(2)/2557	Manufacturing of steel for cooling machines	2 March 2015	5 years	5 years
59-0801-1-00-1-0	Manufacturing of steel products and parts of steel	3 August 2016	100% of net profit of the first 3 years and 50% of net profit of the year 4 th to 8 th	5 years
60-0915-0-00-1-2	Manufacturing of parts for electrical appliances	Not use privileges	5 years	5 years

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Certificated no.	Promoted business	Exemption of corporate income tax commencing from	Exemption of corporate income tax for the period of	Accumulated loss during the exemption period be deducted from net income after the exemption period for
Paradise Plastic Co., Ltd.				
1326(5)/2555	Manufacturing of plastic and plastic enamel products	1 September 2012	8 years	5 years
Ultimate Parts Co., Ltd.				
2375(5)/2553	Manufacturing of air conditioner parts for household use	1 December 2010	8 years	5 years
1570(5)/2554	Manufacturing of machinery, equipment, and parts for household use and manufacture of steel and parts for steel	23 December 2011	8 years	5 years
Infinity Parts Co., Ltd.				
1295(5)/2555	Manufacturing of steel and parts for steel	2 May 2012	8 years	5 years
1296(5)/2555	Manufacturing of parts for electrical appliances	6 April 2012	8 years	5 years

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Certificated no.	Promoted business	Exemption of corporate income tax commencing from	Exemption of corporate income tax for the period of	Accumulated loss during the exemption period be deducted from net income after the exemption period for
SNC Creativity Anthology Co., Ltd.				
2103(2)/2556	Manufacturing of electricity parts. Research and development of parts and component parts.	15 July 2014	6 years	5 years
2167(1)/2556	Research and development	Not commenced operations	8 years	5 years
2704(2)/2556	Manufacturing of liquid line of air conditioner for automobile	20 January 2015	3 years	5 years
60-0147-1-00-1-0	Manufacturing of air conditioner, refrigerator, freezer, washing machine, clothes dryers	24 February 2017	3 years	5 years
60-0046-0-00-0-2	Manufacturing of water heat pump	-	-	-
SNC Atlantic Water Heater Asia Co., Ltd.				
2341(2)/2556	Manufacturing of air-to-water heat pump	23 June 2014	6 years	5 years
60-127-1-00-00-0	Manufacturing of air-to-water heat pump	-	-	-

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<u>Certificated no.</u>	<u>Promoted business</u>	<u>Exemption of corporate income tax commencing from</u>	<u>Exemption of corporate income tax for the period of</u>	<u>Accumulated loss during the exemption period be deducted from net income after the exemption period for</u>
SNC Atlantic Heat Pump Co., Ltd.				
1719(5)/2557	Manufacturing of parts for electrical appliances	17 December 2014	6 years	5 years
Meisou SNC Precision Co., Ltd.				
58-2218-0-00-1-0	Manufacturing of machinery, equipment, and parts	12 October 2015	5 years	5 years

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As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2018			2017		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Export sales	489,016	161,972	650,988	523,533	102,788	626,321
Local sales	2,963,238	2,884,671	5,847,909	3,580,625	3,319,766	6,900,391
Total revenues	3,452,254	3,046,643	6,498,897	4,104,158	3,422,554	7,526,712

	Separate financial statements					
	2018			2017		
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total
	<i>(in thousand Baht)</i>					
Local sales	-	687,336	687,336	312,021	527,235	839,256
Total revenues	-	687,336	687,336	312,021	527,235	839,256

29 Earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements					
	2018			2017		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
	<i>(in thousand Baht)</i>					
Prof(loss) attributable to ordinary shareholders of the Company (basic)	430,696	-	430,696	403,887	(2,573)	401,314
Number of ordinary shares outstanding	287,777	287,777	287,777	287,777	287,777	287,777
Earnings (loss) per share (basic) (in Baht)	1.497	-	1.497	1.403	(0.009)	1.395

	Separate financial statements	
	2018	2017
	<i>(in thousand Baht / thousand shares)</i>	
Profit attributable to ordinary shareholders of the Company (basic)	513,084	309,047
Number of ordinary shares outstanding	287,777	287,777
Earnings per share (basic) (in Baht)	1.783	1.074

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30 Dividends

Dividend	Approved by	Dividend paid (in thousand Baht)	Dividend per share (in Baht)	Dividend payment date
SNC Former Public Company Limited				
Dividend paid from the profit of first six months of 2018	Board of Directors' Meeting on 1 August 2018	143,889	0.50	31 August 2018
Dividend paid from the profit of last six months of 2017	Annual General Meeting of shareholders 30 March 2018	143,889	0.50	30 April 2018
Dividend paid from the profit of first six months of 2017	Board of Directors' Meeting on 2 August 2017	115,111	0.40	31 August 2017
Dividend paid from the profit of last six months of 2016	Annual General Meeting of shareholders 30 March 2017	115,111	0.40	28 April 2017
SNC Atlantic Heat Pump Co., Ltd.				
Dividend paid from retain earnings as at 30 November 2018	Board of Directors' Meeting on 17 December 2018	40,050	89.00	15 January 2019
Dividend paid from the profit of 2017	Annual General Meeting of shareholders 21 April 2018	27,000	60.00	25 April 2018
Dividend paid from the profit of 2016	Annual General Meeting of shareholders 17 April 2018	50,000	111.11	25 April 2017

31 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

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Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. Financial assets and liabilities interest rates are mainly adjust in accordance to market rate or are fixed which is close to current market rate.

The effective interest rates of financial assets as at 31 December and the periods in which those assets mature were as follows:

Consolidated financial statements					
	Effective interest rate (% <i>per annum</i>)	Within 1 year	After 1 year but within 5 years (<i>in thousand Baht</i>)	After 5 years	Total
2018					
Current					
Cash and cash equivalents	0.37-1.25	877,318	-	-	877,318
Short-term loans to related parties	4.80	51,700	-	-	51,700
Total		929,018	-	-	929,018
2017					
Current					
Cash and cash equivalents	0.37-1.01	502,013	-	-	502,013
Short-term loans to related parties	4.80	15,899	-	-	15,899
Total		517,912	-	-	517,912
Separate financial statements					
	Effective Interest Rate (% <i>per annum</i>)	Within 1 year	After 1 year but within 5 years (<i>in thousand Baht</i>)	After 5 years	Total
2018					
Current					
Cash and cash equivalents	0.37	95,709	-	-	95,709
Short-term loans to related parties	4.80	698,734	-	-	698,734
Total		794,443	-	-	794,443
2017					
Current					
Cash and cash equivalents	0.37	45,150	-	-	45,150
Short-term loans to related parties	4.80	954,260	-	-	954,260
Total		999,410	-	-	999,410

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The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

		Consolidated financial statements			
	Effective Interest Rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	Total
2018					
Current					
Short-term loans from financial institutions	4.03	123,000	-	-	123,000
Current portion of long-term loans from financial institution	4.10-4.775	241,032	-	-	241,032
Non-current					
Long-term loans from financial institution	4.10-4.775	-	184,010	-	184,010
Total		364,032	184,010	-	548,042
2017					
Current					
Short-term loans from financial institutions	3.98	30,000	-	-	30,000
Current portion of long-term loans from financial institution	4.10-4.75	247,804	-	-	247,804
Non-current					
Long-term loans from financial institution	4.10-4.75	-	455,865	-	455,865
Total		277,804	455,865	-	733,669

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	Effective interest rate (% per annum)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years <i>(in thousand Baht)</i>	After 5 years	
2018					
Current					
Short-term loans from financial institution	4.03	123,000	-	-	123,000
Current portion of long-term loans from financial institution	4.10-4.75	114,780	-	-	114,780
Non-current					
Long-term loans from financial institution	4.75	-	72,345	-	72,345
Total		237,780	72,345	-	310,125
2017					
Current					
Current portion of long-term loans from financial institution	4.10-4.75	139,860	-	-	139,860
Short-term loans from related parties	4.80	125,500	-	-	125,500
Non-current					
Long-term loans from financial institution	4.10-4.75	-	256,240	-	256,240
Total		265,360	256,240	-	521,600

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases of raw materials and sales of finish goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies.

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At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
United States Dollars					
Cash and cash equivalents	5	385	10,157	-	-
Trade and other receivables	6	59,403	80,181	-	-
Trade and other payables	18	(56,141)	(77,977)	-	-
Accounts payable - acquisition of assets		(1,229)	-	-	-
Gross balance sheet exposure		2,418	12,361	-	-
Currency forwards purchase		20,579	38,303	-	-
Currency forwards sales		(33,039)	(45,513)	-	-
Net exposure		(10,042)	5,151	-	-
Euro					
Trade and other payables	18	-	(684)	-	-
Gross balance sheet exposure		-	(684)	-	-
Currency forwards purchase		-	-	-	-
Currency forwards sales		-	-	-	-
Net exposure		-	(684)	-	-
Japanese Yen					
Trade and other receivables	6	-	620	-	-
Accounts payable - acquisition of assets		-	(8,222)	-	-
Gross balance sheet exposure		-	(7,602)	-	-
Currency forwards purchase		-	-	-	-
Currency forwards sales		-	-	-	-
Net exposure		-	(7,602)	-	-
Swedish Krona					
Trade and other payables	18	(261)	(240)	-	-
Gross balance sheet exposure		(261)	(240)	-	-
Currency forwards purchase		259	231	-	-
Currency forwards sales		-	-	-	-
Net exposure		(2)	(9)	-	-

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Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Most of financial assets and liabilities of the Group were short-term. The fair value of financial assets and liabilities is taken to approximate the carrying value as determined in the statement of financial position.

The fair value of long-term loans is taken to approximate the carrying amount stated in the accounts because of interest on loans approximates to market rates.

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32 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for:</i>				
Machinery and equipment	15,255	13,674	2,886	3,948
Total	15,255	13,674	2,886	3,948
<i>Future minimum lease payments under non-cancellable operating lease</i>				
Within one year	57,521	57,522	18,221	23,803
After one year but within five years	66,189	68,419	46,485	42,259
After five years	43,580	50,183	43,580	50,183
Total	167,290	176,124	108,286	116,245
<i>Other commitments</i>				
Unused letters of credit to guarantee payments due to creditors	77,200	19,239	-	-
Bank guarantees for land rental, electricity used and others	31,033	49,515	19,395	39,644
Total	108,233	68,754	19,395	39,644

33 Events after the reporting period

On 6 February 2019, the Company's Board of Directors passed a resolution to propose that the Annual General Meeting of the shareholders to be held on 27 March 2019 adopt a resolution to pay a year-end dividend of Baht 0.5 per share in respect of the operating result of 2018, or a total of Baht 143.89 million. The dividend payment is scheduled for 26 April 2019 and represented a total dividend payment of Baht 0.5 per share, inclusive of the interim dividend of Baht 1.0 per share.

34 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020

* TFRS - Financial instruments standards

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TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

The Group has made a preliminary assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements and expects that there will be no material impact on the consolidated financial statements in the period of initial application.

TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.

35 Reclassification of accounts

Certain accounts in the statement of comprehensive income for the periods ended 2017, which are included in the 2018 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2018 financial statements.

	2017		
	Consolidated		
	financial statements		
	Before reclass	Reclass (in thousand Baht)	After reclass
<i>Statement of financial position</i>			
Property, plant and equipment	2,449,061	(7,230)	2,441,831
Intangible assets	37,525	<u>7,230</u>	44,755
		<u>-</u>	
<i>Statement of comprehensive income</i>			
Cost of sales and rendering of services	(6,639,626)	(5,518)	(6,645,144)
Administrative expenses	(348,797)	11,737	(337,061)
Direct expenses arising from investment properties	-	(33,452)	(33,452)
Directors and management benefit expenses	(57,641)	<u>27,233</u>	(30,409)
		<u>-</u>	

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	2017		
	Separate		
	financial statements		
	Before		After
	reclass	Reclass	reclass
		(in thousand Baht)	
<i>Statement of financial position</i>			
Property, plant and equipment	290,627	(7,230)	283,397
Intangible assets	1,719	<u>7,230</u>	8,949
		<u>-</u>	
<i>Statement of comprehensive income</i>			
Administrative expenses	(71,941)	32,389	(39,552)
Direct expenses arising from investment properties	-	(33,016)	(33,016)
Directors and management benefit expenses	(4,019)	<u>627</u>	(3,392)
		<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.



บริษัท เอส เอ็น ซี ฟอเมอร์ จำกัด (มหาชน)
SNC FORMER PUBLIC COMPANY LIMITED

**333/3 Moo 6, Bangpreang District,
Amphur Bangbo, Samutprakarn 10560**
Tel. 02-1080360-6 Fax. 02-1080367-8
Email snc@sncformer.com